
LOAVES & FISHES FOOD PANTRY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

LOAVES & FISHES FOOD PANTRY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2016 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 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 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

May 11, 2017

- Financial Statements -

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Financial Position
At December 31, 2016

Assets	
Current assets:	
Cash and cash equivalents	\$ 127,150
Inventory	154,245
Gift cards	69
Total current assets:	<u>\$ 281,464</u>
Noncurrent assets:	
Land	\$ 960,883
Property and equipment, net of accumulated depreciation	312,914
Total noncurrent assets:	<u>\$ 1,273,797</u>
Total assets	<u><u>\$ 1,555,261</u></u>
Liabilities and Net Assets	
Liabilities	
Current liabilities:	
Accounts payable, trade	\$ 6,349
Payroll liabilities	4,010
Total current liabilities	<u>\$ 10,359</u>
Total liabilities	<u>\$ 10,359</u>
Net Assets	
Unrestricted	\$ 1,522,945
Temporarily restricted	21,957
Total net assets	<u>\$ 1,544,902</u>
Total liabilities and net assets	<u><u>\$ 1,555,261</u></u>

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Contributions:				
Individual contributions	\$ 211,699	\$ 357,152	\$ -	\$ 568,851
Corporate contributions	18,724	-	-	18,724
Church contributions	20,561	-	-	20,561
Nonprofit contributions	166	-	-	166
Foundation contributions	40,000	-	-	40,000
Grants - USDA	1,023,630	-	-	1,023,630
Investment income	2,060	-	-	2,060
Fundraising revenue	792	-	-	792
In-kind	1,104,619	-	-	1,104,619
Miscellaneous income	2,587	-	-	2,587
Net assets released from restriction	688,692	(688,692)	-	-
Total revenues	\$ 3,113,530	\$ (331,540)	\$ -	\$ 2,781,990
Expenses:				
Program services	\$ 2,360,707	\$ -	\$ -	\$ 2,360,707
Supporting services:				
Management and general	82,911	-	-	82,911
Fundraising	27,272	-	-	27,272
Total expenses	\$ 2,470,890	\$ -	\$ -	\$ 2,470,890
Changes in net assets	\$ 642,640	\$ (331,540)	\$ -	\$ 311,100
Net assets at beginning of period	880,305	353,497	-	1,233,802
Net assets at end of period	\$ 1,522,945	\$ 21,957	\$ -	\$ 1,544,902

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2016

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 103,406	\$ 50,827	\$ 21,031	\$ 175,264
Payroll taxes	8,745	4,298	1,778	14,821
Fees for services	5,266	-	315	5,581
Occupancy	68,348	-	-	68,348
Insurance	-	8,707	-	8,707
Depreciation	23,404	-	-	23,404
Fundraising expenses	-	-	4,148	4,148
Food distributed	2,129,038	-	-	2,129,038
Office expenses	275	3,650	-	3,925
Repair and maintenance	7,618	-	-	7,618
Food distribution supplies	14,187	-	-	14,187
Memberships, dues, and licenses	-	784	-	784
Miscellaneous	420	14,645	-	15,065
	<u>\$ 2,360,707</u>	<u>\$ 82,911</u>	<u>\$ 27,272</u>	<u>\$ 2,470,890</u>

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities	
Change in net assets	\$ 311,100
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	23,404
(Increase) decrease in assets:	
Pledges receivable	50,100
Inventory	20,489
Increase (decrease) in liabilities:	
Accounts payable, trade	<u>(461)</u>
Net cash provided by (used for) operating activities	<u>\$ 404,632</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>\$ (53,428)</u>
Net cash provided by (used for) investing activities	<u>\$ (53,428)</u>
Cash flows from financing activities	
Payment of promissory note	<u>\$ (650,000)</u>
Net cash provided by (used for) financing activities	<u>\$ (650,000)</u>
Net increase (decrease) in cash and cash equivalents	\$ (298,796)
Cash and cash equivalents at beginning of period	<u>425,946</u>
Cash and cash equivalents at end of period	<u><u>\$ 127,150</u></u>

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2016

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 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, 2016, the Organization reported unrestricted net assets of \$1,522,945.

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, 2016, the Organization had temporarily restricted net assets of \$21,957.

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, 2016, 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.

See accompanying independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2016 (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 \$2,076,644 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.

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 \$1.67. This average value per pound is based on an independent study commissioned by Feeding America. At December 31, 2016, inventories consisted of the following:

Food	\$	<u>154,245</u>
------	----	----------------

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

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.

See accompanying independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements
At December 31, 2016 (Continued)

NOTE 3 - PROPERTY AND EQUIPMENT:

At December 31, 2016 property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 960,883	\$ -	\$ 960,883
Building	276,866	(16,261)	260,605
Equipment	95,973	(44,288)	51,685
Vehicles	12,500	(11,876)	624
	<u>\$ 1,346,222</u>	<u>\$ (72,425)</u>	<u>\$ 1,273,797</u>

NOTE 4 - 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.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are derived from the following sources:

	<u>Temporarily Restricted</u>
Severance Pay	19,029
Food	500
Consultant	2,428
Total	<u>\$ 21,957</u>

NOTE 6 - SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through May 11, 2017, the date the financial statements were available to be issued.

See accompanying independent accountants' review report.