
LOAVES & FISHES FOOD PANTRY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Loaves & Fishes Food Pantry (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loaves & Fishes Food Pantry as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

April 13, 2016

- Financial Statements -

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Financial Position
At December 31, 2015

Assets	
Current assets:	
Cash and cash equivalents	\$ 425,946
Pledges receivable, current portion	50,100
Inventory	174,733
Gift cards	69
Total current assets:	<u>\$ 650,848</u>
Noncurrent assets:	
Land	\$ 960,883
Property and equipment, net of accumulated depreciation	<u>282,891</u>
Total noncurrent assets:	<u>\$ 1,243,774</u>
Total assets	<u><u>\$ 1,894,622</u></u>
Liabilities and Net Assets	
Liabilities	
Current liabilities:	
Accounts payable, trade	\$ 4,310
Payroll liabilities	6,510
Notes payable, current portion	<u>325,000</u>
Total current liabilities	<u>\$ 335,820</u>
Noncurrent liabilities:	
Notes payable, net of current portion	<u>\$ 325,000</u>
Total liabilities	<u>\$ 660,820</u>
Net Assets	
Unrestricted	\$ 880,305
Temporarily restricted	<u>353,497</u>
Total net assets	<u>\$ 1,233,802</u>
Total liabilities and net assets	<u><u>\$ 1,894,622</u></u>

See accompanying notes and independent auditors' report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Activities
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions:				
Individual contributions	\$ 240,718	\$ 707,309	\$ -	\$ 948,027
Corporate contributions	4,856	3,000	-	7,856
Church contributions	26,623	-	-	26,623
Nonprofit contributions	893,620	4,050	-	897,670
Foundation contributions	43,925	143,500	-	187,425
Grants - USDA	1,032,284	-	-	1,032,284
Investment income	191	-	-	191
Fundraising revenue	558	-	-	558
In-kind	-	24,341	-	24,341
Miscellaneous income	110	-	-	110
Net assets released from restriction	550,808	(550,808)	-	-
Total revenues	\$ 2,793,693	\$ 331,392	\$ -	\$ 3,125,085
Expenses:				
Program services	\$ 2,066,644	\$ -	\$ -	\$ 2,066,644
Supporting services:				
Management and general	39,093	-	-	39,093
Fundraising	28,928	-	-	28,928
Total expenses	\$ 2,134,665	\$ -	\$ -	\$ 2,134,665
Other changes in net assets:				
Loss on disposal of assets	\$ (9,263)	\$ -	\$ -	\$ (9,263)
Changes in net assets	\$ 649,765	\$ 331,392	\$ -	\$ 981,157
Net assets at beginning of period	230,540	22,105	-	252,645
Net assets at end of period	\$ 880,305	\$ 353,497	\$ -	\$ 1,233,802

See accompanying notes and independent auditors' report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2015

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 72,842	\$ 27,412	\$ 18,733	\$ 118,987
Payroll taxes	5,327	2,029	1,388	8,744
Fees for services	4,738	-	439	5,177
Occupancy	70,721	-	-	70,721
Insurance	-	6,353	-	6,353
Depreciation	23,226	-	-	23,226
Fundraising expenses	-	-	8,368	8,368
Food distributed	1,881,314	-	-	1,881,314
Office expenses	96	1,949	-	2,045
Repair and maintenance	1,809	-	-	1,809
Food distribution supplies	6,413	-	-	6,413
Memberships, dues, and licenses	-	575	-	575
Miscellaneous	158	775	-	933
	<u>\$ 2,066,644</u>	<u>\$ 39,093</u>	<u>\$ 28,928</u>	<u>\$ 2,134,665</u>

See accompanying notes and independent auditors' report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Cash Flows
For the Year Ended December 31, 2015

Cash flows from operating activities	
Change in net assets	\$ 981,157
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	23,226
Loss on disposal of assets	9,263
Loss on sale of stock	336
(Increase) decrease in assets:	
Pledges receivable	(49,900)
Prepaid expenses	2,679
Inventory	(104,035)
Increase (decrease) in liabilities:	
Accounts payable, trade	3,139
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Net cash provided by (used for) operating activities	\$ 865,865
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Cash flows from investing activities	
Purchases of property and equipment	\$ (1,222,115)
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Net cash provided by (used for) investing activities	\$ (1,222,115)
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Cash flows from financing activities	
Proceeds from promissory note	\$ 650,000
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Net cash provided by (used for) financing activities	\$ 650,000
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Net increase in cash and cash equivalents	\$ 293,750
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Cash and cash equivalents at beginning of period	132,196
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Cash and cash equivalents at end of period	\$ 425,946
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See accompanying notes and independent auditors' report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2015

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Loaves & Fishes Food Pantry, Inc. is a 501(C)3 non-profit organization that offers USDA-provided food, food donated from 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 three classes of net assets:

Unrestricted net assets - Net assets that are not subject to any donor-imposed stipulations. At December 31, 2015, the Organization reported unrestricted net assets of \$880,305.

Temporarily restricted assets - Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time. At December 31, 2015, the Organization had temporarily restricted net assets of \$353,497.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specific purposes. At December 31, 2015, the Organization had no permanently restricted net assets.

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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions in the period the donor's commitment is received. Unrestricted, unconditional promises to give for future operations are recognized as temporarily restricted revenues unless the donor explicitly stipulates its use to support current period activities.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2015 (Continued)

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

In-Kind Donations: (Continued)

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.

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. Noncash donations of food in the amount of \$1,925,460 were recognized in the financial statements.

Concentration of Credit Risk:

The Organization maintains its cash in bank deposit accounts at two high credit quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had \$131,149 uninsured cash balances at December 31, 2015.

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 \$1.70 as of June 30, 2015. This average value per pound is based on an independent study commissioned by Feeding America. At December 31, 2015, inventories consisted of the following:

Food	\$	<u>174,733</u>
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Inventory is recorded using the average cost method.

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

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2015 (Continued)

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:

Property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 960,883	\$ -	\$ 960,883
Building	223,866	(8,084)	215,782
Equipment	95,545	(31,561)	63,984
Vehicles	12,500	(9,375)	3,125
	<u>\$ 1,292,794</u>	<u>\$ (49,020)</u>	<u>\$ 1,243,774</u>

NOTE 4 - PLEDGES RECEIVABLE:

Pledges receivable as of December 31, 2015 are expected to be received as follows:

Within One Year	\$ 50,100
Total	<u>\$ 50,100</u>

NOTE 5 - NOTE PAYABLE:

In February 2015, the Organization entered into a promissory note for \$650,000 to finance the purchase of a building. This note is for a term of three years, and bears interest at 5.0%. Principal payments of \$325,000 are due on February 18, 2016, and February 18, 2018. Interest payments of \$1,354 are due monthly.

NOTE 6 - ALLOCATION OF FUNCTIONAL EXPENSES:

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2015 (Continued)

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are derived from the following sources:

	<u>Temporarily Restricted</u>
Pledge receivable	\$ 50,000
Consultants	5,000
Meat and partner pickups	10,000
Parking lot	300
Lambs Road building purchase	<u>288,197</u>
Total	<u>\$ 353,497</u>

NOTE 8 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through April 13, 2016, the date the financial statements were available to be issued.