
LOAVES & FISHES FOOD PANTRY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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Independent Accountants' Review Report

**To the Board of Directors
Loaves & Fishes Food Pantry, Inc.
Charlottesville, Virginia**

We have reviewed the accompanying financial statements of Loaves & Fishes Food Pantry (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses, and cash flows for the year 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 Organization 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 accounting principles generally accepted in the United States of America; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' 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 accounting principles generally accepted in the United States of America.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
April 5, 2021

- Financial Statements -

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Financial Position
At December 31, 2020

Assets

Current assets:

Cash and cash equivalents:

Cash without donor restrictions	\$ 761,732
Cash with donor restrictions	336,983

Total cash and cash equivalents \$ 1,098,715

Investments 14,937

Contributions receivable 269,862

Beneficial interest in agency fund held by third party 368,071

Inventory 102,765

Gift cards 695

Total current assets \$ 1,855,045

Noncurrent assets:

Land \$ 960,883

Construction in process 16,719

Property and equipment, net of accumulated depreciation 395,533

Total noncurrent assets \$ 1,373,135

Total assets \$ 3,228,180

Liabilities and Net Assets

Liabilities

Current liabilities:

Accounts payable, trade \$ 620

Payroll liabilities 8,641

Total current liabilities \$ 9,261

Noncurrent liabilities:

Paycheck Protection Program loan \$ 45,979

Total liabilities \$ 55,240

Net Assets

Net assets without donor restrictions \$ 2,835,957

Net assets with donor restrictions 336,983

Total net assets \$ 3,172,940

Total liabilities and net assets \$ 3,228,180

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

**Statement of Activities
For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributions:			
Individual contributions	\$ 976,205	\$ 296,840	\$ 1,273,045
Corporate contributions	101,414	-	101,414
Church contributions	49,099	15,500	64,599
Local government grants	42,671	35,000	77,671
Nonprofit contributions	29,790	-	29,790
Foundation contributions	245,650	64,500	310,150
In-kind contributions	2,496,722	-	2,496,722
In-kind contributions from USDA	1,220,630	-	1,220,630
Investment income (loss)	73	-	73
Fundraising revenue	1,466	-	1,466
Miscellaneous income	457	-	457
Net assets released from restriction	94,617	(94,617)	-
Total revenues	<u>\$ 5,258,794</u>	<u>\$ 317,223</u>	<u>\$ 5,576,017</u>
Expenses:			
Program services:			
Feeding low-income individuals	\$ 4,051,212	\$ -	\$ 4,051,212
Supporting services:			
Management and general	43,491	-	43,491
Fundraising	60,468	-	60,468
Total expenses	<u>\$ 4,155,171</u>	<u>\$ -</u>	<u>\$ 4,155,171</u>
Changes in net assets	<u>\$ 1,103,623</u>	<u>\$ 317,223</u>	<u>\$ 1,420,846</u>
Net assets at beginning of period	<u>1,732,334</u>	<u>19,760</u>	<u>1,752,094</u>
Net assets at end of period	<u>\$ 2,835,957</u>	<u>\$ 336,983</u>	<u>\$ 3,172,940</u>

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services		Supporting Services		Total
	Feeding Low Income Individuals	Management and General	Fundraising		
Salaries	\$ 219,198	\$ 19,819	\$ 23,783	\$	262,800
Fringe benefit	11,217	5,513	2,281		19,011
Payroll taxes	16,804	1,516	1,819		20,139
Fees for services	21,263	-	13,259		34,522
Occupancy	36,303	-	-		36,303
Insurance	-	14,877	-		14,877
Depreciation	42,665	-	-		42,665
Fundraising expenses	-	-	14,394		14,394
Advertisement	-	-	4,932		4,932
Food distributed	3,664,954	-	-		3,664,954
Office expenses	2,287	-	-		2,287
Repair and maintenance	10,587	-	-		10,587
Food distribution supplies	25,674	-	-		25,674
Memberships, dues, and licenses	-	885	-		885
Miscellaneous	260	881	-		1,141
Totals	\$ 4,051,212	\$ 43,491	\$ 60,468	\$	4,155,171

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ 1,420,846
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	42,665
(Increase) decrease in assets:	
Contributions receivable	(239,833)
Inventory	(57,059)
Gift cards	(595)
Increase (decrease) in liabilities:	
Accounts payable, trade	(3,360)
Payroll liabilities	3,713
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Net cash provided by (used for) operating activities	\$ 1,166,377
Cash flows from investing activities	
Purchase of investments	\$ (354,930)
Purchases of property and equipment	(67,912)
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Net cash provided by (used for) investing activities	\$ (422,842)
Cash flows from financing activities	
Proceeds from PPP loan	\$ 45,979
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Net cash provided by (used for) financing activities	\$ 45,979
Net increase (decrease) in cash and cash equivalents	\$ 789,514
Cash and cash equivalents at beginning of period	309,201
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Cash and cash equivalents at end of period	\$ 1,098,715
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See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Loaves & Fishes Food Pantry, Inc. is a 501(C)3 nonprofit organization that offers USDA-provided food, food donated from the Blue Ridge Area Food Bank, local retailers, local churches, and other local organizations, and food purchased with monetary donations to families in need within and around the Charlottesville community.

Basis of Accounting:

The Organization's financial statements are prepared on the accrual basis, in accordance with Generally Accepted Accounting Principles. Therefore, revenues are recognized when earned rather than when received and expenditures are recorded when incurred rather than when paid. Expenditures are capitalized as assets when the expenditure in one period can be seen as providing benefit to the Organization in future periods.

Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - The portion of the net assets of the Organization that can be used subject only to the broad limits resulting from the nature of the Organization, the environment it operates in, the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business. The Organization has the greatest ability to choose when using these resources. At December 31, 2020, the Organization reported net assets without donor restrictions of \$2,835,957.

Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - The portion of the net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor's instructions. At December 31, 2020, the Organization reported net assets with donor restrictions of \$336,983.

Net assets with donor restrictions generally result from donor-restricted contributions.

See accompanying independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2020 (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

In-Kind Donations:

Contributions, including unconditional promises to give or contributions receivable, are recognized as support without donor restrictions and support with donor restrictions, depending on the existence and/or nature of any donor restrictions in the period the donor's commitment is received. Unconditional promises to give for future operations are recognized as revenues with donor restrictions unless the donor explicitly stipulates its use to support current period activities.

Non-cash contributions consist primarily of food donated by producers, manufacturers, the United States Department of Agriculture (USDA), and the general public. Contributed food is recorded as income and placed in inventory at the time of the gift. Noncash donations of food in the amount of \$3,717,352 were recognized in the financial statements.

Donated food and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services because they did not meet the requirements for recognition in the financial statements. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and fundraising activities. The Organization received 7,753 hours in volunteer time in 2020.

Concentration of Credit Risk:

The Organization maintains its cash in bank deposit accounts at two high credit quality financial institutions. As of December 31, 2020, the Organization had a \$817,659 uninsured cash balance.

Inventory:

Purchased inventory is recorded at the lower of cost or market on a first-in-first-out basis. Donated inventories are stated at the nationally calculated average price per pound of \$1.74. This average value per pound is based on an independent study commissioned by Feeding America. At December 31, 2020, inventories consisted of the following:

Food	\$ <u>102,765</u>
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Inventory is recorded using the average cost method.

See accompanying independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2020 (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment are stated at cost when purchased or at fair market value if donated, less accumulated depreciation. The straight-line method of depreciation is used over the following ranges of estimated useful lives.

Buildings and improvements	10-40 years
Furniture and equipment	5-10 years
Vehicles	5 years

Advertising:

Advertising costs are expensed as incurred. Advertising costs for 2020 totaled \$4,932.

NOTE 2 - TAX STATUS:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and contributions to our programs are deductible for tax purposes.

NOTE 3 - PROPERTY AND EQUIPMENT:

At December 31, 2020 property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 960,883	\$ -	\$ 960,883
Construction in process	16,719	-	16,719
Building	360,721	(71,444)	289,277
Equipment	185,352	(100,516)	84,836
Vehicles	48,200	(26,780)	21,420
	<u>\$ 1,571,875</u>	<u>\$ (198,740)</u>	<u>\$ 1,373,135</u>

See accompanying independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2020 (Continued)

NOTE 4 - NON-CURRENT LIABILITIES:

Non-current liabilities consists of the following:

	<u>2020</u>
SBA PPP loan in the amount of \$45,979 maturing 24 months after the forgiveness determination date, interest at 1.00%. The loan is forgivable if the Organization uses the proceeds in accordance with the SBA PPP loan guidelines.	\$ <u><u>45,979</u></u>

NOTE 5 - ALLOCATION OF FUNCTIONAL EXPENSES:

Functional expenses are apportioned between program and supporting services based on personnel time for the related activities. Some expense apportionments are estimates because of the overlap of activities and the difficulty of record keeping for usage. Specifically identifiable expenses are directly allocated.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for specific purposes or until specific events occur. The following schedule summarizes net assets with donor-imposed restrictions for the Organization's operations as of December 31, 2020.

Food	\$ 1,224
Fixed Assets	<u>335,759</u>
Total	<u><u>\$ 336,983</u></u>

NOTE 7 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets released from donor restrictions by incurring expenses satisfying program restrictions, were reclassified to net assets without donor restrictions as follows:

Food	\$ 3,548
Fixed Assets	<u>91,069</u>
Total Net Assets With Donor Restrictions Reclassified to Net Assets without Donor Restrictions	<u><u>\$ 94,617</u></u>

See accompanying independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2020 (Continued)

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2020</u>
Cash without donor restrictions	\$ 761,732
Investments	14,937
Contributions receivable	269,862
Beneficial interest in agency fund held by third party	<u>368,071</u>
	<u>\$ 1,414,602</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient contributions and other revenues and by utilizing donor-restricted resources from current and prior years' donations, as needed. The statement of cash flows identifies the sources and uses of the Organization's cash and shows positive cash generated by operations of \$1,166,377 for the fiscal year ending December 31, 2020.

The operating budget since 2017 has included a goal to raise a specified amount for an operating reserve, which was opened in 2019 as an investment in the Charlottesville Area Community Foundation. Each year, Loaves & Fishes' annual budget includes additional funds to invest in this cash reserve. This investment is currently in CACF's Money Market funds in order to keep our funds as easily available as possible, a "rainy day" fund for the Organization to access in event of an unexpected expense at the pantry. The Finance Committee is in the process of developing a policy for investments in this operating reserve. The Organization complies with donors' designations for expending gifts and separates donor restricted funds from donations without donor restrictions in QuickBooks to ensure funds are spent according to donors' specifications. The Organization's goals for maintaining financial assets are as the following:

1. At the beginning of each calendar/fiscal year, the Organization's Executive Director and Development Committee set fundraising goals to support budgeted operating expenses for the year. The Executive Director writes a development plan and works with the Development Committee to raise funds throughout the year. The ED provides monthly updates on the status of fundraising goals, which are separated by specific funding sources (individuals/families; businesses; foundations; churches; nonprofit/civic Organizations).
2. Four months prior to the end of the fiscal year, Organization's staff and Finance Committee develop the operating budget for the next fiscal year. The budget is revised and approved by the full Board of Directors at the November meeting of the Board of Directors.

See accompanying independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2020 (Continued)

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

3. The Organization has established the Builders Circle giving circle, a group of donors who commit to giving \$1,000 or more each year for at least three years. This important group of donors is crucial to sustaining the Organization's annual operating budget, providing 15% of 2020's budget. Many Builders Circle donors spread their donations across the year, giving either monthly or quarterly.
4. Non-cash assets (food) are protected in accordance with USDA food safety guidelines and distributed on the First-In, First Out basis. The Organization raised funding to add more refrigerated and freezer space in 2020 to keep food supplies at a consistent level to provide food for all seeking assistance.
5. The Organization contributes excess operating funds that are raised during the fiscal year to their operating reserve investment account in the Charlottesville Area Community Foundation. These funds are set aside for use against possible future unanticipated operating expenses. This operating reserve account, identified as Beneficial interest in agency fund held by third party on the Statement of Financial Position, increased by \$339,993 in fiscal year 2020.
6. The Organization does not take on additional financial commitments that are not projected in the annual budget; additionally, capital expenditures above and beyond the operating expenses are also projected annually and separate funds must be raised before making capital acquisitions.

NOTE 9 - BENEFICIAL INTEREST IN AGENCY FUND HELD BY THIRD PARTY:

The Organization is the beneficiary under a Designated Agency Fund Agreement with Charlottesville Area Community Foundation. The agency fund has been recorded in accordance with generally accepted accounting principles which state that if a community foundation receives assets from a nonprofit organization that specifies itself or its affiliate as the beneficiary, those assets are not considered a contribution to the foundation, regardless of the variance power of the foundation. The assets of the fund are included in the Statement of Financial Position of the Organization as a beneficial interest in agency fund held by third party. Distributions are to be paid upon the request of the Organization and the approval of the foundation; the latter not withheld without significant cause. In addition, the fund is charged an annual 1.0% administrative fee on the fund balance, to be paid quarterly.

NOTE 10 - DATE OF MANAGEMENT'S REVIEW:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through April 5, 2021, the date the financial statements were available to be issued.

While the Organization anticipates that operations will continue to be altered for at least the first two quarters of 2021 due to the COVID-19 outbreak, all core volunteers and staff are getting vaccinated and the Organization continues to support those in the community who need food. The Organization is not able to estimate the effects of the COVID-19 outbreak on its financial condition or liquidity for fiscal year 2021.

See accompanying independent accountants' review report.