

Christian Cupboard Emergency Food Shelf

Oakdale, Minnesota

Financial Statements
Auditor's Report
For the Year Ended
December 31, 2020



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Christian Cupboard Emergency Food Shelf
Oakdale, Minnesota

We have audited the accompanying financial statements of Christian Cupboard Emergency Food Shelf, which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expense, and cash flows for the year 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Cupboard Emergency Food Shelf as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
June 15, 2021

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
In-Kind Contributions	\$ 4,671,953	\$ -	\$ 4,671,953
Grants and Contributions	960,772	541,101	1,501,873
Program Service Fees	26,950	-	26,950
Government Grant - PPP Loan	25,100	-	25,100
Interest Income	61	-	61
Net Assets Released from Restrictions:			
Satisfaction of Capital Restrictions	86,840	(86,840)	-
Satisfaction of Program and Time Restrictions	456,261	(456,261)	-
Total Support and Revenue	<u>6,227,937</u>	<u>(2,000)</u>	<u>6,225,937</u>
Expense:			
Program Services:			
Total Program Services	5,134,963	-	5,134,963
Support Services:			
Management and General	52,670	-	52,670
Fundraising	46,666	-	46,666
Total Support Services	<u>99,336</u>	<u>-</u>	<u>99,336</u>
Total Expense	<u>5,234,299</u>	<u>-</u>	<u>5,234,299</u>
Change in Net Assets	993,638	(2,000)	991,638
Net Assets - Beginning of Year	<u>1,051,254</u>	<u>2,000</u>	<u>1,053,254</u>
Net Assets - End of Year	<u>\$ 2,044,892</u>	<u>\$ -</u>	<u>\$ 2,044,892</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Support Services	
Salaries	\$ 151,649	\$ 25,289	\$ 20,778	\$ 46,067	\$ 197,716
Payroll Taxes	13,718	2,287	1,880	4,167	17,885
Employee Benefits	734	122	101	223	957
Total Personnel Costs	166,101	27,698	22,759	50,457	216,558
Purchased and Donated Food	4,801,354	-	-	-	4,801,354
Occupancy	43,775	7,300	5,998	13,298	57,073
Repairs and Maintenance	26,641	1,481	1,216	2,697	29,338
Professional Fees	18,638	3,108	2,554	5,662	24,300
Office Expenses	14,543	2,425	1,993	4,418	18,961
Marketing and Advertising	6,495	1,083	4,278	5,361	11,856
Insurance	8,347	1,392	1,144	2,536	10,883
Interest Expense	8,124	1,355	1,113	2,468	10,592
Miscellaneous	7,581	1,264	1,039	2,303	9,884
Depreciation	33,364	5,564	4,572	10,136	43,500
Total Expense	\$ 5,134,963	\$ 52,670	\$ 46,666	\$ 99,336	\$ 5,234,299

The accompanying Notes to Financial Statements
are an integral part of this statement.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets:	
Cash	\$ 839,904
Contributions Receivable	2,755
Inventory	72,127
Prepaid Expense	5,170
Total Current Assets	<u>919,956</u>
Noncurrent Assets:	
Property & Equipment - Net	<u>1,160,365</u>
	<u>2,080,321</u>
 TOTAL ASSETS	 <u>\$ 2,080,321</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 19,181
Accrued Payroll Expenses	16,248
Total Current Liabilities	<u>35,429</u>
Net Assets:	
Without Donor Restrictions	2,044,892
With Donor Restrictions	-
Total Net Assets	<u>2,044,892</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,080,321</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Increase (Decrease) in Cash

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 991,638
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities	
Depreciation	43,500
Increases (Decreases) in Current Liabilities:	
Accounts Payable	13,644
Accrued Expenses	10,038
(Increases) in Current Assets:	
Accounts Receivable	(2,755)
Inventory	(39,326)
Prepaid Expenses	(1,647)
Net Cash Provided by Operating Activities	<u>1,015,092</u>
Cash Flows from Investing Activities:	
Purchases of Property and Equipment	(258,947)
Cash Flows from Financing Activities:	
Payments on Notes Payable	<u>(270,407)</u>
Net Increase in Cash	485,738
Cash - Beginning of Year	<u>354,166</u>
Cash - End of Year	<u>\$ 839,904</u>

Supplemental Disclosure of Cash Flow Information

Cash Paid for:	
Interest	<u>\$ 10,592</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

Christian Cupboard Emergency Food Shelf (the Organization) provides nutritious food to their neighbors in a respectful manner while engaging the community in the fight against hunger. They believe that access to nutritious food is a basic human right, and they are committed to responding to the needs of the community by providing food distribution and support services with dignity and respect.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is 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 restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Property and Equipment

All major expenditures over \$2,500 for property are capitalized at cost. Depreciation is provided through the use of the straight-line method. Donated property is recorded at fair market value at the date of the donation.

Promises-To-Give (Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Organization recognizes revenue from program services when the performance obligations of transferring the products and providing the services are met.

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 substantially met.

Contributed goods are recorded at fair value at the date of donation.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

Inventory

Inventory consists of donated food. Inventory is valued based on management prepared cost studies and estimates.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Expenses are recorded in functional categories. Certain expenses are allocated directly to functional categories. In other cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through June 15, 2021 which is the date financial statements were available to be issued.

In May of 2021 the Organization opened its new location, Today's Market.

2. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services in Minnesota. Grants and contributions receivable are primarily from local residents or institutions, with a handful of out-of-state grants and contributions receivable.

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

4. Property and Equipment

The Organization owned the following as of December 31, 2020:

		<u>Estimated Useful Lives</u>
Equipment, Furniture, Tech	\$ 41,921	3-10 years
Building	1,053,158	39 years
Dry Storage	22,121	5 years
Refrigeration	45,448	5 years
Vehicles	<u>160,167</u>	5 years
	1,322,815	
Less Accumulated Depreciation	<u>162,450</u>	
	<u>\$ 1,160,365</u>	

Depreciation expense of \$43,500 was recorded for the year ended December 31, 2020.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. Liquidity and Availability

The following represents the Organization's financial assets as of December 31, 2020:

Financial Assets:	
Cash	\$ 839,904
Accounts Receivable	<u>2,755</u>
Total Financial Assets	842,659
Less amounts not available to be used within one year due to donor-imposed restrictions	
	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 842,659</u>

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

6. Leased Equipment

Rental commitments under noncancelable leases for equipment in effect at December 31, 2020, total \$64,477. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2021	\$ 20,864
2022	21,486
2023	<u>22,127</u>
	<u>\$ 64,477</u>

The rental expense was \$36,810 for the year ended December 31, 2020.

7. In-kind Contributions

CCEFS records in-kind contributions at fair market value at date of donation. In-kind contributions include the following as of December 31, 2020:

Food	\$ 4,635,143
Rent	<u>36,810</u>
Total In-Kind Contributions	<u>\$ 4,671,953</u>