

**WEST SUBURBAN COMMUNITY
PANTRY, INC.**

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 AND 2022**

TOGETHER WITH AUDITOR'S REPORT



Certified Public Accountants

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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, 2023 and 2022, 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, 2023 and 2022, 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.

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

WEST SUBURBAN COMMUNITY PANTRY, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>A S S E T S</u>		
ASSETS:		
Cash and cash equivalents	\$ 482,669	\$ 606,134
Certificates of deposit	658,110	656,879
Property and equipment, net	<u>1,025,688</u>	<u>1,031,230</u>
Total assets	<u>\$ 2,166,467</u>	<u>\$ 2,294,243</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Conditional promises to give	<u>\$ 500,000</u>	<u>\$ 500,000</u>
NET ASSETS:		
Without donor restrictions	1,501,609	1,622,476
With donor restrictions	<u>164,858</u>	<u>171,767</u>
Total net assets	<u>1,666,467</u>	<u>1,794,243</u>
Total liabilities and net assets	<u>\$ 2,166,467</u>	<u>\$ 2,294,243</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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Donated goods	\$ 3,917,341	\$ -	\$ 3,917,341	\$ 2,337,652	\$ -	\$ 2,337,652
Contributions	9,544	-	9,544	12,625	-	12,625
Corporate donations	138,809	-	138,809	119,631	-	119,631
Grants	573,850	35,959	609,809	190,050	40,000	230,050
Individual donations	653,236	-	653,236	691,207	-	691,207
Annual fundraisers	430,299	3,390	433,689	332,467	59,595	392,062
Church donations	13,921	-	13,921	19,828	-	19,828
Organization income	52,395	-	52,395	28,937	-	28,937
Miscellaneous income	1,838	-	1,838	5	-	5
Interest income	1,282	-	1,282	661	-	661
Total public support and revenue	5,792,515	39,349	5,831,864	3,733,063	99,595	3,832,658
RECLASSIFICATIONS:						
Net assets released upon satisfaction of purpose restrictions	46,258	(46,258)	-	21,038	(21,038)	-
EXPENSES:						
Program	5,296,493	-	5,296,493	3,494,785	-	3,494,785
General and administrative	375,001	-	375,001	367,250	-	367,250
Fundraising	288,146	-	288,146	254,693	-	254,693
Total program expenses	5,959,640	-	5,959,640	4,116,728	-	4,116,728
CHANGES IN NET ASSETS	(120,867)	(6,909)	(127,776)	(362,627)	78,557	(284,070)
NET ASSETS, Beginning of year	1,622,476	171,767	1,794,243	1,985,103	93,210	2,078,313
NET ASSETS, End of year	\$ 1,501,609	\$ 164,858	\$ 1,666,467	\$ 1,622,476	\$ 171,767	\$ 1,794,243

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, 2023 AND 2022

	2023			2022				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Donated goods	\$ 3,917,341	\$ -	\$ -	\$ 3,917,341	\$ 2,337,652	\$ -	\$ -	\$ 2,337,652
Food and sundry	367,268	-	-	367,268	262,809	-	-	262,809
Educational and supportive services	18,126	-	-	18,126	16,548	-	-	16,548
Payroll expenses	544,701	216,002	178,436	939,139	506,888	203,657	168,298	878,843
Dues and subscriptions	5,878	-	-	5,878	9,331	-	-	9,331
Supplies	66,437	-	-	66,437	47,607	-	-	47,607
Depreciation	80,743	-	-	80,743	71,344	-	-	71,344
Grant writing	-	8,184	-	8,184	-	-	-	-
Fundraising	-	-	53,732	53,732	-	-	56,931	56,931
Industrial park dues	-	-	-	-	7,680	-	-	7,680
Insurance	16,434	3,130	-	19,564	4,145	789	-	4,934
Licenses and fees	-	5,936	-	5,936	-	6,813	-	6,813
Meetings and seminars	-	1,514	-	1,514	-	1,647	-	1,647
Miscellaneous	39,442	8,078	-	47,520	38,519	7,890	-	46,409
Office supplies	14,892	5,956	8,935	29,783	6,560	2,622	3,936	13,118
Publicity	1,243	178	355	1,776	2,113	302	604	3,019
Repairs and maintenance	102,358	-	-	102,358	78,522	-	-	78,522
Telephone and utilities	15,343	6,137	9,206	30,686	14,741	5,896	8,845	29,482
Vehicle expenses	18,480	-	4,620	23,100	19,858	-	4,964	24,822
Postage	18,864	12,576	31,440	62,880	5,211	3,474	8,686	17,371
Printing	3,982	284	1,422	5,688	6,801	486	2,429	9,716
Professional fees	-	107,026	-	107,026	-	133,674	-	133,674
Rental property expense	64,961	-	-	64,961	58,456	-	-	58,456
	<u>\$ 5,296,493</u>	<u>\$ 375,001</u>	<u>\$ 288,146</u>	<u>\$ 5,959,640</u>	<u>\$ 3,494,785</u>	<u>\$ 367,250</u>	<u>\$ 254,693</u>	<u>\$ 4,116,728</u>

The accompanying notes are an integral part of this statement.

WEST SUBURBAN COMMUNITY PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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, 2023 and 2022, the Organization distributed approximately 2,882,000 and 1,633,000 pounds of food, respectively. The Organization purchased approximately 832,000 and 382,000 pounds of the distributed food for the years ended June 30, 2023 and June 2022, respectively.

The financial statements were available to be issued on December 1, 2023, 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, 2023, and 2022, the Organization had net assets with donor restrictions of \$164,858 and \$171,767, 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. The 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, printing, and miscellaneous, of 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 38,000 and 18,000 hours during the years ended June 30, 2023 and 2022. 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 2020. 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.

Certificates of Deposit -

The Organization invests cash in excess of its immediate needs in certificates of deposit with varying maturity dates of greater than three months and up to 18 months and reports them as current investments or other assets. They are all reported at cost which approximates fair value.

(2) PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Building and building improvements	\$ 539,716	\$ 539,716
Leasehold Improvements	620,232	620,232
Equipment	234,077	203,571
Land	105,000	105,000
Vehicles	<u>95,230</u>	<u>50,534</u>
	1,594,255	1,519,053
Less - Accumulated depreciation	<u>(568,567)</u>	<u>(487,823)</u>
Property and equipment, net	<u>\$ 1,025,688</u>	<u>\$ 1,031,230</u>

(2) PROPERTY AND EQUIPMENT: (Continued)

Depreciation expense for the fiscal years ended June 30, 2023 and 2022 was \$80,743 and \$71,344, 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. In September of 2023, the Organization received a release deed which released the original mortgage lien of \$200,000 on the properties.

(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, 2023, and 2022, approximately 2,040,000 and 1,306,000 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 \$1.92 and \$1.79 a pound for the years ended June 30, 2023, and 2022, respectively. For the years ended June 30, 2023, and 2022, the Organization received \$3,917,341 and \$2,337,652 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 2024 with a monthly rent of \$3,528. Rent expense for the years ended June 30, 2023 and 2022, was \$64,961 and \$58,456, respectively.

The future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ <u>29,346</u>

(6) NET ASSETS:

Net assets with donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Capital Campaign	\$ 62,985	\$ 59,595
School Districts	65,914	72,172
Time restricted for food distribution	<u>35,959</u>	<u>40,000</u>
	<u>\$ 164,858</u>	<u>\$ 171,767</u>

(7) LIQUIDITY AND AVAILABILITY:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 482,669	\$ 606,134
Certificates of deposit	<u>658,110</u>	<u>656,879</u>
Total financial assets	1,140,779	1,263,013
Less: Donor imposed restrictions	<u>164,858</u>	<u>171,767</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>\$ 975,921</u>	<u>\$ 1,091,246</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.