

AURORA AREA INTERFAITH  
FOOD PANTRY, INC.

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MODIFIED CASH BASIS FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT  
for the year ended July 31, 2021

**Weber & Associates CPAs, LLC**  
Certified Public Accountants

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# AURORA AREA INTERFAITH FOOD PANTRY, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Aurora Area Interfaith Food Pantry, Inc.  
Aurora, Illinois

### **Opinion**

We have audited the accompanying financial statements of Aurora Area Interfaith Food Pantry, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of July 31, 2021, and the related statement of revenues, expenses and changes in net assets - modified cash basis and statement of functional expenses - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Aurora Area Interfaith Food Pantry, Inc. as of July 31, 2021, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aurora Area Interfaith Food Pantry, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Aurora Area Interfaith Food Pantry, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aurora Area Interfaith Food Pantry, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Weber & Associates*

Aurora, Illinois  
May 26, 2022

AURORA AREA INTERFAITH FOOD PANTRY, INC.  
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis  
as of July 31, 2021

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ASSETS

Current assets:

Cash	\$ 814,347
	814,347

Property and equipment:

Property and equipment	1,604,132
Less accumulated depreciation	(477,283)
	1,126,849

Other assets:

Community Foundation Food Pantry Fund	32,078
	32,078

TOTAL ASSETS	\$ 1,973,274
	1,973,274

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Payroll taxes payable and other payroll liabilities	\$ 945
Accounts payable	5,976
	6,921

Long-term liabilities:

Note payable	50,000
Total liabilities	56,921

Net assets:

Without donor restrictions	
Undesignated	1,876,659
Board designated	32,078
Total without donor restrictions	1,908,737
With donor restriction	7,616
Total net assets	1,916,353

TOTAL LIABILITIES AND NET ASSETS	\$ 1,973,274
	1,973,274

See accompanying notes to financial statements.

**AURORA AREA INTERFAITH FOOD PANTRY, INC.**  
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis  
for the year ended July 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions, gifts and grants	\$ 1,161,602	\$ 28,000	\$ 1,189,602
Food contributions	3,274,579	-	3,274,579
Reimbursements	16,988	-	16,988
Interest and dividends	772	-	772
Net realized and unrealized gain	5,721	-	5,721
Special events	114,820	-	114,820
Other income	31,440	-	31,440
Net assets released from restrictions	22,353	(22,353)	-
Total revenues and other support	<u>4,628,275</u>	<u>5,647</u>	<u>4,633,922</u>
Expenses			
Program services	3,895,943	-	3,895,943
Supporting services			
Management and general	230,380	-	230,380
Fundraising	94,301	-	94,301
Total expenses	<u>4,220,624</u>	<u>-</u>	<u>4,220,624</u>
Change in net assets	407,651	5,647	413,298
Net assets, beginning of year	<u>1,501,086</u>	<u>1,969</u>	<u>1,503,055</u>
Net assets, end of year	<u><u>\$ 1,908,737</u></u>	<u><u>\$ 7,616</u></u>	<u><u>\$ 1,916,353</u></u>

See accompanying notes to financial statements.

**AURORA AREA INTERFAITH FOOD PANTRY, INC.**

Statement of Functional Expenses - Modified Cash Basis

for the year ended July 31, 2021

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	
<b>Personnel costs:</b>				
Compensation	\$346,133	\$83,072	\$32,306	\$ 461,511
Payroll taxes and fees	23,043	5,530	2,151	30,724
Other employee benefits	43,822	10,849	3,184	57,855
Retirement plan	3,959	990	260	5,209
<b>Total personnel costs</b>	<b>416,957</b>	<b>100,441</b>	<b>37,901</b>	<b>555,299</b>
<b>Other expenses:</b>				
Contributed food distributed	3,274,579	-	-	3,274,579
Purchased food distributed	47,056	-	-	47,056
Events expense	-	-	37,540	37,540
Advertising and promotion	3,463	-	1,155	4,618
Occupancy	28,945	6,763	1,878	37,586
Telephone	911	911	95	1,917
Office supplies	8,605	3,129	3,912	15,646
Postage	907	348	140	1,395
Vehicle expense	15,878	-	-	15,878
Grant expense	34,341	-	-	34,341
Repairs and maintenance	24,146	8,049	-	32,195
Conferences and meetings	1,538	1,265	-	2,803
Professional services	14,302	23,394	-	37,696
Insurance	20,069	2,900	-	22,969
Other supplies	4,246	552	-	4,798
Depreciation	-	59,405	-	59,405
Fundraising	-	-	11,680	11,680
Miscellaneous	-	23,223	-	23,223
<b>Total other expenses</b>	<b>3,478,986</b>	<b>129,939</b>	<b>56,400</b>	<b>3,665,325</b>
<b>Total expenses</b>	<b>\$ 3,895,943</b>	<b>\$ 230,380</b>	<b>\$ 94,301</b>	<b>\$ 4,220,624</b>

See accompanying notes to financial statements.

# AURORA AREA INTERFAITH FOOD PANTRY, INC.

## Notes to Financial Statements

July 31, 2021

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### 1. ORGANIZATION AND PURPOSE

The Aurora Area Interfaith Food Pantry, Inc. (Food Pantry) is a not-for-profit organization that was organized by local individuals, community churches and church groups in 1981. Its objective is to provide food assistance to members of the community who are food insecure and have difficulty meeting their basic nutritional needs on their own. The Food Pantry is supported primarily through donor contributions, as well as grants from private foundations, local and state governmental units, and the Federal Government's Emergency Food and Shelter Program.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The records of the Food Pantry are maintained on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America primarily because the Food Pantry has not recognized receivables, prepayments and payables.

#### Basis of Presentation

Net assets and the Food Pantry's support, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions according to the following net asset classifications:

*Net assets without donor restriction:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Food Pantry. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees. Grants and contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period.

*Net assets with donor restrictions:* These net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Food Pantry or by the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses and changes in net assets as net assets released from restrictions.

#### Contributed Services and Materials

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.



# AURORA AREA INTERFAITH FOOD PANTRY, INC.

## Notes to Financial Statements

July 31, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contributed Services and Materials (continued)

Many individuals volunteer their time and perform a variety of tasks that assist the Food Pantry with daily operations. The volunteer hours have not been recorded in the statement of revenues, expenses and changes in net assets.

#### Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the statement of revenues, expenses and changes in net assets.

#### Property and Equipment

Property and equipment acquired by purchase are stated at cost while those acquired by gift are stated at the fair market value at time of receipt. Only major replacements and improvements are capitalized and included in the property and equipment account. Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets.

#### Advertising Costs

The Food Pantry expenses advertising costs as incurred. Expenses incurred were \$4,618 for the year ended July 31, 2021.

#### Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. IN-KIND CONTRIBUTIONS

The Food Pantry receives a substantial amount of food as donations. The Pantry has an adequate system of tracking and valuation of food donated and includes the value of the contributed food in the financial statements. Management has estimated the retail value of such donations at a value of \$1.79 per donated pound. The Food Pantry also received donations from the Federal government as part of The Emergency Food Program. These donations have been valued at \$1.18 per donated pound.

The total value of food donations is recorded as both revenue and expense in the statement of revenues, expenses, and changes in net assets - modified cash basis. The Food Pantry recorded \$3,274,579 of donated food in the year ended July 31, 2021.

# AURORA AREA INTERFAITH FOOD PANTRY, INC.

## Notes to Financial Statements

July 31, 2021

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### 4. CONCENTRATION OF CREDIT RISK

The Food Pantry maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Bank account balances exceeded federally insured limits by \$318,425 at July 31, 2021.

### 5. COMMUNITY FOUNDATION ENDOWMENT FUND

In 1981 the Food Pantry established an endowment fund with the Community Foundation of the Fox River Valley to be used for support of the mission or activities of the Pantry. The fund is considered property of the Foundation and the Foundation has ultimate authority and control over all property in the fund and the income derived therefrom. At least annually, the Foundation may distribute the fund's net income to the Pantry, or the Pantry may elect to accumulate the income. At July 31, 2021 the fair value of the endowment fund was \$114,494.

### 6. FAIR VALUE MEASUREMENTS

The investments of the Food Pantry are reported at fair value in accordance with Financial Accounting Standards Board guidance related to fair value measurements and disclosures. This standard establishes a three-level fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The levels in the fair value hierarchy are defined as follows: Level 1 - valuations are based on observable inputs that reflect unadjusted quoted prices in active markets for identical assets at the reporting date; Level 2 - valuations are based on observable inputs other than quoted prices for identical assets; Level 3 - valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Financial assets measured at fair value on a recurring basis at July 31, 2021 consist of the following:

	<u>Total</u>	<u>Level 2</u>
Community Foundation Food Pantry Fund	\$ 32,078	\$ 32,078

The fair value of the Community Foundation Food Pantry Fund for which quoted market prices are not available is valued based on the fair market values of the individual assets held by the Fund.

### 7. LINE OF CREDIT

The Food Pantry has a line of credit with Old Second National Bank which provides for borrowings up to \$50,000 and expires on August 6, 2022. Interest is payable monthly at the prime rate plus 2.00% (5.25% at July 31, 2021). The line of credit is secured by the property on Jericho Road. There were no borrowings under the line of credit as of July 31, 2021.

# AURORA AREA INTERFAITH FOOD PANTRY, INC.

## Notes to Financial Statements

July 31, 2021

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### 8. COMMUNITY FOUNDATION FOOD PANTRY FUND

The Community Foundation Food Pantry Fund in an externally administered fund reported as an other asset of the Food Pantry. Following is a summary of the investment income reported in the statement of revenues, expenses and changes in net assets - modified cash basis:

Interest and dividends	\$	772
Net realized and unrealized gain		<u>5,721</u>
Total investment return	\$	<u><u>6,493</u></u>

### 9. PROPERTY AND EQUIPMENT

Investment in property and equipment consists of the following at July 31, 2021:

Building	\$	378,458
Building Improvements		725,975
Land		75,182
Land Improvements		249,076
Furniture and equipment		143,426
Vehicles		32,015
Less accumulated depreciation		<u>(477,283)</u>
Total	\$	<u><u>1,126,849</u></u>

On November 18, 2013, the Food Pantry opened for distribution in the new building. The Food Pantry's new building was partially acquired with loan funds received from the City of Aurora under a Community Development Block Grant Subrecipient Agreement. Under the terms of this contract, title to the property reverts to the City if the property is used for any purpose other than a regional food pantry, the Food Pantry files bankruptcy, transfers or encumbers the real estate, or fails to properly maintain the property.

Depreciation expense was \$59,405 for the year ended July 31, 2021.

### 10. RETIREMENT PLAN

Retirement benefits for the Food Pantry are provided through a Simple IRA plan. During the year ended July 31, 2021, the Food Pantry elected to make a dollar match of elective deferrals up to 5% of each eligible employee's compensation. The Food Pantry's retirement plan expense for the year ended July 31, 2021 was \$5,209.

# AURORA AREA INTERFAITH FOOD PANTRY, INC.

## Notes to Financial Statements

July 31, 2021

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### 11. NOTE PAYABLE

The Food Pantry entered into an agreement with the City of Aurora and Kane County, Illinois dated March 14, 2012, to obtain financing for the purchase of a building on Jericho Road to be used for Food Pantry operations. The loan was funded through the U.S. Department of Housing and Urban Development. The agreement specifies that if the Food Pantry complies with various terms, the loan will be forgiven without interest at maturity.

If there is any default on the specified provisions of the loan agreement, the unpaid balance becomes payable immediately.

Long-term debt at July 31, 2021 consists of the following:

Mortgage - Kane County, matures March 14, 2032, 0.00% interest rate, collateralized by the Jericho Road property	\$ 50,000
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### 12. RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Net assets with donor restrictions at July 31, 2021 are for the following:

Parking lot	\$ 1,969
Patio	2,647
Refrigerated truck	3,000
	<u>\$ 7,616</u>

At July 31, 2021, the Food Pantry had Board designated net assets totaling \$32,078, which consists of the investment in the Community Foundation Food Pantry Advisory Fund.

### 13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Food Pantry has the following financial assets available within one year of the statement of assets, liabilities, and net assets for general expenditures:

Cash and cash equivalents	\$ 846,425
Less amounts unavailable for general expenditures within one year due to:	
Donor restrictions	(7,616)
Board designations	(32,078)
Financial assets available to meet general expenditures within one year	<u>\$ 806,731</u>

# AURORA AREA INTERFAITH FOOD PANTRY, INC.

## Notes to Financial Statements

July 31, 2021

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### 14. INCOME TAXES

The Food Pantry is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to the Food Pantry's tax exempt purpose is subject to federal and state income tax as unrelated business income. For the year ended July 31, 2021, the Food Pantry had no unrelated business income and consequently, there was no provision for income taxes.

#### Uncertain Tax Positions

The Food Pantry has adopted guidance issued by the Financial Accounting Standards Board relating to uncertain tax positions. The Food Pantry's policy is to classify income tax related interest and penalties in interest expense and other miscellaneous expenses, respectively. The tax years 2018, 2019 and 2020 for income tax returns filed in the U.S. federal jurisdiction and the state of Illinois (the Food Pantry's major tax jurisdictions) remain open and subject to examination. The Food Pantry has analyzed tax positions taken and believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would have a material adverse effect on the Food Pantry's financial condition, results of operations or cash flows.

### 15. LEASE COMMITMENTS

The Food Pantry leases certain equipment on a periodic basis. Lease expense was \$5,840 for the year ended July 31, 2021.

### 16. PPP LOAN FORGIVENESS

On April 22, 2021, the Food Pantry received an unsecured bank loan under the U.S. Small Business Administration Payroll Protection Program (PPP) in the amount of \$94,770. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Food Pantry applied for forgiveness with the lender and received forgiveness of \$94,770 from the Small Business Administration (SBA). The Food Pantry recognized these proceeds as grant revenue on the statement of revenues, expenses and changes in net assets - modified cash basis for the year ended July 31, 2021.

### 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 26, 2022 the date the financial statements were available to be issued.