

**WEST SUBURBAN COMMUNITY
PANTRY, INC.**

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2022 AND 2021**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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 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 West Suburban Community Pantry and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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 described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation if 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.

Independent Auditor's Report
To the Board of Directors of
West Suburban Community Pantry, Inc.
Page two

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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 risk 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 West Suburban Community Pantry'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 judgement, there are conditions or events, considered in the aggregate, which raise substantial doubt about the West Suburban Community Pantry'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.



DUGAN + LOPATKA

Warrenville, Illinois
October 3, 2022

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>A S S E T S</u>		
ASSETS:		
Cash and cash equivalents	\$ 606,134	\$ 841,904
Certificates of deposit	656,879	656,299
Property and equipment, net	<u>1,031,230</u>	<u>1,080,110</u>
Total assets	<u>\$ 2,294,243</u>	<u>\$ 2,578,313</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	1,622,476	1,985,103
With donor restrictions	<u>171,767</u>	<u>93,210</u>
Total net assets	<u>1,794,243</u>	<u>2,078,313</u>
Total liabilities and net assets	<u>\$ 2,294,243</u>	<u>\$ 2,578,313</u>

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Donated goods	\$ 2,337,652	\$ -	\$ 2,337,652	\$ 1,949,846	\$ -	\$ 1,949,846
Contributions	12,625	-	12,625	57,902	-	57,902
Corporate donations	119,631	-	119,631	103,770	-	103,770
Grants	190,050	40,000	230,050	420,255	15,000	435,255
Individual donations	691,207	-	691,207	680,132	-	680,132
Annual fundraisers	332,467	59,595	392,062	266,400	189,025	455,425
Church donations	19,828	-	19,828	25,150	-	25,150
Organization income	28,937	-	28,937	-	-	-
Miscellaneous income	5	-	5	662	-	662
Interest income	661	-	661	2,541	-	2,541
	3,733,063	99,595	3,832,658	3,506,658	204,025	3,710,683
RECLASSIFICATIONS:						
Net assets released upon satisfaction of purpose restrictions	21,038	(21,038)	-	504,152	(504,152)	-
EXPENSES:						
Program	3,494,785	-	3,494,785	2,724,073	-	2,724,073
General and administrative	367,250	-	367,250	275,478	-	275,478
Fundraising	254,693	-	254,693	208,591	-	208,591
	4,116,728	-	4,116,728	3,208,142	-	3,208,142
CHANGES IN NET ASSETS	(362,627)	78,557	(284,070)	802,668	(300,127)	502,541
NET ASSETS, Beginning of year	1,985,103	93,210	2,078,313	1,182,435	393,337	1,575,772
NET ASSETS, End of year	\$ 1,622,476	\$ 171,767	\$ 1,794,243	\$ 1,985,103	\$ 93,210	\$ 2,078,313

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Donated goods	\$ 2,337,652	\$ -	\$ -	\$ 2,337,652	\$ 1,949,846	\$ -	\$ -	\$ 1,949,846
Food and sundry	262,809	-	-	262,809	134,470	-	-	134,470
Educational and supportive services	16,548	-	-	16,548	2,398	-	-	2,398
Payroll expenses	506,888	203,657	168,298	878,843	379,004	183,834	132,120	694,958
Dues and subscriptions	9,331	-	-	9,331	4,296	-	-	4,296
Supplies	47,607	-	-	47,607	46,277	-	-	46,277
Depreciation	71,344	-	-	71,344	47,253	-	-	47,253
Fundraising	-	-	56,931	56,931	-	-	57,759	57,759
Industrial park dues	7,680	-	-	7,680	7,680	-	-	7,680
Insurance	4,145	789	-	4,934	16,364	3,117	-	19,481
Licenses and fees	-	6,813	-	6,813	-	4,131	-	4,131
Meetings and seminars	-	1,647	-	1,647	-	648	-	648
Miscellaneous	38,519	7,890	-	46,409	35,333	7,237	-	42,570
Office supplies	6,560	2,622	3,936	13,118	5,243	2,097	3,146	10,486
Publicity	2,113	302	604	3,019	1,444	206	413	2,063
Repairs and maintenance	78,522	-	-	78,522	34,362	-	-	34,362
Telephone and utilities	14,741	5,896	8,845	29,482	11,847	4,739	7,108	23,694
Vehicle expenses	19,858	-	4,964	24,822	6,721	-	1,680	8,401
Postage	5,211	3,474	8,686	17,371	2,921	1,948	4,869	9,738
Printing	6,801	486	2,429	9,716	4,188	299	1,496	5,983
Professional fees	-	133,674	-	133,674	-	67,222	-	67,222
Rental property expense	58,456	-	-	58,456	34,426	-	-	34,426
	<u>\$ 3,494,785</u>	<u>\$ 367,250</u>	<u>\$ 254,693</u>	<u>\$ 4,116,728</u>	<u>\$ 2,724,073</u>	<u>\$ 275,478</u>	<u>\$ 208,591</u>	<u>\$ 3,208,142</u>

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(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, 2022 and 2021, the Organization distributed approximately 1,633,000 and 1,612,000 pounds of food, respectively. The Organization purchased approximately 382,000 and 490,000 pounds of the distributed food.

The financial statements were available to be issued on October 3, 2022, 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, 2022, and 2021, the Organization had net assets with donor restrictions of \$171,767 and \$93,210, 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, vehicle expenses, 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 hours during each of the years ended June 30, 2022 and 2021. 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 2019. 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>2022</u>	<u>2021</u>
Building and building improvements	\$ 539,716	\$ 539,716
Leasehold Improvements	620,232	608,942
Equipment	203,571	192,397
Land	105,000	105,000
Vehicles	<u>50,534</u>	<u>50,534</u>
	1,519,053	1,496,589
Less - Accumulated depreciation	<u>(487,823)</u>	<u>(416,479)</u>
Property and equipment, net	<u>\$ 1,031,230</u>	<u>\$ 1,080,110</u>

Depreciation expense for the fiscal years ended June 30, 2022 and 2021 was \$71,344 and \$47,253, 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. On 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, 2022 and 2021, approximately 1,306,000 and 1,121,000 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 \$1.79 and \$1.74 a pound for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021, the Organization received \$2,337,652 and \$1,949,846 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 \$1,550. The second lease expires in January 2022 with a monthly rent of \$3,360. Rent expense for the years ended June 30, 2022 and 2021, was \$58,456 and \$34,426, respectively.

The future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 42,120
2024	<u>4,650</u>
Total	<u>\$ 46,770</u>

(6) NET ASSETS:

Net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Capital Campaign	\$ 59,595	\$ -
School Districts	72,172	78,210
Time restricted for food distribution	<u>40,000</u>	<u>15,000</u>
	<u>\$ 171,767</u>	<u>\$ 93,210</u>

(7) LIQUIDITY AND AVAILABILITY:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 606,134	\$ 841,904
Certificates of deposit	<u>656,879</u>	<u>656,299</u>
Total financial assets	<u>1,263,013</u>	<u>1,498,203</u>
Less: Donor imposed restrictions	<u>171,767</u>	<u>93,210</u>
Financial assets available to meet cash needs for general expenditures that are without donor or other restrictions limiting their use within one year	<u>\$ 1,091,246</u>	<u>\$ 1,404,993</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.