

North Liberty Community Pantry

Financial Statements

December 31, 2021 and 2020



**North Liberty Community Pantry
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Independent Accountant's Review Report

Board of Directors
North Liberty Community Pantry

We have reviewed the accompanying financial statements of North Liberty Community Pantry, which comprise the statements of assets and net assets – modified cash basis as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of North Liberty Community Pantry and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Bergankdv, LTD.

Waterloo, Iowa
August 25, 2022

North Liberty Community Pantry
Statements of Assets and Net Assets - Modified Cash Basis
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 642,989	\$ 500,424
Beneficial interest in assets held by Community Foundation	<u>534,099</u>	<u>472,405</u>
Property and equipment		
Equipment	55,934	55,934
Leasehold improvements	22,770	22,770
Total	<u>78,704</u>	<u>78,704</u>
Less accumulated depreciation	<u>60,327</u>	<u>51,715</u>
Net property and equipment	<u>18,377</u>	<u>26,989</u>
Total assets	<u><u>\$ 1,195,465</u></u>	<u><u>\$ 999,818</u></u>
Net Assets		
Without donor restrictions		
Operations	\$ 623,010	\$ 415,226
Board designated - operating reserve	157,408	144,992
Board designated - equipment reserve	28,583	28,583
Net investment in property and equipment	<u>18,377</u>	<u>26,989</u>
Total unrestricted	<u>827,378</u>	<u>615,790</u>
With donor restrictions	<u>368,087</u>	<u>384,028</u>
Total net assets	<u><u>\$ 1,195,465</u></u>	<u><u>\$ 999,818</u></u>

North Liberty Community Pantry
Statements of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis
Years Ended December 31, 2021 and 2020

	2021	2020
Net assets without donor restrictions		
Revenues, gains and other support		
Contributions	\$ 334,063	445,721
Grants	70,071	96,787
Paycheck Protection Program		30,364
Gross special events revenue, less cost of direct benefit to donors	24,234	-
Investment return, net	62,236	61,621
Net assets released from restrictions	24,396	-
Total revenues, gains and other support	515,000	634,493
Expenses		
Program services		
Pantry	145,580	186,176
Classes	4,071	3,248
Garden	21,497	20,408
Clothing Pantry	32,528	-
Management and general	68,522	58,495
Fundraising	31,215	24,282
Total expenses	303,412	292,609
Assets transferred to Community Foundation	-	(40,000)
Change in net assets without donor restrictions	211,588	301,884
Net assets with donor restrictions		
Assets transferred to Community Foundation	-	40,000
Contributions and grants	8,455	44,889
Net assets released from restrictions	(24,396)	-
Change in net assets with donor restrictions	(15,941)	84,889
Change in net assets	195,647	386,773
Net assets, beginning of year	999,818	613,045
Net assets, end of year	\$ 1,195,465	\$ 999,818

See accompanying notes and accountant's report.

North Liberty Community Pantry
Statements of Functional Expenses - Modified Cash Basis
Years Ended December 31, 2021 and 2020

Year ended December 31, 2021	Pantry	Classes	Garden	Clothing Pantry	Total Program Expenses	Management and General	Fundraising	Total Expenses
Wages and related expenses	\$ 69,297	\$ 3,203	\$ 19,219	\$ 24,890	\$ 116,609	\$ 31,577	\$ 26,851	\$ 175,037
Cost of product purchased	52,289	421	-	50	52,760	-	-	52,760
Professional fees	-	-	140	233	373	5,228	-	5,601
Consulting	-	-	-	-	-	15,305	-	15,305
Supplies	2,831	63	81	606	3,581	1,431	121	5,133
Utilities	9,599	-	274	2,057	11,930	2,163	412	14,505
Equipment and facilities	3,358	368	1,343	3,581	8,651	7,569	243	16,463
Transportation	1,228	16	136	147	1,526	107	135	1,768
Volunteer support	-	-	-	-	-	3,664	-	3,664
Marketing	-	-	-	-	-	968	1,080	2,048
Miscellaneous	424	-	25	25	474	-	2,044	2,518
Total expenses before depreciation	<u>139,025</u>	<u>4,071</u>	<u>21,219</u>	<u>31,589</u>	<u>195,903</u>	<u>68,013</u>	<u>30,886</u>	<u>294,802</u>
Depreciation	<u>6,555</u>	<u>-</u>	<u>278</u>	<u>939</u>	<u>7,772</u>	<u>509</u>	<u>329</u>	<u>8,610</u>
Total expenses	<u>\$ 145,580</u>	<u>\$ 4,071</u>	<u>\$ 21,497</u>	<u>\$ 32,528</u>	<u>\$ 203,675</u>	<u>\$ 68,522</u>	<u>\$ 31,215</u>	<u>\$ 303,412</u>
Year ended December 31, 2020	Pantry	Classes	Garden	Clothing Pantry	Total Program Expenses	Management and General	Fundraising	Total Expenses
Wages and related expenses	\$ 99,992	\$ 1,667	\$ 18,332	\$ -	\$ 119,991	\$ 31,664	\$ 14,998	\$ 166,653
Cost of product purchased	57,531	816	-	-	58,347	-	-	58,347
Professional fees	-	-	-	-	-	5,529	-	5,529
Consulting	-	-	-	-	-	3,075	-	3,075
Supplies	2,879	41	140	-	3,060	654	379	4,093
Utilities	7,765	105	420	-	8,290	1,889	315	10,494
Equipment and facilities	7,124	453	948	-	8,525	10,737	2,769	22,031
Transportation	1,188	14	110	-	1,312	55	14	1,381
Volunteer support	-	-	-	-	-	3,483	-	3,483
Marketing	199	50	17	-	266	797	598	1,661
Miscellaneous	619	-	33	-	652	-	5,005	5,657
Total expenses before depreciation	<u>177,297</u>	<u>3,146</u>	<u>20,000</u>	<u>-</u>	<u>200,443</u>	<u>57,883</u>	<u>24,078</u>	<u>282,404</u>
Depreciation	<u>8,879</u>	<u>102</u>	<u>408</u>	<u>-</u>	<u>9,389</u>	<u>612</u>	<u>204</u>	<u>10,205</u>
Total expenses	<u>\$ 186,176</u>	<u>\$ 3,248</u>	<u>\$ 20,408</u>	<u>\$ -</u>	<u>\$ 209,832</u>	<u>\$ 58,495</u>	<u>\$ 24,282</u>	<u>\$ 292,609</u>

See accompanying notes and accountant's report.

North Liberty Community Pantry
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The North Liberty Community Pantry (the Organization) is an unincorporated nonprofit association affiliated with the First United Methodist Church of North Liberty (the Church). The Organization operates as an outreach ministry of the Church and provides food and clothing to individuals and families in need. The Organization has a 9,600 square foot garden to help feed pantry clients and educate the community about the health benefits of growing their own food.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from accounting principles generally accepted in the United States of America primarily because the Organization does not recognize inventory, unconditional promises to give, accounts payable, and in-kind revenue and expenses.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization's cash is with high credit quality financial institutions and, at times, is in excess of the FDIC insurance limit.

Property and Equipment

Property and equipment are carried at cost with depreciation computed under the straight-line method over the economic useful lives of the assets. All acquisitions of property and equipment in excess of \$5,000 are capitalized.

Beneficial Interest in Assets Held by Community Foundation

The Organization has an account with the Community Foundation of Johnson County (the Foundation), which is held in a permanent designated agency endowment fund, for the benefit of the Organization. The transactions with the Foundation are deemed to be reciprocal, and therefore, the fair value of the fund held by the Foundation is recognized as an asset (beneficial interest in assets held by community foundation) by the Organization.

Net Assets

Net assets, revenues, gains, and other support are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and future capital expenditures.

North Liberty Community Pantry
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

A group ruling determination letter has been issued to The United Methodist Church Group (UMC), which includes the Church. UMC is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets are received.

The Organization follows Financial Accounting Standards Board (FASB) Topic 958-605, *Revenue Recognition for Not-for-Profit Entities* in accounting for its Paycheck Protection Program (PPP) loan. The loan is effectively accounted for as a conditional promise to give, or grant, with revenue recognized as conditions are met.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, utilities, facilities and transportation, which are allocated based on building and van usage, and wages, purchases, supplies, and marketing, which are allocated based on estimates of time spent on each program.

In-Kind Product and Donated Services

During the years ended December 31, 2021 and 2020, the Organization received 227,597 and 429,568 pounds, respectively, of food with a total value of approximately \$407,000 and \$747,000, respectively. The Organization also received donated rent during 2021 and 2020.

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, fundraising, and various committee assignments. The Organization received approximately 7,000 and 6,700 volunteer hours for the years ended December 31, 2021 and 2020, respectively.

**North Liberty Community Pantry
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through August 25, 2022, the date which the financial statements were available for issue.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 2021 and 2020:

	2021	2020
Cash	\$ 642,989	\$ 500,424
Less: Donor-imposed restrictions	48,087	64,028
Financial assets available within one year	\$ 594,902	\$ 436,396

Occasionally, the Board of Directors designates a portion of net assets to operating and equipment reserves, which were \$185,991 and \$173,575 as of December 31, 2021 and 2020, respectively.

The Organization has funds available at the Community Foundation of Johnson County (the Foundation). These funds are invested for long-term appreciation but are available at the discretion of the Foundation.

NOTE 3 – DESIGNATED AGENCY ENDOWMENT FUND

The Organization has a beneficial interest in assets held by the Foundation in the amount of \$534,099 and \$472,405 as of December 31, 2021 and 2020, respectively, which represents funds previously transferred to the Foundation by the Organization and the earnings thereon. The Organization has granted variance power to the Foundation in the event the Organization terminates or ceases to exist as a legal entity. The Foundation holds these transfers and third-party contributions to the Foundation on behalf of the Organization in a fund (the Fund). The Fund is available to support the Organization's operations. During 2021, the Organization transferred \$0 to the Fund. As of December 31, 2021 and 2020, the Fund had a total of \$599,052 and \$522,044, respectively. No amounts were distributed to the Organization from the Foundation for the years ended December 31, 2021 and 2020.

North Liberty Community Pantry
Notes to Financial Statements

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Program restrictions	\$ 48,087	\$ 64,028
Beneficial interest in assets of the Foundation	<u>320,000</u>	<u>320,000</u>
	<u>\$ 368,087</u>	<u>\$ 384,028</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The Church hires the employees utilized by the Organization. For the years ended December 31, 2021 and 2020, the Organization reimbursed the Church \$175,037 and \$165,725 respectively, for wages and related expenses.

The Organization and the Church have a shared-use agreement for the Organization's building. The Church is the owner and is legally responsible for the building. The Organization is the sole occupant and is responsible for the day-to-day operations, including utilities and repairs. The agreement began on July 1, 2014 and will continue for 10 years with an automatic renewal on an annual basis. The Organization shall not be required to pay the Church rent for the Organization's use of the building. For each of the years ended December 31, 2021 and 2020, the Organization received \$36,000 of in-kind rent. The Church may request the Organization to reimburse the Church for insurance premiums related to the building. The Organization did not make any reimbursements for the years ended December 31, 2021 and 2020.