

oOo

INTER-FAITH FOOD SHUTTLE

Financial Statements

June 30, 2020 and 2019

oOo

## TABLE OF CONTENTS

|                                   | <u>Pages</u> |
|-----------------------------------|--------------|
| Independent Auditor's Report      | 1            |
| Statements of Financial Position  | 2            |
| Statements of Activities          | 3            |
| Statements of Functional Expenses | 4-5          |
| Statements of Cash Flows          | 6            |
| Notes to Financial Statements     | 7-12         |



Board of Directors  
Inter-Faith Food Shuttle  
Raleigh, North Carolina

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Inter-Faith Food Shuttle (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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 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 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 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 Inter-Faith Food Shuttle as of June 30, 2020 and 2019, 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.

*Koonce, Wooten & Haywood, LLP*

Raleigh, North Carolina  
August 12, 2020

**Raleigh**  
4060 Barrett Drive  
Post Office Box 17806  
Raleigh, North Carolina 27619  
  
919 782 9265  
919 783 8937 FAX

**Durham**  
3500 Westgate Drive  
Suite 203  
Durham, North Carolina 27707  
  
919 354 2584  
919 489 8183 FAX

**Pittsboro**  
579 West Street  
Post Office Box 1399  
Pittsboro, North Carolina 27312  
  
919 542 6000  
919 542 5764 FAX

INTER-FAITH FOOD SHUTTLE  
Statements of Financial Position  
June 30, 2020 and 2019

| ASSETS                                |    | 2020      | 2019         |
|---------------------------------------|----|-----------|--------------|
| <b>CURRENT ASSETS:</b>                |    |           |              |
| Cash and Cash Equivalents             | \$ | 4,065,287 | \$ 1,227,769 |
| Investments                           |    | 1,206,254 | 1,164,581    |
| Accounts Receivable                   |    | 108,578   | 145,735      |
| Inventory--In-Kind                    |    | 625,862   | 290,513      |
| Prepaid Expenses                      |    | 211,546   | 53,178       |
| Total Current Assets                  |    | 6,217,527 | 2,881,776    |
| <b>PROPERTY AND EQUIPMENT:</b>        |    |           |              |
| Buildings and Leasehold Improvements  |    | 331,706   | 246,446      |
| Vehicles and Equipment                |    | 1,398,710 | 905,098      |
| Total                                 |    | 1,730,416 | 1,151,544    |
| Less Accumulated Depreciation         |    | 888,732   | 806,383      |
| Property and Equipment, net           |    | 841,684   | 345,161      |
| Total Assets                          | \$ | 7,059,211 | \$ 3,226,937 |
| <b>LIABILITIES AND NET ASSETS</b>     |    |           |              |
| <b>CURRENT LIABILITIES:</b>           |    |           |              |
| Accounts Payable and Accrued Expenses | \$ | 502,447   | \$ 315,199   |
| Paid Time Off Accrual                 |    | 34,515    | 35,224       |
| Deferred Revenue                      |    | 1,193     | 3,355        |
| Total Current Liabilities             |    | 538,155   | 353,778      |
| <b>NET ASSETS:</b>                    |    |           |              |
| Without Donor Restrictions            |    | 5,766,515 | 2,873,159    |
| With Donor Restrictions               |    | 754,541   |              |
| Total Net Assets                      |    | 6,521,056 | 2,873,159    |
| Total Liabilities and Net Assets      | \$ | 7,059,211 | \$ 3,226,937 |

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF ACTIVITIES

INTER-FAITH FOOD SHUTTLE  
Statements of Activities  
For the Years Ended June 30, 2020 and 2019

|   | 2020                          |                            | Total               |
|---|-------------------------------|----------------------------|---------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions |                     |
| <b>SUPPORT AND REVENUE:</b>                       |                               |                            |                     |
| Food Donations--In-Kind                           | \$ 9,062,026                  | \$                         | \$ 9,062,026        |
| Grants  | 1,630,587                     | 820,763                    | 2,451,350           |
| Donations:  |                               |                            |                     |
| Businesses  | 1,182,527                     | 400,000                    | 1,582,527           |
| Individuals                                       | 2,717,194                     |                            | 2,717,194           |
| Churches  | 74,805                        |                            | 74,805              |
| Civic Groups                                      | 80,183                        |                            | 80,183              |
| Foundations                                       | 726,387                       | 31,200                     | 757,587             |
| In-Kind Donations                                 | 40,559                        |                            | 40,559              |
| Fees for Services                                 | 414,499                       |                            | 414,499             |
| Fundraising Projects                              | 425,340                       |                            | 425,340             |
| Unrealized Gain on Investments                    | 22,405                        |                            | 22,405              |
| Interest and Dividend Income                      | 29,196                        |                            | 29,196              |
| Gain on Sale of Asset                             |                               |                            |                     |
| Other Revenue                                     |                               |                            |                     |
| Total Revenue                                     | <u>16,405,708</u>             | <u>1,251,963</u>           | <u>17,657,671</u>   |
| Net Assets Released from Restrictions             | <u>497,422</u>                | <u>(497,422)</u>           |                     |
| Total Revenue After<br>Releases from Restrictions | <u>16,903,130</u>             | <u>754,541</u>             | <u>17,657,671</u>   |
| <b>EXPENSES:</b>                                  |                               |                            |                     |
| Program Services:                                 |                               |                            |                     |
| Food Distribution--In-Kind                        | 8,726,677                     |                            | 8,726,677           |
| Other Food Distribution                           | 2,331,431                     |                            | 2,331,431           |
| Total Food Distribution                           | <u>11,058,108</u>             |                            | <u>11,058,108</u>   |
| Job Training/Food Service                         | 644,749                       |                            | 644,749             |
| Nutrition/Farm and Garden                         | 824,155                       |                            | 824,155             |
| Total Program Services                            | <u>12,527,012</u>             |                            | <u>12,527,012</u>   |
| Support Services:                                 |                               |                            |                     |
| Fundraising                                       | 613,474                       |                            | 613,474             |
| Administrative                                    | 869,288                       |                            | 869,288             |
| Total Support Services                            | <u>1,482,762</u>              |                            | <u>1,482,762</u>    |
| Total Expenses                                    | <u>14,009,774</u>             |                            | <u>14,009,774</u>   |
| CHANGES IN NET ASSETS                             | 2,893,356                     | 754,541                    | 3,647,897           |
| NET ASSETS--Beginning of Year                     | <u>2,873,159</u>              |                            | <u>2,873,159</u>    |
| NET ASSETS--End of Year                           | <u>\$ 5,766,515</u>           | <u>\$ 754,541</u>          | <u>\$ 6,521,056</u> |

The accompanying notes are an integral part of the financial statements.

| 2019                          |                            |                     |
|-------------------------------|----------------------------|---------------------|
| Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| \$ 8,937,809                  | \$                         | \$ 8,937,809        |
| 726,583                       |                            | 726,583             |
| 734,270                       |                            | 734,270             |
| 1,255,322                     |                            | 1,255,322           |
| 61,209                        |                            | 61,209              |
| 32,425                        |                            | 32,425              |
| 300,321                       |                            | 300,321             |
| 142,660                       |                            | 142,660             |
| 281,621                       |                            | 281,621             |
| 855,280                       |                            | 855,280             |
| 30,229                        |                            | 30,229              |
| 35,541                        |                            | 35,541              |
| 930                           |                            | 930                 |
| 660                           |                            | 660                 |
| <u>13,394,860</u>             |                            | <u>13,394,860</u>   |
| 7,468                         | (7,468)                    |                     |
| <u>13,402,328</u>             | <u>(7,468)</u>             | <u>13,394,860</u>   |
| 8,712,675                     |                            | 8,712,675           |
| 2,120,278                     |                            | 2,120,278           |
| <u>10,832,953</u>             |                            | <u>10,832,953</u>   |
| 363,969                       |                            | 363,969             |
| 614,031                       |                            | 614,031             |
| <u>11,810,953</u>             |                            | <u>11,810,953</u>   |
| 703,658                       |                            | 703,658             |
| 567,091                       |                            | 567,091             |
| <u>1,270,749</u>              |                            | <u>1,270,749</u>    |
| <u>13,081,702</u>             |                            | <u>13,081,702</u>   |
| 320,626                       | (7,468)                    | 313,158             |
| <u>2,552,533</u>              | <u>7,468</u>               | <u>2,560,001</u>    |
| <u>\$ 2,873,159</u>           | <u>\$</u>                  | <u>\$ 2,873,159</u> |

STATEMENT OF FUNCTIONAL EXPENSES  
June 30, 2020



INTER-FAITH FOOD SHUTTLE  
Statement of Functional Expenses  
For the Year Ended June 30, 2020

|                            | Program Services     |                               |                              | Total                |
|----------------------------|----------------------|-------------------------------|------------------------------|----------------------|
|                            | Food<br>Distribution | Job Training/<br>Food Service | Nutrition/Farm<br>and Garden |                      |
| Food Distribution--In-Kind | \$ 8,726,677         | \$                            | \$                           | \$ 8,726,677         |
| Salaries                   | 1,009,710            | 434,349                       | 247,854                      | 1,691,913            |
| Food                       | 566,199              | 213                           | 423,948                      | 990,360              |
| Fundraising                | 1,509                | 1,681                         | 3,423                        | 6,613                |
| Subcontractors             | 3,308                | 28,571                        | 5,000                        | 36,879               |
| Facility Costs             | 139,922              | 9,831                         | 27,079                       | 176,832              |
| Payroll Taxes              | 72,614               | 32,176                        | 18,127                       | 122,917              |
| Employee Benefits          | 72,182               | 33,639                        | 14,775                       | 120,596              |
| Miscellaneous              | 33,764               | 1,442                         | 5,498                        | 40,704               |
| Vehicle Maintenance        | 105,705              | 1,168                         | 539                          | 107,412              |
| Warehouse Supplies         | 81,075               | 884                           | 1,043                        | 83,002               |
| Depreciation               | 53,079               | 24,276                        |                              | 77,355               |
| Food Service Supplies      | 4,149                | 192                           | 63,887                       | 68,228               |
| Technology                 | 18,842               | 9,090                         | 2,759                        | 30,691               |
| Vehicle Gasoline           | 57,820               | 2,014                         | 820                          | 60,654               |
| Professional Fees          | 4,313                |                               |                              | 4,313                |
| Insurance                  | 29,516               | 4,924                         | 4,132                        | 38,572               |
| Bank Charges               |                      | 9                             |                              | 9                    |
| Farm Expense               | 30                   | 32,930                        |                              | 32,960               |
| Advertising                | 25,595               |                               | 401                          | 25,996               |
| Awards and Grants          |                      |                               |                              |                      |
| Travel/Staff Development   | 8,796                | 4,029                         | 393                          | 13,218               |
| Maintenance                | 14,175               | 1,727                         | 159                          | 16,061               |
| Dues and Subscriptions     | 180                  |                               |                              | 180                  |
| Utilities                  | 7,670                | 9,991                         | 812                          | 18,473               |
| Training                   | 5,030                | 8,226                         | 1,350                        | 14,606               |
| Business Gifts/Recognition | 1,407                | 685                           | 5                            | 2,097                |
| Office Supplies            | 2,661                | 1,446                         | 1,870                        | 5,977                |
| Printing/Copying           | 5,056                | 598                           | 222                          | 5,876                |
| Postage and Freight        | 4,054                | 266                           | 15                           | 4,335                |
| Uniforms/Laundry           | 3,070                | 392                           | 44                           | 3,506                |
| Licenses and Taxes         |                      |                               |                              |                      |
| Interest                   |                      |                               |                              |                      |
| Total                      | <u>\$ 11,058,108</u> | <u>\$ 644,749</u>             | <u>\$ 824,155</u>            | <u>\$ 12,527,012</u> |

The accompanying notes are an integral part of the financial statements.

| Support Services  |                   |                     | Total                |
|-------------------|-------------------|---------------------|----------------------|
| Fundraising       | Administrative    | Total               | Expenses             |
| \$ 225,302        | \$ 383,832        | \$ 609,134          | \$ 8,726,677         |
|                   | 326               | 326                 | 2,301,047            |
| 225,866           | 254               | 226,120             | 990,686              |
| 950               | 173,756           | 174,706             | 232,733              |
|                   | 33,838            | 33,838              | 211,585              |
| 16,741            | 28,619            | 45,360              | 210,670              |
| 11,890            | 24,799            | 36,689              | 168,277              |
| 87,322            | 7,226             | 94,548              | 157,285              |
|                   |                   |                     | 135,252              |
|                   |                   |                     | 107,412              |
| 21                | 1,984             | 2,005               | 85,007               |
| 511               | 4,483             | 4,994               | 82,349               |
|                   | 1,622             | 1,622               | 69,850               |
| 12,954            | 25,205            | 38,159              | 68,850               |
|                   |                   |                     | 60,654               |
|                   | 54,537            | 54,537              | 58,850               |
|                   | 15,495            | 15,495              | 54,067               |
| 3                 | 46,511            | 46,514              | 46,523               |
|                   |                   |                     | 32,960               |
| 475               | 395               | 870                 | 26,866               |
| 25,000            |                   | 25,000              | 25,000               |
| 2,130             | 8,209             | 10,339              | 23,557               |
|                   | 5,981             | 5,981               | 22,042               |
| 514               | 20,225            | 20,739              | 20,919               |
| 750               | 690               | 1,440               | 19,913               |
| 589               | 370               | 959                 | 15,565               |
|                   | 13,309            | 13,309              | 15,406               |
| 805               | 6,581             | 7,386               | 13,363               |
| 1,651             | 5,202             | 6,853               | 12,729               |
|                   | 5,501             | 5,501               | 9,836                |
|                   | 62                | 62                  | 3,568                |
|                   | 259               | 259                 | 259                  |
|                   | 17                | 17                  | 17                   |
| <u>\$ 613,474</u> | <u>\$ 869,288</u> | <u>\$ 1,482,762</u> | <u>\$ 14,009,774</u> |

STATEMENT OF FUNCTIONAL EXPENSES  
June 30, 2019

INTER-FAITH FOOD SHUTTLE  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

|                            | Program Services     |                               |                              | Total                |
|----------------------------|----------------------|-------------------------------|------------------------------|----------------------|
|                            | Food<br>Distribution | Job Training/<br>Food Service | Nutrition/Farm<br>and Garden |                      |
| Food Distribution--In-Kind | \$ 8,712,675         | \$                            |                              | \$ 8,712,675         |
| Salaries                   | 1,009,513            | 179,068                       | 410,502                      | 1,599,083            |
| Food                       | 383,661              | 45,173                        | 104                          | 428,938              |
| Fundraising                | 93,117               | 1,683                         | 475                          | 95,275               |
| Subcontractors             | 32,017               | 46,696                        | 37,010                       | 115,723              |
| Facility Costs             | 131,198              | 25,822                        | 6,530                        | 163,550              |
| Payroll Taxes              | 73,420               | 13,020                        | 30,196                       | 116,636              |
| Employee Benefits          | 67,881               | 11,954                        | 29,719                       | 109,554              |
| Miscellaneous              | 19,276               | 66                            | 2,182                        | 21,524               |
| Vehicle Maintenance        | 96,912               | 3,363                         | 3,694                        | 103,969              |
| Warehouse Supplies         | 11,897               | 1,168                         | 1,102                        | 14,167               |
| Depreciation               | 26,337               | 292                           | 21,219                       | 47,848               |
| Food Service Supplies      | 3,324                | 21,648                        | 519                          | 25,491               |
| Technology                 | 13,632               | 189                           | 7,429                        | 21,250               |
| Vehicle Gasoline           | 64,520               | 1,234                         | 2,085                        | 67,839               |
| Professional Fees          | 5,878                |                               |                              | 5,878                |
| Insurance                  | 26,320               | 3,414                         | 5,721                        | 35,455               |
| Bank Charges               |                      |                               |                              |                      |
| Farm Expense               | 30                   |                               | 34,429                       | 34,459               |
| Advertising                |                      | 231                           | 65                           | 296                  |
| Awards and Grants          |                      |                               |                              |                      |
| Travel/Staff Development   | 15,737               | 1,944                         | 4,104                        | 21,785               |
| Maintenance                | 11,784               | 1,107                         | 2,107                        | 14,998               |
| Dues and Subscriptions     | 240                  | 425                           |                              | 665                  |
| Utilities                  | 11,296               | 1,977                         | 9,470                        | 22,743               |
| Training                   | 7,926                | 481                           | 3,639                        | 12,046               |
| Business Gifts/Recognition | 1,595                |                               | 319                          | 1,914                |
| Office Supplies            | 4,317                | 1,198                         | 1,027                        | 6,542                |
| Printing/Copying           | 2,805                | 260                           | 292                          | 3,357                |
| Postage and Freight        | 1,613                |                               | 92                           | 1,705                |
| Uniforms/Laundry           | 4,032                | 1,247                         |                              | 5,279                |
| Licenses and Taxes         |                      | 309                           |                              | 309                  |
| Interest                   |                      |                               |                              |                      |
| Total                      | <u>\$ 10,832,953</u> | <u>\$ 363,969</u>             | <u>\$ 614,031</u>            | <u>\$ 11,810,953</u> |

The accompanying notes are an integral part of the financial statements.

| Support Services  |                   |                     | Total                |
|-------------------|-------------------|---------------------|----------------------|
| Fundraising       | Administrative    | Total               | Expenses             |
| \$ 397,461        | \$ 331,948        | \$ 729,409          | \$ 8,712,675         |
|                   | 17                | 17                  | 2,328,492            |
| 190,169           | 684               | 190,853             | 428,955              |
| 1,500             |                   | 1,500               | 286,128              |
|                   | 31,691            | 31,691              | 117,223              |
| 29,462            | 24,658            | 54,120              | 195,241              |
| 26,456            | 11,934            | 38,390              | 170,756              |
| 812               | 1,077             | 1,889               | 147,944              |
|                   |                   |                     | 23,413               |
| 2                 | 364               | 366                 | 103,969              |
|                   | 10,500            | 10,500              | 14,533               |
|                   | 34                | 34                  | 58,348               |
| 13,751            | 16,966            | 30,717              | 25,525               |
|                   |                   |                     | 51,967               |
| 900               | 35,929            | 36,829              | 67,839               |
|                   | 14,308            | 14,308              | 42,707               |
|                   | 22,482            | 22,482              | 49,763               |
|                   |                   |                     | 22,482               |
| 5,328             | 1,325             | 6,653               | 34,459               |
| 25,000            |                   | 25,000              | 6,949                |
|                   |                   |                     | 25,000               |
| 5,813             | 4,761             | 10,574              | 32,359               |
|                   | 4,489             | 4,489               | 19,487               |
| 140               | 24,767            | 24,907              | 25,572               |
| 2,385             | 2,185             | 4,570               | 27,313               |
| 169               | 391               | 560                 | 12,606               |
|                   | 4,897             | 4,897               | 6,811                |
| 559               | 6,911             | 7,470               | 14,012               |
| 3,648             | 5,573             | 9,221               | 12,578               |
| 21                | 8,880             | 8,901               | 10,606               |
|                   |                   |                     | 5,279                |
| 50                | 200               | 250                 | 559                  |
| 32                | 120               | 152                 | 152                  |
| <u>\$ 703,658</u> | <u>\$ 567,091</u> | <u>\$ 1,270,749</u> | <u>\$ 13,081,702</u> |

INTER-FAITH FOOD SHUTTLE  
 Statements of Cash Flows  
 For the Years Ended June 30, 2020 and 2019

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                     |                     |
| Changes in Net Assets   | \$ 3,647,897        | \$ 313,158          |
| Adjustments to Reconcile Changes in Net Assets to<br>Net Cash Provided by Operating Activities: |                     |                     |
| Depreciation  | 82,349              | 58,348              |
| Gain Loss on Sale of Asset  |                     | (931)               |
| Unrealized Gain on Investments  | (22,405)            | (30,229)            |
| In-Kind Food Contributions Received   | (9,062,026)         | (8,937,809)         |
| In-Kind Food Contributions Expensed   | 8,726,677           | 8,712,675           |
| Changes in Assets and Liabilities:  |                     |                     |
| Accounts Receivable   | 37,157              | (20,313)            |
| Prepaid Expenses  | (158,368)           | (5,537)             |
| Accounts Payable and Accrued Expenses   | 187,249             | 176,361             |
| Paid Time Off Accrual   | (709)               | 6,519               |
| Deferred Revenue  | (2,162)             | (243,109)           |
| Net Cash Provided by Operating Activities   | <u>3,435,659</u>    | <u>29,133</u>       |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                     |                     |
| Purchase of Investments   | (19,268)            | (15,539)            |
| Purchase of Property and Equipment  | (578,873)           | (174,405)           |
| Net Cash Used by Investing Activities   | <u>(598,141)</u>    | <u>(189,944)</u>    |
| NET INCREASE (DECREASE) IN<br>CASH AND CASH EQUIVALENTS   | 2,837,518           | (160,811)           |
| CASH AND CASH EQUIVALENTS--Beginning of Year  | <u>1,227,769</u>    | <u>1,388,580</u>    |
| CASH AND CASH EQUIVALENTS--End of Year  | <u>\$ 4,065,287</u> | <u>\$ 1,227,769</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:   |                     |                     |
| Cash Paid During the Year for Interest  | <u>\$ 17</u>        | <u>\$ 152</u>       |

The accompanying notes are an integral part of the financial statements.

INTER-FAITH FOOD SHUTTLE  
Notes to Financial Statements  
June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies

A. Description of Organization:

The Inter-Faith Food Shuttle (IFFS) was incorporated as a not-for-profit organization in 1990. Key programs include: recycling food by collecting excess perishable food and distributing it to non-profit agencies charged with feeding needy people, culinary job-training and food service programs, farms and community gardens seeking to link low-income people to the local food movement, and nutrition education courses. IFFS is an affiliate of Feeding America and the Triangle United Way.

Revenues consist primarily of public grants and donations.

B. Basis of Presentation:

IFFS follows standards for external financial reporting by not-for-profit organizations that requires its resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. Accordingly, net assets of IFFS and changes therein may be classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

IFFS reports gifts of cash and other assets as revenue 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 end or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting IFFS to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. IFFS currently has no assets that meet this criteria.

C. Cash and Cash Equivalents:

IFFS considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

D. Accounts Receivable:

Accounts receivable are comprised of fees for services performed by IFFS and a sales tax receivable. Management deems all receivables to be collectible.

E. Inventory:

Inventory consists of donated food on hand at year-end. The donated food is valued at \$1.74 and \$1.62 per pound for the years ended June 30, 2020 and 2019, respectively. This valuation was obtained by Feeding America, IFFS'S national affiliate. IFFS had approximately 360,000 and 179,000 pounds of donated food on hand at June 30, 2020 and 2019, respectively.

INTER-FAITH FOOD SHUTTLE  
Notes to Financial Statements  
June 30, 2020 and 2019

1. Summary of Significant Accounting Policies (Continued)

F. Property and Equipment:

IFFS has a capitalization threshold of \$1,000. Property and equipment are stated at cost if purchased and fair market value if donated and are depreciated on the straight-line basis over their useful lives.

G. In-Kind Donations:

IFFS receives various in-kind donations primarily in the form of donated food which is valued and reported at estimated fair value. It also receives and reports the fair market value of donated rental space, equipment, farm and garden lands, and items to be raffled. The time of approximately 50 volunteer workers per week who collect, prepare, and deliver food is not valued or reported.

H. Advertising:

Advertising costs are expensed as incurred.

I. Income Taxes:

IFFS is exempt from Federal and state income taxes under Section 501(a) of the Internal Revenue Code (IRC) and is classified under Section 501(c)(3) as a public charity. IFFS qualifies for the charitable contributions deduction under IRC Section 170(b)(1)(A)(vi).

Accordingly, the accompanying financial statements do not include a provision for income taxes. For the years ended June 30, 2020 and 2019, there were no uncertain tax positions.

IFFS'Ss previous three tax years are open to examination by Federal tax jurisdiction. IFFS has not been informed by any tax authorities that any of these tax years are under examination as of June 30, 2020.

J. Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

2. Concentration of Credit Risk

The Federal Deposit Insurance Corporation insures deposits at financial institutions for \$250,000. At June 30, 2020 and 2019, IFFS had uninsured amounts of \$3,596,272 and \$730,924, respectively.

3. Net Assets

Net assets with donor restrictions of at June 30, 2020 and 2019 are restricted for the follow purposes or periods:

|                  | 2020              | 2019        |
|------------------|-------------------|-------------|
| COVID 19 Support | \$ 634,885        | \$          |
| Expansion        | 50,000            |             |
| Backpack Buddies | 31,200            |             |
| Food Truck       | 38,456            |             |
|                  | <u>\$ 754,541</u> | <u>\$ 0</u> |



INTER-FAITH FOOD SHUTTLE  
Notes to Financial Statements  
June 30, 2020 and 2019

3. Net Assets (Continued)

Net assets without donor restrictions are composed of the following as of June 30:

|                   | 2020                | 2019                |
|-------------------|---------------------|---------------------|
| Undesignated      | \$ 5,066,515        | \$ 2,173,159        |
| Operating Reserve | 700,000             | 700,000             |
|                   | <u>\$ 5,766,515</u> | <u>\$ 2,873,159</u> |

4. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

|                                  | 2020              | 2019            |
|----------------------------------|-------------------|-----------------|
| Raleigh and Durham Urban Gardens | \$ 435,878        | \$ 7,468        |
| COVID 19 Support                 | 61,544            |                 |
| Food Truck                       | 497,422           | 7,468           |
|                                  | <u>\$ 497,422</u> | <u>\$ 7,468</u> |

5. Liquidity and Availability

IFFS manages its liquid resources by focusing on obtaining grants, contributions, and fundraising projects to ensure the entity has adequate funds to cover the programs that are being conducted. IFFS prepares very detailed budgets and has been very active in managing costs to ensure the entity remains liquid.

IFFS's financial assets as of June 30 expected to be available within one year to meet the cash needs for general expenditures comprise the following:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Cash   | \$ 4,065,287        | \$ 1,227,769        |
| Investments  | 1,206,254           | 1,164,581           |
| Accounts Receivable  | 108,578             | 145,735             |
|  | <u>5,380,119</u>    | <u>2,538,085</u>    |
| Financial assets, at year end  |                     |                     |
| Less those unavailable for general expenditures within one year, due to:               |                     |                     |
| Contractual or donor-imposed restrictions  |                     |                     |
| Restricted by donor with time or purpose restrictions                                  | 754,541             |                     |
|  | <u>754,541</u>      |                     |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 4,625,578</u> | <u>\$ 2,538,085</u> |

INTER-FAITH FOOD SHUTTLE  
Notes to Financial Statements  
June 30, 2020 and 2019

6. Related Parties

IFFS is an affiliate with Feeding America. Feeding America, a 501(c)(3) organization, is the nation's largest hunger-relief organization.

In 1999, IFFS joined with Meals on Wheels to create Food Runners Collaborative, Inc. (Food Runners). IFFS and Food Runners have several common board members.

IFFS pays Food Runners for facility usage. IFFS paid Food Runners \$120,802 and \$114,764 in facility costs for the years ended June 30, 2020 and 2019, respectively, and it owed Food Runners \$14,933 and \$10,104 at June 30, 2020 and 2019, respectively.

7. Investments

Dividend and interest income for the years ended June 30, 2020 and 2019 were \$29,196 and \$35,541, respectively. Unrealized gains totaled \$22,405 and \$30,229 for the years ended June 30, 2020 and 2019, respectively.

Investments are reported at fair value at June 30, 2020 as follows:

|              | Fair Market<br>Value | Cost                | Unrealized<br>Gain |
|--------------|----------------------|---------------------|--------------------|
| Mutual Funds | \$ 714,705           | \$ 623,282          | \$ 91,423          |
| Bond Funds   | 491,549              | 464,474             | 27,075             |
|              | <u>\$ 1,206,254</u>  | <u>\$ 1,087,756</u> | <u>\$ 118,498</u>  |

Investments are reported as fair value at June 30, 2019 as follows:

|              | Fair Market<br>Value | Cost                | Unrealized<br>Gain |
|--------------|----------------------|---------------------|--------------------|
| Mutual Funds | \$ 790,619           | \$ 698,954          | \$ 91,665          |
| Bond Funds   | 373,962              | 365,085             | 8,877              |
|              | <u>\$ 1,164,581</u>  | <u>\$ 1,064,039</u> | <u>\$ 100,542</u>  |

8. Disclosure about Fair Value of Financial Instruments

Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. IFFS utilizes market data or assumptions that market participants would use in pricing the asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to make its own assumptions.

INTER-FAITH FOOD SHUTTLE  
Notes to Financial Statements  
June 30, 2020 and 2019

8. Disclosure about Fair Value of Financial Instruments (Continued)

The following tables set forth the financial assets and liabilities as of June 30, 2020 and 2019 that were measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement:

|                               |    | Fair Value Measurements Using |                     |              |           |
|-------------------------------|----|-------------------------------|---------------------|--------------|-----------|
|                               |    | Level 1                       | Level 2             | Level 3      |           |
|                               |    | Quoted Prices in              | Significant         | Significant  |           |
|                               |    | Active Markets                | Other               | Unobservable |           |
|                               |    | for Identical                 | Observable          | Inputs       |           |
|                               |    | Assets                        | Inputs              | Inputs       |           |
| Balance at                    |    |                               |                     |              |           |
| June 30,                      |    |                               |                     |              |           |
| 2020                          |    |                               |                     |              |           |
| Mutual Funds                  | \$ | 714,705                       | \$ 714,705          | \$           | \$        |
| Bond Funds                    |    | 491,549                       | 491,549             |              |           |
|                               |    | <u>1,206,254</u>              | <u>\$ 1,206,254</u> | <u>\$</u>    | <u>\$</u> |
| Fair Value Measurements Using |    |                               |                     |              |           |
|                               |    | Level 1                       | Level 2             | Level 3      |           |
|                               |    | Quoted Prices in              | Significant         | Significant  |           |
|                               |    | Active Markets                | Other               | Unobservable |           |
|                               |    | for Identical                 | Observable          | Inputs       |           |
|                               |    | Assets                        | Inputs              | Inputs       |           |
| Balance at                    |    |                               |                     |              |           |
| June 30,                      |    |                               |                     |              |           |
| 2019                          |    |                               |                     |              |           |
| Mutual Funds                  | \$ | 790,619                       | \$ 790,619          | \$           | \$        |
| Bond Funds                    |    | 373,962                       | 373,962             |              |           |
|                               |    | <u>1,164,581</u>              | <u>\$ 1,164,581</u> | <u>\$</u>    | <u>\$</u> |

9. Line of Credit

IFFS has a \$250,000 line of credit with First Horizon. Interest is due monthly at the rate of prime plus .75%. IFFS did not have an outstanding balance on the line of credit at June 30, 2020 and 2019.

10. Leases

IFFS leases its operating facilities, warehouse and a copier under operating leases. The facilities are leased from Food Runners Collaborative, Inc., a related party. Total rent expense for the copier, warehouse and facility costs totaled \$212,789 and \$191,954 for the years ended June 30, 2020 and 2019, respectively. The following is a schedule of minimum lease payments required under these leases:

| Years Ending<br>June 30 |                   |
|-------------------------|-------------------|
| 2021                    | \$ 180,152        |
| 2022                    | 119,457           |
| 2023                    | 118,561           |
| 2024                    | 99,238            |
| 2025                    | 38,881            |
| Thereafter              | <u>24,677</u>     |
|                         | <u>\$ 580,966</u> |

INTER-FAITH FOOD SHUTTLE  
Notes to Financial Statements  
June 30, 2020 and 2019

11. Employee Benefit Plan

IFFS has a Simple IRA plan covering all full-time employees meeting plan requirements. Under the plan, IFFS matches dollar for dollar up to 3% of each eligible employee's salary. Plan expenses incurred by IFFS were \$41,562 and \$38,746 for the years ended June 30, 2020 and 2019, respectively.

12. Subsequent Events

Management evaluated subsequent events through August 12, 2020, which is the date the financial statements were available to be issued. As a result of the COVID-19 coronavirus, economic uncertainties have arisen which negatively impact investment earnings, investment balances, and contributions. Other financial impact could occur though such potential impact is unknown at this time.