

HARVEST OF HOPE PANTRY

Financial Statements As Of
December 31, 2016

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Harvest of Hope Pantry:

Report on the Financial Statements

We have audited the accompanying financial statements of Harvest of Hope Pantry (the "Organization"), which comprise the statement of financial position as of December 31, 2016, 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 combined 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

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Independent Auditors' Report, Continued

Organization'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 the Organization as of December 31, 2016, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

JDS Professional Group

March 28, 2017

HARVEST OF HOPE PANTRY

Statement Of Financial Position
As Of December 31, 2016

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ASSETS

Cash and cash equivalents	\$	214,233
Promises to give		11,671
Inventory		42,502
Prepaid expenses		7,157
Property and equipment, net		<u>19,131</u>

TOTAL ASSETS	\$	<u>294,694</u>
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LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	977
Accrued liabilities		<u>4,552</u>
Total Liabilities		<u>5,529</u>

Net Assets:

Unrestricted		277,494
Temporarily restricted		<u>11,671</u>
Total Net Assets		<u>289,165</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u>294,694</u>
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The accompanying notes are an integral part of the financial statements.

HARVEST OF HOPE PANTRY

Statement Of Activities
For The Year Ended December 31, 2016

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support And Revenue:			
Contributed food	\$ 960,704	\$	\$ 960,704
Other in-kind contributions	31,869		31,869
Contributions and grants	299,211	11,671	310,882
Investment income	1,189		1,189
Special events	19,507		19,507
Net assets released from restrictions - Satisfaction of time restrictions	<u>12,341</u>	<u>(12,341)</u>	
Total Support And Revenue	<u>1,324,821</u>	<u>(670)</u>	<u>1,324,151</u>
Expenses:			
Program Services - Food distribution	<u>1,145,989</u>		<u>1,145,989</u>
Supporting Services - General administration	85,721		85,721
Fundraising	<u>21,598</u>		<u>21,598</u>
Total Supporting Services	<u>107,319</u>		<u>107,319</u>
Total Expenses	<u>1,253,308</u>		<u>1,253,308</u>
CHANGES IN NET ASSETS	71,513	(670)	70,843
Net Assets, Beginning Of Year	<u>205,982</u>	<u>12,341</u>	<u>218,323</u>
NET ASSETS, END OF YEAR	<u>\$ 277,495</u>	<u>\$ 11,671</u>	<u>\$ 289,166</u>

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

HARVEST OF HOPE PANTRY

Statement Of Functional Expenses
For The Year Ended June 30, 2016

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	Support Services			Total
	Food Distribution	General Administration	Fundraising	
In-kind food distributed	\$ 958,668	\$	\$	\$ 958,668
Purchased food distributed	36,987			36,987
Salaries and benefits	59,907	42,389	10,560	112,856
Rent	44,152	1,448		45,600
Facilities and equipment expense	8,929	7,228	1,765	17,922
Utilities	7,742	254		7,996
Telephone	1,127	1,012	248	2,387
Office supplies	2,638	2,369	581	5,588
Printing and publication	2,651	2,382	584	5,617
Insurance expense		5,747		5,747
Dues and subscriptions	566	508	2,483	3,557
Depreciation expense	8,632	2,541	575	11,748
Postage	191	172	42	405
Advertising and promotional expense	13,074	11,745	2,881	27,700
Professional fees	180	7,166		7,346
Bank fees		172		172
Miscellaneous expense	545	588	1,879	3,012
Total Expenses	<u>\$ 1,145,989</u>	<u>\$ 85,721</u>	<u>\$ 21,598</u>	<u>\$ 1,253,308</u>

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

HARVEST OF HOPE PANTRY

Statement Of Cash Flows
For The Year Ended December 31, 2016

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Cash flows from operating activities:	
Changes in net assets	\$ 70,843
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	11,748
Donated investment	(35,389)
(Gain) on sale of investment	(600)
Changes in operating assets and liabilities -	
Contributed food received	(997,692)
Contributed food distributed	995,655
Decrease in promises to give	670
(Increase) in prepaid expenses	(557)
Increase in accounts payable	977
Increase in accrued liabilities	4,552
Net cash provided by operating activities	<u>50,207</u>
Cash flows from investing activities:	
Proceeds from sale of investments	<u>35,989</u>
Net cash provided by investing activities	<u>35,989</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,196
Cash And Cash Equivalents, Beginning Of Year	<u>128,037</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 214,233</u></u>

HARVEST OF HOPE PANTRY

Notes To The Financial Statements
For The Year Ended December 31, 2016

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(1) **Nature Of Organization**

Harvest of Hope Pantry (the "Organization") is a not-for-profit corporation established in 2012. The Organization's primary objective is to provide healthy supplemental food to Boulder families and individuals in need of food assistance within a safe, welcoming and non-judgmental environment. The Organization serves families with kitchens during the morning, and families without kitchens during the afternoon. During the year ended December 31, 2016, the Organization received 12,094 visits from those with kitchens, and 15,552 visits from those without kitchens.

(2) **Summary Of Significant Accounting Policies**

Basis Of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the recommendations of the *Financial Statements of Non-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding its combined financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets.

Use Of Estimates

The preparation of financial statements in conformity with 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 reported period. Actual results could differ from those estimates.

Statement Of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consists of demand deposits, and short term investments with an original maturity of three months or less.

Promises to Give

Promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. All promises to give are expected to be collected within one year.

Inventory

Inventories consist of undistributed food donations, as well as purchased food items. Donated food inventory is valued at an average of the national wholesale prices determined by Feeding America. Purchased food inventory is valued at cost.

Property And Equipment

Property and equipment are stated at cost or, if donated, the estimated fair value at the time of donation. Depreciation is provided using the straight-line method using estimated service lives ranging from 3 to 7 years.

Expenditures for maintenance, repairs and minor replacements are charged to operations. The Organization capitalizes expenditures for major replacements and betterments in excess of \$500 as long as the estimated useful life is longer than one year.

Fair Value Measurements

The carrying amount reported in the statements of financial position for cash, promises to give, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Contributions

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services And Goods

Donated services and goods, which meet the criteria for recognition are recorded in the accompanying financial statements at fair market value as of the date of donation.

A significant portion of the Organization's functions, which are conducted by unpaid volunteers, is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Functional Allocation Of Expenses

The costs of providing various program support and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated among the program and supporting services benefitted.

Evaluation of Subsequent Events

The Organization has performed an evaluation of subsequent events through the date of this report, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

The Organization previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation.

The Organization follows *Accounting for Uncertainty in Income Taxes*, which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2016, the Organization's management evaluated its tax positions to determine the existence of uncertainties,

HARVEST OF HOPE PANTRY

Notes To The Financial Statements (Continued)

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and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization commenced operations during the year 2012 and accordingly, the Organization is still subject to U.S. federal income tax audits on all of its Form 990s. Such returns contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

(4) Concentrations Of Credit Risk

The Organization's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2016, the Organization's cash demand deposits did not exceed the FDIC's insurance limit of \$250,000.

(5) Property And Equipment

As of December 31, 2016, property and equipment consisted of the following:

Furniture and equipment	\$	31,793
Vehicle		27,629
		<u>59,422</u>
Less: accumulated depreciation		(40,291)
Total:	\$	<u><u>19,131</u></u>

(6) Donated Food

The Organization receives donated food from individual donors and local area merchants.

During the year ended December 31, 2016, the Organization received and distributed approximately \$995,700 of food. As of December 31, 2016, donated and purchased inventory consisted of approximately \$42,502.

(7) Net Assets

Temporarily restricted net assets as of December 31, 2016, consisted of time restricted contributions.

HARVEST OF HOPE PANTRY

Notes To The Financial Statements (Continued)

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(8) **In-Kind Services**

Donated services are reflected in the accompanying statements at their estimated values at the date of receipt. During the year ended December 31, 2016, donated services were reflected in the following expense functions:

Program	\$ 12,585
General administration	11,305
Fundraising	<u>2,773</u>
Total	<u><u>\$ 26,663</u></u>