

Christian Cupboard Emergency Food Shelf

Oakdale, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Christian Cupboard Emergency Food Shelf
Oakdale, Minnesota

Opinion

We have audited the accompanying financial statements of Christian Cupboard Emergency Food Shelf (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows 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 financial position of Christian Cupboard Emergency Food Shelf as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We are required to be independent of Christian Cupboard Emergency Food Shelf and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Cupboard Emergency Food Shelf's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 and *Government 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 Christian Cupboard Emergency Food Shelf'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Cupboard Emergency Food Shelf'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.

Coyette Ernst and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
April 26, 2022

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021 AND COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 290,761	\$ 24,716	\$ 24,106	\$ 48,822	\$ 339,583	\$ 197,716
Payroll Taxes	22,709	1,930	1,883	3,813	26,522	17,885
Employee Benefits	4,841	411	401	812	5,653	957
Total Personnel Costs	318,311	27,057	26,390	53,447	371,758	216,558
Purchased and Donated Food	7,519,879	-	-	-	7,519,879	4,801,354
Professional Fees	130,936	11,130	10,856	21,986	152,922	24,300
Occupancy	36,995	3,145	3,067	6,212	43,207	57,073
Repairs and Maintenance	24,191	2,056	2,006	4,062	28,253	29,338
Marketing and Advertising	20,268	1,723	1,680	3,403	23,671	11,856
Office Expenses	19,789	1,681	1,641	3,322	23,111	18,961
Insurance	14,496	1,232	1,202	2,434	16,930	10,883
Miscellaneous	4,805	409	398	807	5,612	9,884
Interest Expense	-	-	-	-	-	10,592
Depreciation	69,671	5,922	5,776	11,698	81,369	43,500
Total Expense	\$ 8,159,341	\$ 54,355	\$ 53,016	\$ 107,371	\$ 8,266,712	\$ 5,234,299

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	Total 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
Professional Fees	18,638	3,108	2,554	5,662	24,300
Occupancy	43,775	7,300	5,998	13,298	57,073
Repairs and Maintenance	26,641	1,481	1,216	2,697	29,338
Marketing and Advertising	6,495	1,083	4,278	5,361	11,856
Office Expenses	14,543	2,425	1,993	4,418	18,961
Insurance	8,347	1,392	1,144	2,536	10,883
Miscellaneous	7,581	1,264	1,039	2,303	9,884
Interest Expense	8,124	1,355	1,113	2,468	10,592
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
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 762,511	\$ 839,904
Grants and Contributions Receivable	101,241	2,755
Inventory	54,588	72,127
Prepaid Expense	4,529	5,170
Total Current Assets	922,869	919,956
Noncurrent Assets:		
Investments -Board Designated	10,353	-
Intangible Asset	7,500	-
Property & Equipment - Net	1,303,049	1,160,365
Total Noncurrent Assets	1,320,902	1,160,365
TOTAL ASSETS	\$ 2,243,771	\$ 2,080,321
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 24,013	\$ 19,181
Accrued Payroll Expenses	24,728	16,248
Total Current Liabilities	48,741	35,429
Net Assets:		
Without Donor Restrictions:		
Undesignated	1,689,654	2,044,892
Board Designated Fund	10,353	-
Board Designated Operating Reserve	374,210	-
Total Without Donor Restrictions	2,074,217	2,044,892
With Donor Restrictions	120,813	-
Total Net Assets	2,195,030	2,044,892
TOTAL LIABILITIES AND NET ASSETS	\$ 2,243,771	\$ 2,080,321

The accompanying Notes to Financial Statements
are an integral part of these statements.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>Increase (Decrease) in Cash</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 150,138	\$ 991,638
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	81,369	43,500
Unrealized (Gain) on Investments	(353)	-
Intangible Asset	(7,500)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	4,832	13,644
Accrued Expenses	8,480	10,038
(Increases) in Current Assets:		
Grants and Contributions Receivable	(98,486)	(2,755)
Inventory	17,539	(39,326)
Prepaid Expenses	641	(1,647)
Net Cash Provided by Operating Activities	<u>156,660</u>	<u>1,015,092</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(224,053)	(258,947)
Purchases of Investments	(10,000)	-
Net Cash (Used) by Investing Activities	<u>(234,053)</u>	<u>(258,947)</u>
Cash Flows from Financing Activities:		
Payments on Notes Payable	-	(270,407)
Net Increase (Decrease) in Cash	(77,393)	485,738
Cash - Beginning of Year	<u>839,904</u>	<u>354,166</u>
Cash - End of Year	<u>\$ 762,511</u>	<u>\$ 839,904</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ -</u>	<u>\$ 10,592</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment

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 (Grants and 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.

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, 2021 AND 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).

Intangible Asset

The Organization spent \$7,500 on branding and development of a potential new name for the organization. Client is carrying asset at cost on the statement of financial position. The Organization will test asset for impairment each year.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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 April 26, 2022, which is the date financial statements were available to be issued.

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.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2021 and 2020, the Organization held funds in a financial institution in excess of federally insured limits.

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, the Organization expects this matter may impact its future operating results, but reasonable estimates cannot be made at this time.

4. Leased Equipment

Rental commitments under noncancelable leases for space in effect at December 31, 2021, total \$48,830. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2022	\$ 21,331
2023	21,967
2024	<u>5,532</u>
	<u>\$ 48,830</u>

The rental expense was \$24,975 and \$36,810 for the years ended December 31, 2021 and 2020, respectively.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

5. Property and Equipment

The Organization owned the following as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2021</u>	<u>2020</u>	
Equipment, Furniture, Tech	\$ 54,337	\$ 41,921	3-10 years
Building	1,053,158	1,053,158	39 years
Dry Storage	22,121	22,121	5 years
Refrigeration	98,312	45,448	5 years
Vehicles	188,996	160,167	5 years
Leasehold Improvements	<u>129,944</u>	<u>-</u>	3 Years
	1,546,868	1,332,815	
Less Accumulated Depreciation	<u>243,819</u>	<u>162,450</u>	
	<u>\$ 1,303,049</u>	<u>\$ 1,160,365</u>	

Depreciation expense of \$81,369 and \$43,500 was recorded for the years ended December 31, 2021 and 2020, respectively.

6. Liquidity and Availability

The following represents the Organization's financial assets as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 762,511	\$ 839,904
Accounts Receivable	<u>101,241</u>	<u>2,755</u>
Total Financial Assets	863,752	842,659
Less amounts not available to be used within one year due to contractual or donor-imposed restrictions	<u>120,813</u>	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 742,939</u>	<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.

The Organization does not consider their endowment an asset available for expenditure

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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,	
	2021	2020
Food	\$ 7,167,526	\$ 4,635,143
Goods	2,236	36,810
Total In-Kind Contributions	\$ 7,169,762	\$ 4,671,953

8. Investments

Investments were comprised of the following at:

	December 31,	
	2021	2020
	Market	Market
Funds held at St. Croix Valley Foundation	\$ 10,353	\$ -

Investment income included the following as of:

	December 31,	
	2021	2020
Unrealized Gain	\$ 353	\$ -

9. Fair Value

The Organization adopted Financial Accounting Standards Board Statement of Financial Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (ASC 820). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Funds Held at St. Croix Foundation	\$ -	\$ -	\$ 10,353	\$ 10,353

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

9. Fair Value (continued)

Fund is held at the St. Croix Valley Foundation and is valued by inputs that are determined by the foundation. It was transferred to level 3 of the fair value hierarchy due to a change in the interpretation of observable inputs.

Level 3 Fund Reconciliation:

Balance – December 31, 2020	\$ -
Contributions	10,000
Change in Value	<u>353</u>
Balance – December 31, 2021	<u>\$ 10,353</u>

10. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subject to expenditures for specified purpose:		
Today's Harvest Expansion	\$ 109,034	\$ -
Local Farmers and Field	6,500	-
Bilingual Program Assistant	5,000	-
Business Recycling	<u>279</u>	<u>-</u>
	<u>\$ 120,813</u>	<u>\$ -</u>

11. Board Designated Net Assets

The Organization's Board of Directors has designated funds for the following as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Funds Held at St. Croix Foundation	\$ 10,353	\$ -
Operating Reserve	<u>374,210</u>	<u>-</u>
	<u>\$ 384,563</u>	<u>\$ -</u>