

**INTERFAITH FOOD MINISTRY
OF NEVADA COUNTY**

**FINANCIAL STATEMENTS
DECEMBER 31, 2013**

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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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, 2013, and the related statements of activities 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, 2013, 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 cursive script that reads "Jensen Smith".

Jensen Smith
Certified Public Accountants
Lincoln, California 95648
February 28, 2014

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 261,974		
Prepaid Expenses	5,724		
Total Current Assets		\$	267,698

Fixed Assets

Fixed Assets	229,043		
Less: Accumulated Depreciation	(86,604)		
Total Net Fixed Assets			142,439

Other Assets

Construction in Progress	578,331		
Escrow Construction Funds	177,700		
Store Credits	2,717		
			758,748

TOTAL ASSETS		\$	<u>1,168,885</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Sales Tax Payable	\$ 1,231		
Accrued Expenses	27,245		
Total Current Liabilities		\$	28,476

Long Term Liabilities

USDA Loan Payable	597,741		
Long-Term Liabilities			597,741

TOTAL LIABILITIES		\$	626,217
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Net Assets

Unrestricted Net Assets	169,751		
Temporarily Restricted Net Assets	372,917		
			542,668

TOTAL NET ASSETS		\$	<u>1,168,885</u>
TOTAL LIABILITIES AND NET ASSETS			<u>1,168,885</u>

See Accompanying Notes

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 233,646	\$ 127,617	\$ 361,263
Fundraising	106,195	-	106,195
Grants	15,000	-	15,000
In-Kind Contributions	871,239	-	871,239
Interest and Dividends	299	-	299
Net Assets Released from Restriction	7,964	(7,964)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,234,343	119,653	1,353,996
EXPENSES AND LOSSES			
Program	1,184,239	-	1,184,239
Administrative	6,359	-	6,359
Fundraising	15,338	-	15,338
TOTAL EXPENSES AND LOSSES	1,205,936	-	1,205,936
Change in Net Assets	28,407	119,653	148,060
Net Assets at December 31, 2012	141,344	253,264	394,608
NET ASSETS AT December 31, 2013	\$ 169,751	\$ 372,917	\$ 542,668

See Accompanying Notes

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Personnel Costs	\$ 10,662	\$ 1,495	\$ 6,071	\$ 18,228
Accounting	-	737	495	1,232
Advertising	1,374	-	-	1,374
Bank & Credit Card Fees	518	34	-	552
Fees	1,591	639	-	2,230
Food	253,383	-	-	253,383
Fundraising	137	-	4,484	4,621
In-Kind Donations - Other	3,374	-	-	3,374
In-Kind Food Donations	862,785	-	-	862,785
Insurance	4,098	1,141	1,598	6,837
Interest Expense	2,165	-	-	2,165
Miscellaneous	206	95	-	301
Office Supplies	116	2,218	100	2,434
Repairs & Maintenance	5,967	-	-	5,967
Special Events	-	-	2,590	2,590
Supplies	3,471	-	-	3,471
Utilities	23,897	-	-	23,897
Volunteer In-Kind Services	5,080	-	-	5,080
Volunteer Mileage	1,110	-	-	1,110
Total Expenses before Depreciation	<u>1,179,934</u>	<u>6,359</u>	<u>15,338</u>	<u>1,201,631</u>
Depreciation Expense	4,305	-	-	4,305
TOTAL EXPENSES	<u><u>\$ 1,184,239</u></u>	<u><u>\$ 6,359</u></u>	<u><u>\$ 15,338</u></u>	<u><u>\$ 1,205,936</u></u>

See Accompanying Notes

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash Flows From Operating Activities

Change in Net Assets	\$	148,060
Adjustments to Reconcile Change in Net Assets to Net Cash		
Depreciation and Amortization		4,305
(Increase) Decrease in Operating Assets		
Prepaid Expenses		(5,724)
Store Credits		(2,717)
Increase (Decrease) in Operating Liabilities		
Accounts Payable		1,231
Compensated Absences Payable		27,245
Net Cash Provided by Operating Activities		<u>172,400</u>

Cash Flows From Investing Activities

Purchases of Equipment		(29,900)
Construction in Progress		(578,331)
Net Cash Used by Investing Activities		<u>(608,231)</u>

Cash Flows From Financing Activities

USDA Loan Payable		597,741
USDA Loan Proceeds in Escrow Fund		(177,700)
Net Cash Provided by Financing Activities		<u>420,041</u>

		Net Increase in Cash	(15,790)
Beginning Cash at December 31, 2012			277,764
Ending Cash at December 31, 2013			<u><u>\$ 261,974</u></u>

Supplemental Information:

Interest expense for the year ended December 31, 2013 was \$2,165.

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 of Nevada County feeds the hungry in Nevada County, helping to sustain health, human dignity, and the opportunity for individuals to realize their potential. During the past 26 years over 600,000 seniors, families with children, and single adults have utilized the services that Interfaith Ministry of Nevada County provides. 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. IFM currently has 429 volunteers and a 15 member Board of Directors. Volunteer hours were 26,844 hours for 2013. 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, 2013.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Interfaith 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, 2013, the Organization has Unrestricted Net Assets of \$169,751.
- 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, 2013, the Organization had Temporarily Restricted Net Assets of \$372,917.
- c.) Permanently Restricted Net Assets are those contributed with the donor stipulation that they be held in perpetuity. At December 31, 2013, the Organization had no Permanently Restricted Net Assets.

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

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

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 \$4,305 for the year ended December 31, 2013.

The cost of furniture and equipment was expensed when acquired if purchased amount is less than \$600 which changed to \$2,500 on October 26, 2013 when a formal IFM Fixed Asset Capitalization Policy was approved by the Board of Directors.

**INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Fix Assets as of December 31, 2013 is summarized as follows:

	2012	Additions	Disposals	2013
Whiting Street Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Whiting Street Building	122,754	-	-	122,754
Furniture & Equipment	26,389	29,900	-	56,289
Total	149,193	29,900	-	229,043
Less Accumulated Depreciation	(82,299)	(4,305)	-	(86,604)
Total Net Fixed Assets	\$ 66,894	\$ 25,595	\$ -	\$ 142,439

During the year ended December 31, 2013 the organization incurred construction in progress costs of \$578,331. When the building is completed and put into service the asset will be converted to a fixed asset.

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 2013 in the amount of \$871,239.

Interfaith Food Ministry of Nevada County receives donated services from a large number of volunteers assisting in food distribution services, including 26,884 hours of time for the year ended December 31, 2013. 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 2013.

Income Taxes

Interfaith Food Ministry of Nevada County is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a public charity and contributions to it qualify as charitable tax deduction for the contributors.

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.

INTERFAITH FOOD MINISTRY OF NEVADA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

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.

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, 2013, 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 – SUBSEQUENT EVENTS

Interfaith Food Ministry of Nevada County is in the process of renovating a newly purchased building that will be used for food distribution operations. This new building on Henderson Street was purchased on October 25, 2013 and renovation should be completed by the end of February 2014. Interfaith Food Ministry of Nevada County will move during the month of March 2014 and the first day of operation is scheduled for April 2, 2014.

The Board of Directors unanimously agreed to market the Whiting Street property on October 26, 2013 and the property was listed in December 2013. An all cash offer of \$175,000 was received and rejected on December 19, 2013. An all cash counter offer of \$200,000 was received and signed off by all parties on January 13, 2014. An escrow account was established on January 16, 2014 in the amount of \$5,000. Building inspections are to be completed on February 12, 2014. Buyer contingencies removal is scheduled for February 13, 2013 at which point the Buyer will increase the deposit to \$20,000 (non-refundable). Escrow on this sale is to close no later than April 30, 2014. The anticipated proceeds from the sale of the Whiting Street property is \$185,513. The proceeds will be used to pay down the USDA loan balance.

Other events subsequent to December 31, 2013 have been evaluated through February 28, 2014, the date at which the Organization's unaudited financial statements were available to be issued. No additional events requiring disclosing have occurred through this date.