

**WEST SUBURBAN COMMUNITY
PANTRY, INC.**

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020**

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, 2021 and 2020, 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.
Page two

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, 2021 and 2020, 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
October 19, 2021

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
ASSETS:		
Cash and cash equivalents	\$ 841,904	\$ 955,594
Certificates of deposit	656,299	653,841
Property and equipment, net	<u>1,080,110</u>	<u>466,337</u>
Total assets	<u>\$ 2,578,313</u>	<u>\$ 2,075,772</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	1,985,103	1,182,435
With donor restrictions	<u>93,210</u>	<u>393,337</u>
Total net assets	<u>2,078,313</u>	<u>1,575,772</u>
Total liabilities and net assets	<u>\$ 2,578,313</u>	<u>\$ 2,075,772</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, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Donated goods	\$ 1,949,846	\$ -	\$ 1,949,846	\$ 1,820,574	\$ -	\$ 1,820,574
Contributions	57,902	-	57,902	34,186	-	34,186
Corporate donations	103,770	-	103,770	139,044	-	139,044
Grants	420,255	15,000	435,255	354,439	100,000	454,439
Individual donations	680,132	-	680,132	571,712	-	571,712
Annual fundraisers	266,400	189,025	455,425	192,761	311,218	503,979
Church donations	25,150	-	25,150	21,412	-	21,412
Forgiveness of PPP loan	-	-	-	86,700	-	86,700
Miscellaneous income	662	-	662	171	-	171
Interest income	2,541	-	2,541	13,218	-	13,218
Total public support and revenue	<u>3,506,658</u>	<u>204,025</u>	<u>3,710,683</u>	<u>3,234,217</u>	<u>411,218</u>	<u>3,645,435</u>
RECLASSIFICATIONS:						
Net assets released upon satisfaction of purpose restrictions	504,152	(504,152)	-	17,881	(17,881)	-
EXPENSES:						
Program	2,724,073	-	2,724,073	2,507,591	-	2,507,591
General and administrative	275,478	-	275,478	206,128	-	206,128
Fundraising	208,591	-	208,591	167,958	-	167,958
Total program expenses	<u>3,208,142</u>	<u>-</u>	<u>3,208,142</u>	<u>2,881,677</u>	<u>-</u>	<u>2,881,677</u>
CHANGES IN NET ASSETS	802,668	(300,127)	502,541	370,421	393,337	763,758
NET ASSETS, Beginning 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>
NET ASSETS, End of year	<u>\$ 1,985,103</u>	<u>\$ 93,210</u>	<u>\$ 2,078,313</u>	<u>\$ 1,182,435</u>	<u>\$ 393,337</u>	<u>\$ 1,575,772</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, 2021 AND 2020

	2021			2020				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Donated goods	\$ 1,949,846	\$ -	\$ -	\$ 1,949,846	\$ 1,820,574	\$ -	\$ -	\$ 1,820,574
Food and sundry	134,470	-	-	134,470	146,624	-	-	146,624
Educational and supportive services	2,398	-	-	2,398	22,199	-	-	22,199
Payroll expenses	379,004	183,834	132,120	694,958	323,965	98,501	112,530	534,996
Dues and subscriptions	4,296	-	-	4,296	3,253	-	-	3,253
Supplies	46,277	-	-	46,277	13,770	-	-	13,770
Depreciation	47,253	-	-	47,253	24,004	-	-	24,004
Fundraising	-	-	57,759	57,759	-	-	31,624	31,624
Industrial park dues	7,680	-	-	7,680	7,680	-	-	7,680
Insurance	16,364	3,117	-	19,481	8,791	1,674	-	10,465
Licenses and fees	-	4,131	-	4,131	-	1,064	-	1,064
Meetings and seminars	-	648	-	648	-	742	-	742
Miscellaneous	35,333	7,237	-	42,570	32,281	6,612	-	38,893
Office supplies	5,243	2,097	3,146	10,486	4,108	1,643	2,465	8,216
Publicity	1,444	206	413	2,063	6,925	989	1,979	9,893
Repairs and maintenance	34,362	-	-	34,362	25,500	-	-	25,500
Telephone and utilities	11,847	4,739	7,108	23,694	10,780	4,312	6,468	21,560
Vehicle expenses	6,721	-	1,680	8,401	33,405	-	8,351	41,756
Postage	2,921	1,948	4,869	9,738	1,904	1,269	3,174	6,347
Printing	4,188	299	1,496	5,983	3,828	273	1,367	5,468
Professional fees	-	67,222	-	67,222	-	89,049	-	89,049
Rental property expense	34,426	-	-	34,426	18,000	-	-	18,000
	<u>\$ 2,724,073</u>	<u>\$ 275,478</u>	<u>\$ 208,591</u>	<u>\$ 3,208,142</u>	<u>\$ 2,507,591</u>	<u>\$ 206,128</u>	<u>\$ 167,958</u>	<u>\$ 2,881,677</u>

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(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, 2021 and 2020, the Organization distributed approximately 1,612,000 and 1,640,000 pounds of food, respectively. The Organization purchased approximately 490,000 and 494,000 pounds of the distributed food.

The financial statements were available to be issued on October 19, 2021, 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, 2021, and 2020, the Organization had with donor restrictions of \$93,210 and \$393,337, 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.

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

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 18,000 and 31,000 hours during the years ended June 30, 2021 and 2020, 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.

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.

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

Income Taxes - (Continued)

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 2018. 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>2021</u>	<u>2020</u>
Building and building improvements	\$ 539,716	\$ 539,716
Leasehold Improvements	608,942	-
Equipment	192,397	140,313
Land	105,000	105,000
Vehicles	<u>50,534</u>	<u>50,534</u>
	1,496,589	835,563
Less - Accumulated depreciation	<u>(416,479)</u>	<u>(369,226)</u>
Property and equipment, net	<u>\$ 1,080,110</u>	<u>\$ 466,337</u>

Depreciation expense for the fiscal years ended June 30, 2021 and 2020 was \$47,253 and \$24,004, respectively.

(3) 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.

(4) 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, 2021 and 2020, approximately 1,612,000 and 1,630,000 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 \$1.74 and \$1.62 a pound for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, the Organization received approximately \$1,949,846 and \$1,820,574 in donated food and grocery products, respectively.

(5) LEASE COMMITMENTS:

The Organization has two leases for additional warehouse storage. The first lease expires in October 2023 with monthly rent of \$1,500. The second lease expires in January 2022 with a monthly rent of \$3,200. Rent expense for the years ended June 30, 2021 and 2020, was \$34,426 and \$18,000, respectively.

The future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 41,000
2023	18,600
2024	<u>4,650</u>
Total	<u>\$ 64,250</u>

(6) NET ASSETS:

Net assets with donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Capital Campaign	\$ -	\$ 311,218
School Districts	78,210	82,119
Time restricted for food distribution	<u>15,000</u>	<u>-</u>
	<u>\$ 93,210</u>	<u>\$ 393,337</u>

(7) LIQUIDITY AND AVAILABILITY:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 841,904	\$ 955,594
Certificates of deposit	<u>656,299</u>	<u>653,841</u>
Total financial assets	<u>1,498,203</u>	<u>1,609,435</u>
Less: Donor imposed restrictions	<u>93,210</u>	<u>393,337</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>\$ 1,404,993</u>	<u>\$ 1,216,098</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.

(8) MANAGEMENT RESPONSE TO COVID-19:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization had to cancel some of its special events and put some of its programs on hold for a portion of the year. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact operations and financial statements.