

**INTERFAITH FOOD MINISTRY
OF NEVADA COUNTY**

**FINANCIAL STATEMENTS
DECEMBER 31, 2015**

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Interfaith Food Ministry of Nevada County
Grass Valley, California

We have audited the accompanying financial statements of Interfaith Food Ministry of Nevada County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, 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 from 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 Interfaith Food Ministry of Nevada County as of December 31, 2015, 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.

A handwritten signature in black ink that reads "Jensen Smith". The signature is written in a cursive, flowing style.

Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
March 3, 2016

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 256,724	
Accounts Receivable	9,055	
Prepaid Expenses	4,258	
Total Current Assets		\$ 270,037

Fixed Assets

Fixed Assets	823,878	
Less: Accumulated Depreciation	(29,940)	
Total Net Fixed Assets		793,938

Other Assets

Store Credits	951	
		951

TOTAL ASSETS		\$ 1,064,926
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LIABILITIES AND NET ASSETS

Current Liabilities

Sales Tax Payable	\$ 175	
Accrued Expenses	9,617	
Current Portion of Long Term Debt	26,352	
Total Current Liabilities		\$ 36,144

Long Term Liabilities

USDA Loan Payable	381,858	
Less Current Portion of Long Term Debt	(26,352)	
Long-Term Liabilities		355,506

TOTAL LIABILITIES		\$ 391,650
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Net Assets

Unrestricted Net Assets	474,174	
Temporarily Restricted Net Assets	199,102	
		673,276

TOTAL NET ASSETS		673,276
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TOTAL LIABILITIES AND NET ASSETS		\$ 1,064,926
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See Accompanying Notes

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 389,734	\$ 9,960	\$ 399,694
Fundraising	40,271	-	40,271
Grants	52,577	-	52,577
In-Kind Contributions	856,795	-	856,795
Interest and Dividends	192	-	192
Net Assets Released from Restriction	5,005	(5,005)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,344,574</u>	<u>4,955</u>	<u>1,349,529</u>
EXPENSES AND LOSSES			
Program	1,229,298	-	1,229,298
Administrative	5,700	-	5,700
Fundraising	15,568	-	15,568
TOTAL EXPENSES AND LOSSES	<u>1,250,566</u>	<u>-</u>	<u>1,250,566</u>
Change in Net Assets	94,008	4,955	98,963
Net Assets at December 31, 2014	380,166	194,147	574,313
NET ASSETS AT December 31, 2015	<u>\$ 474,174</u>	<u>\$ 199,102</u>	<u>\$ 673,276</u>

See Accompanying Notes

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Personnel Costs	\$ 17,427	\$ 2,799	\$ 3,529	\$ 23,755
Advertising	-	-	1,124	1,124
Bank & Credit Card Fees	42	735	-	777
Fees	1,957	160	20	2,137
Food	275,115	-	471	275,586
Fundraising	112	-	9,761	9,873
In-Kind Donations - Other	1,460	-	-	1,460
In-Kind Food Donations	854,435	-	-	854,435
Insurance	5,026	-	-	5,026
Interest Expense	12,187	-	-	12,187
Miscellaneous	835	-	4	839
Office Expense	1,551	2,006	659	4,216
Repairs & Maintenance	7,229	-	-	7,229
Supplies	1,964	-	-	1,964
Utilities	31,935	-	-	31,935
Volunteer Expenses	947	-	-	947
Volunteer In-Kind Services	900	-	-	900
Total Expenses before Depreciation	<u>1,213,122</u>	<u>5,700</u>	<u>15,568</u>	<u>1,234,390</u>
Depreciation Expense	16,176	-	-	16,176
TOTAL EXPENSES	<u><u>\$ 1,229,298</u></u>	<u><u>\$ 5,700</u></u>	<u><u>\$ 15,568</u></u>	<u><u>\$ 1,250,566</u></u>

See Accompanying Notes

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows From Operating Activities

Change in Net Assets	\$	98,963
Adjustments to Reconcile Change in Net Assets to Net Cash		
Depreciation and Amortization		16,176
(Increase) Decrease in Operating Assets		
Accounts Receivable		(6,188)
Prepaid Expenses		(605)
Store Credits		(208)
Increase (Decrease) in Operating Liabilities		
Accounts Payable		(396)
Accrued Expenses		2,618
Net Cash Provided by Operating Activities		110,360

Cash Flows From Financing Activities

Principal Payments on Loans		(16,714)
Net Cash Used by Financing Activities		(16,714)

		93,646
Beginning Cash at December 31, 2014		163,077
Ending Cash at December 31, 2015	\$	256,723

Supplemental Information:

Interest expense for the year ended December 31, 2015 was \$12,187.

See Accompanying Notes

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – NATURE OF THE ORGANIZATION

Interfaith Food Ministry of Nevada County has been providing supplemental food in Western Nevada County since 1987. The organizations mission statement is – Interfaith Food Ministry feeds the hungry and works to reduce food insecurity in Nevada County. During the past 28 years Interfaith Food Ministry has served individuals (seniors, families with children, and single adults) a total of over 728,000 times. The Organization is supported primarily from individual donations about half of which come from individuals associated with member churches and the other half from individuals in the community. The Organization currently has 520 volunteers and a 15 member Board of Directors. Volunteer hours were 42,142 hours for 2015. Interfaith Food Ministry of Nevada County is governed by local volunteers and has voting and non-voting members on the Board of Directors. Voting members are those members representing one of the 15 member churches.

Interfaith Food Ministry of Nevada County is a California not-for-profit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code, respectively. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction for individual donors. It did not have unrelated business income during the year ended December 31, 2015.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Interfaith Food Ministry of Nevada County's assets, liabilities, net assets and revenues are segregated into classes according to the uses of related resources. These classes of net assets are summarized as follows:

- a.) Unrestricted Net Assets are those currently available for use in the activities of the Organization under the direction of the board, and those resources invested in equipment and furniture. At December 31, 2015, the Organization has Unrestricted Net Assets of \$474,174.

- b.) Temporarily Restricted Net Assets are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment. It is the Organization's policy to classify restricted donations received and released from restriction within the same period as unrestricted. At December 31, 2015, the Organization had Temporarily Restricted Net Assets of \$199,102.

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

- c.) Permanently Restricted Net Assets are those contributed with the donor stipulation that they be held in perpetuity. At December 31, 2015, the Organization had no Permanently Restricted Net Assets.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions

Contributions including unconditional promises to give are recorded as received. Verbal promises to give are not recorded unless confirmed in writing. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions, if any.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction is met in the same reporting period in which the support is received.

Receivables

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the outstanding balances, it has concluded that realization losses on balances outstanding at year-end will not be material. No allowance for uncollectible amounts is provided since all amounts were deemed collectible.

Fixed Assets

It is the Organization's policy to capitalize all expenditures for fixed assets in excess of \$2,500. Lesser amounts are expensed. The organization capitalizes all asset purchases and donations with estimated lives of over one year. Purchased fixed assets are capitalized at historical costs. Donated fixed assets are recorded as contributions and capitalized at their estimated fair market value. Such donations are recorded as unrestricted unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expenses when incurred, while betterments are capitalized and depreciated. Depreciation is recognized using the straight-line method over the useful lives of the assets.

Depreciation expense was \$16,176 for the year ended December 31, 2015.

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued**

Fixed Assets as of December 31, 2015 is summarized as follows:

	2014	Additions	Disposals	2015
Henderson Street Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Henderson Street Building	621,396	-	-	621,396
Furniture & Equipment	2,482	-	-	2,482
Total	823,878	-	-	823,878
Less Accumulated Depreciation	(13,764)	(16,176)	-	(29,940)
Total Net Fixed Assets	\$ 810,114	\$ 16,176)	\$ -	\$ 793,938

In-Kind Contributions

The value of contributed food and services is recognized in the financial statements if the food or services received created or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not by donation. In-kind donations that meet the criteria of the Gift in Kind Policy which was approved by the Board of Directors on October 26, 2013, have been recorded in 2015 in the amount of \$856,795.

Interfaith Food Ministry of Nevada County receives donated services from a large number of volunteers assisting in food distribution services, including 42,142 hours of time for the year ended December 31, 2015. Since the value of the services did not meet the criteria for financial statement recognition, no amounts have been recognized in the accompanying Statement of Activities for these services in 2015.

Allocation of Functional Expenses

Costs of providing programs and supporting service activities have been summarized on a functional basis in the Statements of Functional Expenses. All allowable direct costs are charged directly to Food, Operations Programs, Fundraising or Administration. Allowable direct costs that can be identified to more than one program or function (Food, Operations Programs, Fundraising or Administration) are prorated individually as direct costs using a base most appropriate to the particular cost being prorated. All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs (Food, Food Programs, Fundraising and Administration) using a base that results in an equitable distribution.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with the initial maturity of three months or less to be cash equivalents.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and money market accounts. The organization places its temporary cash and money market accounts with creditworthy, high-quality institutions. The Organization has not experienced losses in these accounts. At December 31, 2015, the balance held within each institution did not exceed the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) or a related entity.

NOTE 4 – LONG TERM DEBT

On October 24, 2013, the Organization borrowed funds from the United States Department of Agriculture Rural Development in the amount of \$600,000. The loan is secured by the Organization’s building, and is payable in monthly installments of \$2,196 with interest accruing at 3.125% per annum until the principal balance is paid in full. Further maturities of this debt are as follows:

<u>Year Ended December</u>	<u>Principal</u>
2016	\$ 14,615
2017	15,078
2018	15,556
2019	16,049
2020	16,558
Thereafter	<u>301,808</u>
Total	<u>\$ 379,664</u>

NOTE 5 – SUBSEQUENT EVENTS

Events subsequent to December 31, 2015 have been evaluated through March 3, 2016, the date at which the organization’s audited financial statements were available to be issued. No events requiring disclosure have occurred through this date.