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**LOAVES & FISHES FOOD PANTRY, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Independent Accountants' Review Report**

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**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, 2019, 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  
March 31, 2020

**- Financial Statements -**

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Financial Position  
At December 31, 2019

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<b>Assets</b>	
Current assets:	
Cash and cash equivalents:	
Cash without donor restrictions	\$ 289,441
Cash with donor restrictions	19,760
Total cash and cash equivalents	\$ 309,201
Contributions receivable	30,029
Beneficial interest in agency fund held by third party	28,078
Inventory	45,706
Gift cards	100
Total current assets	\$ 413,114
Noncurrent assets:	
Land	\$ 960,883
Property and equipment, net of accumulated depreciation	387,005
Total noncurrent assets	\$ 1,347,888
<b>Total assets</b>	<b>\$ 1,761,002</b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Current liabilities:	
Accounts payable, trade	\$ 3,980
Payroll liabilities	4,928
Total current liabilities	\$ 8,908
<b>Total liabilities</b>	<b>\$ 8,908</b>
<b>Net Assets</b>	
Net assets without donor restrictions	\$ 1,732,334
Net assets with donor restrictions	19,760
Total net assets	\$ 1,752,094
<b>Total liabilities and net assets</b>	<b>\$ 1,761,002</b>

See accompanying notes and independent accountants' review report.

**LOAVES & FISHES FOOD PANTRY, INC.**

**Statement of Activities  
For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions:			
Individual contributions	\$ 278,163	\$ 55,000	\$ 333,163
Corporate contributions	33,362	10,000	43,362
Church contributions	39,780	5,000	44,780
Nonprofit contributions	8,069	-	8,069
Foundation contributions	84,800	-	84,800
In-kind contributions	1,673,494	-	1,673,494
In-kind contributions from USDA	697,300	-	697,300
Investment income (loss)	(186)	-	(186)
Fundraising revenue	95	-	95
Miscellaneous income	9,403	-	9,403
Net assets released from restriction	157,069	(157,069)	-
<b>Total revenues</b>	<b>\$ 2,981,349</b>	<b>\$ (87,069)</b>	<b>\$ 2,894,280</b>
<b>Expenses:</b>			
Program services			
Feeding low-income individuals	\$ 2,804,664	\$ -	\$ 2,804,664
Supporting services:			
Management and general	59,514	-	59,514
Fundraising	40,973	-	40,973
<b>Total expenses</b>	<b>\$ 2,905,151</b>	<b>\$ -</b>	<b>\$ 2,905,151</b>
<b>Changes in net assets</b>	<b>\$ 76,198</b>	<b>\$ (87,069)</b>	<b>\$ (10,871)</b>
<b>Net assets at beginning of period</b>	<b>1,656,136</b>	<b>106,829</b>	<b>1,762,965</b>
<b>Net assets at end of period</b>	<b>\$ 1,732,334</b>	<b>\$ 19,760</b>	<b>\$ 1,752,094</b>

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Program Services		Supporting Services		Total
	Feeding Low Income Individuals	Management and General	Fundraising		
Salaries	\$ 150,669	\$ 34,330	\$ 23,118	\$	208,117
Fringe benefit	6,973	3,428	1,418		11,819
Payroll taxes	14,184	2,587	1,721		18,492
Fees for services	12,814	-	4,958		17,772
Occupancy	53,578	-	-		53,578
Insurance	-	15,107	-		15,107
Depreciation	36,961	-	-		36,961
Fundraising expenses	-	-	6,130		6,130
Advertisement	-	-	3,628		3,628
Food distributed	2,512,526	-	-		2,512,526
Office expenses	409	2,605	-		3,014
Repair and maintenance	8,733	-	-		8,733
Food distribution supplies	7,672	-	-		7,672
Memberships, dues, and licenses	-	909	-		909
Miscellaneous	145	548	-		693
Totals	\$ 2,804,664	\$ 59,514	\$ 40,973	\$	2,905,151

See accompanying notes and independent accountants' review report.

LOAVES & FISHES FOOD PANTRY, INC.

Statement of Cash Flows  
For the Year Ended December 31, 2019

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<b>Cash flows from operating activities</b>	
Change in net assets	\$ (10,871)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	36,961
(Increase) decrease in assets:	
Assets restricted to investment in land, buildings, and equipment	55,000
Contributions receivable	(30,029)
Inventory	118,435
Gift cards	447
Increase (decrease) in liabilities:	
Accounts payable, trade	3,165
Payroll liabilities	(5,319)
	<hr/>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 167,789</b>
	<hr/>
<b>Cash flows from investing activities</b>	
Purchase of investments	\$ (28,078)
Purchases of property and equipment	(71,694)
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<b>Net cash provided by (used for) investing activities</b>	<b>\$ (99,772)</b>
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<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 68,017</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>241,184</b>
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<b>Cash and cash equivalents at end of period</b>	<b>\$ 309,201</b>
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See accompanying notes and independent accountants' review report.



# LOAVES & FISHES FOOD PANTRY, INC.

## Notes to Financial Statements At December 31, 2019

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### 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, 2019, the Organization reported net assets without donor restrictions of \$1,732,334.

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, 2019, the Organization reported net assets with donor restrictions of \$19,760.

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, 2019 (Continued)

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**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.

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 18,068 hours in volunteer time in 2019. Noncash donations of food in the amount of \$2,370,794 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. As of December 31, 2019, the Organization had a \$40,406 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 \$1.62. This average value per pound is based on an independent study commissioned by Feeding America. At December 31, 2019, inventories consisted of the following:

Food	\$	<u>45,706</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, 2019 (Continued)

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**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 2019 totaled \$3,628.

**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, 2019 property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 960,883	\$ -	\$ 960,883
Building	360,721	(56,905)	303,816
Equipment	136,317	(81,688)	54,629
Vehicles	48,200	(19,640)	28,560
	<u>\$ 1,506,121</u>	<u>\$ (158,233)</u>	<u>\$ 1,347,888</u>

**NOTE 4 - 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.

See accompanying independent accountants' review report.

**LOAVES & FISHES FOOD PANTRY, INC.**

Notes to Financial Statements  
At December 31, 2019 (Continued)

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**NOTE 5 - 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, 2019.

Food	\$	4,772
Fixed Assets		<u>14,988</u>
Total	\$	<u><u>19,760</u></u>

**NOTE 6 - 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	\$	52,057
Fixed Assets		<u>105,012</u>
Total Net Assets Reclassified to Net Assets without Donor Restrictions	\$	<u><u>157,069</u></u>

**NOTE 7 - 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>2019</u>
Cash without donor restrictions	\$ 289,441
Contributions receivable	30,029
Beneficial interest in agency fund held by third party	<u>28,078</u>
	<u><u>\$ 347,548</u></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 \$167,789 for the fiscal year ending December 31, 2019.

See accompanying independent accountants' review report.

## LOAVES & FISHES FOOD PANTRY, INC.

Notes to Financial Statements  
At December 31, 2019 (Continued)

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### **NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)**

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.
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 three years. This important group of donors is crucial to sustaining the Organizations' annual operating budget, providing 19% of 2019'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 keeps food supplies at a consistent level in order to provide enough food for all seeking assistance.
5. 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 8 - 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.

See accompanying independent accountants' review report.

**LOAVES & FISHES FOOD PANTRY, INC.**

Notes to Financial Statements  
At December 31, 2019 (Continued)

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**NOTE 9 - 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 March 31, 2020, the date the financial statements were available to be issued.

See accompanying independent accountants' review report.