

**WEST SUBURBAN COMMUNITY
PANTRY, INC.**

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2020 AND 2019**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
West Suburban Community Pantry, Inc.:

We have audited the accompanying financial statements of West Suburban Community Pantry, Inc., which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2020 and 2019, and the related statements of support, revenue, expenses and changes in net assets - modified cash basis and functional expenses - modified cash basis for the years 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 the modified cash basis of accounting as described in Note 1; 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including 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.

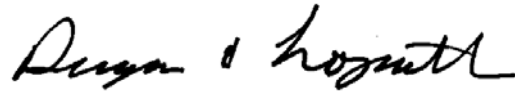
To the Board of Directors of
West Suburban Community Pantry, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of West Suburban Community Pantry, Inc. as of June 30, 2020 and 2019, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 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 the accounting basis generally accepted in the United States of America. Our opinion is not modified with respect to that matter.



DUGAN & LOPATKA

Warrenville, Illinois
November 13, 2020

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
ASSETS:		
Cash and cash equivalents	\$ 955,594	\$ 184,705
Certificates of deposit	653,841	647,492
Property and equipment, net	<u>466,337</u>	<u>479,817</u>
Total assets	<u>\$ 2,075,772</u>	<u>\$ 1,312,014</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Conditional promises to give	<u>500,000</u>	<u>500,000</u>
Total liabilities	<u>500,000</u>	<u>500,000</u>
NET ASSETS:		
Without donor restrictions	1,182,435	812,014
With donor restrictions	<u>393,337</u>	<u>-</u>
Total net assets	<u>1,575,772</u>	<u>812,014</u>
Total liabilities and net assets	<u>\$ 2,075,772</u>	<u>\$ 1,312,014</u>

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Donated goods	\$ 1,820,574	\$ -	\$ 1,820,574	\$ 1,959,347	\$ -	\$ 1,959,347
Contributions	34,186	-	34,186	43,435	-	43,435
Corporate donations	139,044	-	139,044	34,869	-	34,869
Grants	354,439	100,000	454,439	142,950	-	142,950
Individual donations	571,712	-	571,712	481,463	-	481,463
Annual fundraisers	192,761	311,218	503,979	158,069	-	158,069
Church donations	21,412	-	21,412	10,939	-	10,939
Forgiveness of PPP loan	86,700	-	86,700	-	-	-
Miscellaneous income	171	-	171	351	-	351
Interest income	13,218	-	13,218	12,146	-	12,146
Total public support and revenue	<u>3,234,217</u>	<u>411,218</u>	<u>3,645,435</u>	<u>2,843,569</u>	<u>-</u>	<u>2,843,569</u>
RECLASSIFICATIONS:						
Net assets released upon satisfaction of purpose restrictions	17,881	(17,881)	-	-	-	-
EXPENSES:						
Program	2,507,591	-	2,507,591	2,491,313	-	2,491,313
General and administrative	206,128	-	206,128	172,291	-	172,291
Fundraising	167,958	-	167,958	152,279	-	152,279
Total program expenses	<u>2,881,677</u>	<u>-</u>	<u>2,881,677</u>	<u>2,815,883</u>	<u>-</u>	<u>2,815,883</u>
CHANGES IN NET ASSETS	370,421	393,337	763,758	27,686	-	27,686
NET ASSETS, Beginning of year	<u>812,014</u>	<u>-</u>	<u>812,014</u>	<u>784,328</u>	<u>-</u>	<u>784,328</u>
NET ASSETS, End of year	<u>\$ 1,182,435</u>	<u>\$ 393,337</u>	<u>\$ 1,575,772</u>	<u>\$ 812,014</u>	<u>\$ -</u>	<u>\$ 812,014</u>

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Donated goods	\$ 1,820,574	\$ -	\$ -	\$ 1,820,574	\$ 1,959,347	\$ -	\$ -	\$ 1,959,347
Food and sundry	146,624	-	-	146,624	136,481	-	-	136,481
Educational and supportive services	22,199	-	-	22,199	12,906	-	-	12,906
Payroll expenses	323,965	98,501	112,530	534,996	259,698	90,938	92,523	443,159
Dues and subscriptions	3,253	-	-	3,253	4,841	-	-	4,841
Supplies	13,770	-	-	13,770	359	-	-	359
Depreciation	24,004	-	-	24,004	24,929	-	-	24,929
Fundraising	-	-	31,624	31,624	-	-	42,541	42,541
Industrial park dues	7,680	-	-	7,680	7,040	-	-	7,040
Insurance	8,791	1,674	-	10,465	11,097	2,114	-	13,211
Licenses and fees	-	1,064	-	1,064	-	-	-	-
Meetings and seminars	-	742	-	742	-	6,944	-	6,944
Miscellaneous	32,281	6,612	-	38,893	10,633	2,178	-	12,811
Office supplies	4,108	1,643	2,465	8,216	5,132	2,053	3,079	10,264
Publicity	6,925	989	1,979	9,893	2,646	378	756	3,780
Repairs and maintenance	25,500	-	-	25,500	11,351	-	-	11,351
Telephone and utilities	10,780	4,312	6,468	21,560	10,570	4,228	6,342	21,140
Vehicle expenses	33,405	-	8,351	41,756	8,989	-	2,247	11,236
Postage	1,904	1,269	3,174	6,347	1,669	1,113	2,782	5,564
Printing	3,828	273	1,367	5,468	5,625	402	2,009	8,036
Professional fees	-	89,049	-	89,049	-	61,943	-	61,943
Rental property expense	18,000	-	-	18,000	18,000	-	-	18,000
	<u>\$ 2,507,591</u>	<u>\$ 206,128</u>	<u>\$ 167,958</u>	<u>\$ 2,881,677</u>	<u>\$ 2,491,313</u>	<u>\$ 172,291</u>	<u>\$ 152,279</u>	<u>\$ 2,815,883</u>

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities -

West Suburban Community Pantry, Inc. (the "Organization") was incorporated in 1992 to serve the community by feeding the hungry and sharing resources to improve the quality of life. The vision of the Organization is a community without hunger. During the years ended June 30, 2020 and 2019, the Organization distributed approximately 1,640,000 and 1,390,000 pounds of food, respectively. The Organization purchased approximately 494,000 and 234,200 pounds of the distributed food.

The financial statements were available to be issued on November 13, 2020, with subsequent events being evaluated through this date.

Basis of Presentation -

Financial statement presentation follows the recommendation of the Accounting Standards Codification (ASC), *Financial Statements of Not-for-Profit Organizations*. Under the ASC, 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 and net assets with donor restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. As of June 30, 2020, and 2019, the Organization had with donor restrictions of \$393,337 and \$-0-, respectively.

Accounting Method -

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. A cash basis of accounting recognizes income from cash when received rather than earned and expenses when paid rather than when incurred. Modifications to the cash basis of accounting include recording property and equipment, related depreciation expense, conditional promises to give (mortgage payable) and donated food.

Estimates -

The Organization prepares its financial statements in conformity with the modified cash basis of accounting which is another generally accepted basis of accounting, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

New Accounting Pronouncement -

Effective July 1, 2019, The Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement - (Continued)

This update provided guidance to assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a contribution is conditional. The ASU has been retroactively applied to all periods presented.

The adoption of this new standard did not result in a material impact to the Organization's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative adjustment to net assets at the date of adoption under the modified retrospective method.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, office supplies, telephone and utilities, postage, and printing which are allocated on the basis estimated of time and effort.

Cash and Cash Equivalents -

Cash and cash equivalents consist of bank deposits in federally insured accounts with a maturity of three months or less and gift cards received to be used for the purchase of food.

Credit Risk -

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains cash balances at several financial institutions in the local area. Accounts at each institution are insured by the FDIC up to \$250,000. Deposits may exceed the federally insured limits of their institution from time to time.

Property and Equipment -

Property and equipment are stated at cost. It is the Organization's policy to capitalize property or equipment with a cost or estimated fair value in excess of \$1,500. Depreciation is calculated using the modified accelerated cost recovery system over the estimated useful lives of the respective assets, ranging from five to thirty-nine years. This depreciation method is not a generally accepted method and when compared to the straight-line method it was determined to be immaterially different. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the statement of support, revenue, expenses and changes in net assets.

Donated Services -

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. These volunteers have a significant impact on making the Organization effective by donating approximately 31,000 and 33,200 hours during the years ended June 30, 2020 and 2019, respectively. However, the value of these services is not reflected in the financial statements because they do not meet the definition of donated services under the ASC.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes -

The Organization is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code and state laws. Accordingly, no provision for income taxes has been established.

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2016. The Organization does not expect a material change in unrecognized tax benefits in the next twelve months.

Revenue Recognition -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(2) PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Building and building improvements	\$ 539,717	\$ 539,717
Equipment	140,313	129,789
Land	105,000	105,000
Vehicles	<u>50,534</u>	<u>50,534</u>
	835,566	825,040
Less - Accumulated depreciation	<u>(369,227)</u>	<u>(345,223)</u>
Property and equipment, net	<u>\$ 466,337</u>	<u>\$ 479,817</u>

Depreciation expense for the fiscal years ended June 30, 2020 and 2019 was \$24,004 and \$24,929, respectively.

(3) PAYROLL PROTECTION PROGRAM LOAN:

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in April, 2020, the Organization obtained a Payroll Protection Program (PPP) loan in the amount of \$86,700. The interest rate on this loan is 1% with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount or 10 months after the end of the forgivable covered period, with the final payment due in April, 2022. As part of the PPP loan agreement, a portion or all of the loan can be forgiven. The Organization has accounted for the loan under FASB ASC 470 and recognized forgiveness of debt for the full amount of the loan as of June 30, 2020.

The full loan amount was forgiven subsequent to June 30, 2020 based on payroll incurred through June 30, 2020.

(4) CONDITIONAL PROMISES TO GIVE:

The Organization has received a total of \$500,000 in two conditional promises to give grants on properties located at 6805 and 6809 Hobson Valley Drive, Woodridge, Illinois. At June 30, 2008, the outstanding balance was \$200,000. The second conditional promise was added in November 2008 totaling \$300,000 for the purchase of the 6805 Hobson property. The Organization is required to meet certain covenants related to building maintenance, payment of property taxes, continuance of existence and others. If the covenants are met, the original promise to give will be fulfilled on September 4, 2023. The new promise requires repayment if the Organization sells or transfers the property before November 20, 2028. Both conditional promises to give are secured by mortgages.

(5) DONATED GOODS:

Donated goods and services are recorded in the financial statements at their estimated fair market value on the date of receipt. The Organization reports gifts of donated food and grocery products over which it has control as net assets without donor restriction when received and, shortly thereafter, as expense when distributed to donees. During the years ended June 30, 2020 and 2019, approximately 1,630,000 and 1,400,000 pounds of donated product were received, respectively. The approximate average wholesale value of one pound of donated product at the national level was determined to be \$1.62 and \$1.68 a pound for the years ended June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, the Organization received approximately \$1,820,574 and \$1,959,000 in donated food and grocery products, respectively.

(6) LEASE COMMITMENTS:

The Organization has a lease for additional warehouse storage. The lease expires in October 2023 with monthly rent of \$1,500. Rent expense for the years ended June 30, 2020 and 2019, was \$18,000 for both years.

(6) LEASE COMMITMENTS: (Continued)

The future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 18,450
2022	18,600
2023	18,600
2024	<u>4,650</u>
Total	<u>\$ 60,300</u>

(7) NET ASSETS:

Net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Capital Campaign	\$ 311,218	\$ -
Romeoville School District	<u>82,119</u>	<u>-</u>
	<u>\$ 393,337</u>	<u>\$ -</u>

(8) LIQUIDITY AND AVAILABILITY:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 955,594	\$ 184,705
Certificates of deposit	<u>653,841</u>	<u>647,492</u>
Total financial assets	<u>1,609,435</u>	<u>832,197</u>
Less: Donor imposed restrictions	<u>393,337</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	<u>\$ 1,216,098</u>	<u>\$ 832,197</u>

The Organization manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability.
- incurring unbudgeted costs only when such costs are funded.
- maintaining adequate liquid costs to fund near-term operating needs.