

AURORA AREA INTERFAITH
FOOD PANTRY, INC.

MODIFIED CASH BASIS FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT
for the year ended July 31, 2023

Weber & Associates CPAs, LLC
Certified Public Accountants

AURORA AREA INTERFAITH FOOD PANTRY, INC.

Index to Financial Statements

	<u>Page</u>
Independent Auditors' Report	1-2
Basic Financial Statements	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis	3
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis	4
Statement of Functional Expenses - Modified Cash Basis	5
Notes to Financial Statements	6-11

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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, 2023, 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, 2023, 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.

Acker & Associates

Aurora, Illinois
April 4, 2024

AURORA AREA INTERFAITH FOOD PANTRY, INC.
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
as of July 31, 2023

ASSETS

Current assets:

Cash \$ 580,474

Property and equipment:

Property and equipment 1,998,559

Less accumulated depreciation (601,386)

1,397,173

Other assets:

Community Foundation Food Pantry Fund 4,556

TOTAL ASSETS

\$ 1,982,203

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Payroll taxes payable and other payroll liabilities \$ 10,356

Accounts payable 6,517

TOTAL LIABILITIES

16,873

Net assets:

Without donor restrictions

Undesignated 1,960,493

Board designated 4,556

Total without donor restrictions 1,965,049

With donor restriction 281

Total net assets 1,965,330

TOTAL LIABILITIES AND NET ASSETS

\$ 1,982,203

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions, gifts and grants	\$ 1,102,130	\$ 7,690	\$ 1,109,820
Food contributions	7,488,292	-	7,488,292
Interest and dividends	1,001	-	1,001
Net realized and unrealized gain	261	-	261
Special events	139,587	-	139,587
Other income	12,551	-	12,551
Net assets released from restrictions	12,025	(12,025)	-
Total revenues and other support	<u>8,755,847</u>	<u>(4,335)</u>	<u>8,751,512</u>
Expenses			
Program services	8,361,566	-	8,361,566
Supporting services			
Management and general	323,351	-	323,351
Fundraising	99,379	-	99,379
Total expenses	<u>8,784,296</u>	<u>-</u>	<u>8,784,296</u>
Change in net assets	(28,449)	(4,335)	(32,784)
Net assets, beginning of year	1,993,498	4,616	1,998,114
Net assets, end of year	<u>\$ 1,965,049</u>	<u>\$ 281</u>	<u>\$ 1,965,330</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, 2023

		Supporting Services		
	Program	Management	Fund-	Total
	Services	and	raising	
		General		
Personnel costs:				
Compensation	\$516,940	\$124,067	\$48,248	\$ 689,255
Payroll taxes and fees	52,143	12,513	4,867	69,523
Other employee benefits	30,663	7,591	2,228	40,482
Retirement plan	16,386	4,098	1,078	21,562
Total personnel costs	616,132	148,269	56,421	820,822
Other expenses:				
Contributed food distributed	7,488,292	-	-	7,488,292
Purchased food distributed	119,749	-	-	119,749
Events expense	-	-	37,929	37,929
Advertising and promotion	2,517	-	839	3,356
Bank fees	-	1,598	-	1,598
Dues and subscriptions	-	29,244	-	29,244
Occupancy	25,397	5,935	1,648	32,980
Telephone	1,932	1,933	203	4,068
Office supplies	4,769	1,734	2,168	8,671
Postage	1,108	426	171	1,705
Equipment rental	-	2,721	-	2,721
Vehicle expense	20,836	-	-	20,836
Repairs and maintenance	32,337	10,780	-	43,117
Professional services	28,131	33,506	-	61,637
Insurance	19,940	2,980	-	22,920
Other supplies	426	58	-	484
Depreciation	-	80,332	-	80,332
Miscellaneous	-	3,835	-	3,835
Total other expenses	7,745,434	175,082	42,958	7,963,474
Total expenses	\$ 8,361,566	\$ 323,351	\$ 99,379	\$ 8,784,296

See accompanying notes to financial statements.

AURORA AREA INTERFAITH FOOD PANTRY, INC.

Notes to Financial Statements

July 31, 2023

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, 2023

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 \$3,356 for the year ended July 31, 2023.

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 \$1.93 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 \$1.44 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 \$7,488,292 of donated food in the year ended July 31, 2023.

AURORA AREA INTERFAITH FOOD PANTRY, INC.

Notes to Financial Statements

July 31, 2023

4. CONCENTRATION OF CREDIT RISK

The Food Pantry maintains cash balances at three 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 \$1,100 at July 31, 2023.

The Food Pantry receives contributions and grants from numerous donors. At July 31, 2023, grants from two donors exceeded 10% of total revenue and accounted for 30% of total contributions, grants and other support revenue.

5. FUNCTIONAL EXPENSE ALLOCATIONS

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Food Pantry.

6. PROPERTY AND EQUIPMENT

Investment in property and equipment consists of the following at July 31, 2023:

Building	\$ 378,458
Building Improvements	1,036,695
Land	75,182
Land Improvements	249,076
Furniture and equipment	170,287
Vehicles	88,861
Less accumulated depreciation	(601,386)
Total	<u>\$ 1,397,173</u>

Depreciation expense was \$80,332 for the year ended July 31, 2023.

7. 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, 2023 the fair value of the endowment fund was \$105,913.

AURORA AREA INTERFAITH FOOD PANTRY, INC.

Notes to Financial Statements

July 31, 2023

8. COMMUNITY FOUNDATION FOOD PANTRY FUND

The Community Foundation Food Pantry Fund is 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	\$ 61
Net realized and unrealized gain	261
Total investment return	<u>\$ 322</u>

9. 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, 2023 consist of the following:

	Total	Level 2
Community Foundation Food Pantry Fund	\$ 4,556	\$ 4,556

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.

10. 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	\$ 585,030
Less amounts unavailable for general expenditures within one year due to:	
Donor restrictions	(281)
Board designations	(4,556)
Financial assets available to meet general expenditures within one year	<u>\$ 580,193</u>

AURORA AREA INTERFAITH FOOD PANTRY, INC.

Notes to Financial Statements

July 31, 2023

11. 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, 2023, 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 2020, 2021 and 2022 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.

12. RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Net assets with donor restrictions at July 31, 2023 are for the following:

Pallet jacks	\$	281
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At July 31, 2023, the Food Pantry had Board designated net assets totaling \$4,556, which consists of the investment in the Community Foundation Food Pantry Advisory Fund.

13. RETIREMENT PLAN

Retirement benefits for the Food Pantry are provided through a Simple IRA plan. During the year ended July 31, 2023, 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, 2023 was \$21,562.

14. LEASE COMMITMENTS

The Food Pantry leases certain equipment on a periodic basis. Lease expense was \$2,721 for the year ended July 31, 2023.

AURORA AREA INTERFAITH FOOD PANTRY, INC.

Notes to Financial Statements

July 31, 2023

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 4, 2024 the date the financial statements were available to be issued.