

**LOAVES & FISHES COMMUNITY SERVICES  
CONSOLIDATED**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

SLUPIK AND ASSOCIATES, LTD.  
CERTIFIED PUBLIC ACCOUNTANTS

**LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED**

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# SLUPIK AND ASSOCIATES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

## **LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED**

Naperville, Illinois

We have audited the accompanying consolidated financial statements of Loaves & Fishes Community Services Consolidated (the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Loaves & Fishes Community Services Consolidated as of June 30, 2019 and 2018, 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.

*Slupik and Associates, Ltd.*

October 1, 2019

# LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2019	2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,355,342	\$ 1,209,581
Investments, at fair value	40,999	41,250
Prepaid expenses	25,104	33,182
Pledges and accounts receivable, current portion	213,697	281,968
Inventory	16,640	19,654
Total current assets	1,651,782	1,585,635
<b>Property and Equipment, net</b>	<b>2,568,306</b>	<b>2,660,848</b>
<b>Other Assets</b>		
Pledges and accounts receivable, net of current portion	209,450	159,400
Security deposit	4,690	4,690
Total other assets	214,140	164,090
<b>TOTAL ASSETS</b>	<b>\$ 4,434,228</b>	<b>\$ 4,410,573</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 46,423	\$ 60,957
Accrued expenses	122,407	78,636
Deferred contributions	37,177	129,750
Total current liabilities	206,007	269,343
<b>TOTAL LIABILITIES</b>	<b>206,007</b>	<b>269,343</b>
<b>Net Assets</b>		
Without donor restrictions	3,767,549	3,603,612
With donor restrictions	460,672	537,618
<b>TOTAL NET ASSETS</b>	<b>4,228,221</b>	<b>4,141,230</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,434,228</b>	<b>\$ 4,410,573</b>

## LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

### CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Combined Total	Without Donor Restrictions	With Donor Restrictions	Combined Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
In-kind contributions	\$ 12,311,535	\$ -	\$ 12,311,535	\$ 11,575,300	\$ -	\$ 11,575,300
In-kind contributions - vehicles	155,206	-	155,206	148,563	-	148,563
In-kind contributions - services	-	-	-	45,000	-	45,000
Faith communities	149,059	7,500	156,559	156,164	9,000	165,164
Individual	670,074	193,500	863,574	613,285	101,100	714,385
Organization and corporations	724,678	20,000	744,678	730,621	177,886	908,507
Government grants	206,641	39,228	245,869	154,135	41,759	195,894
Special events, net of direct costs	343,635	-	343,635	350,384	-	350,384
Vehicle income	40,060	-	40,060	32,994	-	32,994
Investment income	15,746	(251)	15,495	7,592	3,061	10,653
Other income	2,406	-	2,406	2,307	-	2,307
Net assets released from restrictions	336,923	(336,923)	-	275,948	(275,948)	-
<b>Total Public Support and Revenue</b>	<u>14,955,963</u>	<u>(76,946)</u>	<u>14,879,017</u>	<u>14,092,293</u>	<u>56,858</u>	<u>14,149,151</u>
<b>EXPENSES</b>						
Program services	14,210,615	-	14,210,615	13,236,644	-	13,236,644
Supporting services:						
Management expenses	188,310	-	188,310	169,372	-	169,372
Fundraising expenses	393,101	-	393,101	388,196	-	388,196
<b>Total Expenses</b>	<u>14,792,026</u>	<u>-</u>	<u>14,792,026</u>	<u>13,794,212</u>	<u>-</u>	<u>13,794,212</u>
<b>CHANGE IN NET ASSETS</b>	163,937	(76,946)	86,991	298,081	56,858	354,939
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,603,612</u>	<u>537,618</u>	<u>4,141,230</u>	<u>3,305,531</u>	<u>480,760</u>	<u>3,786,291</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,767,549</u>	<u>\$ 460,672</u>	<u>\$ 4,228,221</u>	<u>\$ 3,603,612</u>	<u>\$ 537,618</u>	<u>\$ 4,141,230</u>

See independent auditor's report and notes to consolidated financial statements.

## LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

	Program	Management	Fundraising	Total
<b>EXPENSES</b>				
Food and basic necessities and programs	\$ 12,822,697	\$ -	\$ -	\$ 12,822,697
Salaries, payroll taxes, and employee benefits	928,559	151,998	349,451	1,430,008
Rent, utilities, warehouse, and maintenance	263,493	-	-	263,493
Advertising and promotional	45,327	-	30,218	75,545
Professional fees	-	15,199	-	15,199
Office	62,103	10,709	8,230	81,042
	14,122,179	177,906	387,899	14,687,984
Depreciation	88,436	10,404	5,202	104,042
Total Expenses	\$ 14,210,615	\$ 188,310	\$ 393,101	\$ 14,792,026

## LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

	Program	Management	Fundraising	Total
<b>EXPENSES</b>				
Food and basic necessities and programs	\$ 11,883,246	\$ -	\$ -	\$ 11,883,246
Salaries, payroll taxes, and employee benefits	900,249	136,590	342,855	1,379,694
Rent, utilities, warehouse, and maintenance	210,542	-	-	210,542
Advertising and promotional	28,992	-	18,793	47,785
Professional fees	5,408	8,030	2,950	16,388
Office	107,479	13,036	16,523	137,038
Other	2,151	118	1,277	3,546
	<u>13,138,067</u>	<u>157,774</u>	<u>382,398</u>	<u>13,678,239</u>
Loss on disposal of assets	6,202	730	364	7,296
Depreciation	92,375	10,868	5,434	108,677
Total Expenses	<u>\$ 13,236,644</u>	<u>\$ 169,372</u>	<u>\$ 388,196</u>	<u>\$ 13,794,212</u>

See independent auditor's report and notes to consolidated financial statements.

## LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

### CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30,

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 86,991	\$ 354,939
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	104,042	108,677
Other public support (in-kind items)	-	(322,200)
Realized (gain) on investments	(1,677)	(2,804)
Unrealized (gain) loss on investments	1,928	(257)
Loss on disposal of assets	-	7,296
Changes in current assets and liabilities		
Prepaid expenses	8,078	(2,619)
Pledges and accounts receivable	18,221	(43,796)
Inventory	3,014	(6,507)
Accounts payable	(14,534)	5,937
Accrued expenses	43,771	21,538
Deferred contributions	(92,573)	51,925
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>157,261</b>	<b>172,129</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Security deposit	-	4,664
Purchases of property and equipment	(11,500)	(123,244)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(11,500)</b>	<b>(118,580)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>145,761</b>	<b>53,549</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,209,581</b>	<b>1,156,032</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,355,342</b>	<b>\$ 1,209,581</b>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest expense	\$ -	\$ -



# LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

### NOTE 1 – ORGANIZATION’S PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization’s Purpose**

Loaves & Fishes Community Services (“Loaves & Fishes”) is a nonprofit organization incorporated in the State of Illinois that provides healthy food and impactful programs to promote self-sufficiency. The focus is to serve residents in the communities of Naperville, Illinois and DuPage County, Illinois for the purpose of ending hunger and transforming lives. Loaves & Fishes’ major revenue sources consist mostly of charitable contributions.

The Organization is the 100% owner of Loaves & Fishes Property Holdings, LLC which was organized in 2018 to develop and manage real estate for the benefit of Loaves & Fishes Community Services. The entity is considered a disregarded entity for federal income tax purposes. Its assets, liabilities, and income and expense items have been consolidated in these financial statements.

#### **Principles of Consolidation**

These consolidated financial statements include the accounts of Loaves & Fishes Community Services and Loaves & Fishes Property Holdings, LLC (together, the “Organization”). All intercompany balances and transactions have been eliminated.

#### **Basis of Accounting**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

#### **Basis of Presentation**

The accompanying consolidated financial statements are presented in accordance with Accounting Standards Codification (“ASC”) Topic 958, *Not-For-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net asset classes may be used at the discretion of the Organization’s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### **Measure of Operations**

The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

## LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
JUNE 30, 2019

### NOTE 1 – ORGANIZATION’S PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid instruments, including certificates of deposit, to be cash equivalents.

#### Concentration of Credit Risk

The Organization maintains its cash balances at financial institutions in Illinois. Non-interest and interest bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 for the years ending June 30, 2019 and 2018. Cash and cash equivalents, based on bank balances at June 30, 2019 and 2018, exceeded federally insured prescribed limits by \$472,192 and \$535,186, respectively.

#### Pledges and Accounts Receivable

The Organization considers pledges and accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If the amounts become uncollectible, they will be charged to operations when that determination is made. Bad debt expense for the years ended June 30, 2019 and 2018 was \$0 and \$63,000, respectively.

#### Inventory

Inventory is comprised of donated vehicles, which are recorded at fair value.

#### Goods for Distribution

The Organization carries a stock of food items and basic necessities in order to carry out its mission to the public. Organization policy is not to record inventory in these consolidated financial statements based on the following factors:

- Generally accepted accounting principles define inventory as tangible personal property that is held for sale in the ordinary course of business, in the process of production for sale, or consumed in the production of goods or services to be available for sale.
- The Organization does not sell any goods or services. It does not have a license to make retail sales in Illinois. It has no infrastructure in place (register system, pricing, etc.) to make retail sales.
- The majority of the stocked items are donated from the general public; it is impractical to keep detailed cost records of individual items.

#### Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair market value, if donated. Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized. Depreciation expense is calculated using the straight line method over the estimated useful lives of the assets as follows:

Furniture and office equipment	3-5 Years
Transportation equipment	3-5 Years
Warehouse equipment	5-7 Years
Building	25-39 Years

#### Deferred Contributions

Deferred contributions represent contributions received that relate to the subsequent period and income related to special events that will occur in the subsequent period.

## LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

JUNE 30, 2019

### NOTE 1 – ORGANIZATION'S PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contributions

Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

#### In-Kind Contributions

The Organization regularly receives contributions of food and grocery items from the public. The Organization has a check-in system to track such items, weigh them, and assign values to these contributions using an estimated value of \$3.13 and \$3.14 per pound for the years ended June 30, 2019 and 2018, respectively.

#### Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization received donated services from its officers, directors, and community volunteers which totals in excess of 100,300 person-hours for the year ended June 30, 2019 and 100,200 person-hours for the year ended June 30, 2018. Using the Corporation for National and Community Service survey that estimates a \$26.89 and \$26.02 value per hour of volunteer time for the years ended June 30, 2019 and 2018, respectively, management estimates the value of these efforts to be approximately \$2,697,100 and \$2,607,300 for the years ended June 30, 2019 and 2018, respectively. As the recognition criteria for donated services were not met, these volunteer efforts were not recognized as contributions in the consolidated financial statements for the years ended June 30, 2019 and 2018.

During the year ended June 30, 2018, the Organization received and recorded contributed services with a fair market value of \$45,000 for legal services. Such legal services were provided in connection with the purchase of land during the year ended June 30, 2018, and, accordingly, have been included in the basis of the land.

#### Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$49,995 and \$31,079 for the years ended June 30, 2019 and 2018, respectively.

#### Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

## LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
JUNE 30, 2019

### NOTE 1 – ORGANIZATION’S PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Advertising	Time and effort
Depreciation	Square footage
Employee benefits	Time and effort
Fundraising expenses	Time and effort
Payroll taxes	Time and effort
Salaries	Time and effort

#### Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, pursuant to a letter from the Internal Revenue Service dated March 1992. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). The Organization’s tax returns for the years ended June 30, 2016, 2017, 2018, and 2019 are subject to examination by the IRS and the Illinois Attorney General’s Office, generally for three years after they were filed. For the years ended June 30, 2019 and 2018, there were no income tax penalties and interest recognized in the Organization’s consolidated financial statements.

Management believes there are no uncertain income tax positions for the years ended June 30, 2019 and 2018.

#### Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on changes in net assets for the prior year.

#### New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

JUNE 30, 2019

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at June 30, 2019 and 2018:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 1,355,342	\$ 1,209,581
Investments, at fair value	40,999	41,250
Pledges and accounts receivable	423,147	441,368
Total financial assets	1,819,488	1,692,199
Less amounts not available to be used within one year:	(250,449)	(200,650)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,569,039	\$ 1,491,549

The Organization maintains cash reserves for both operating expenses and capital expenditures, which are reviewed annually for adequacy. Cash reserves for operating expenses are generally determined based on a sensitivity analysis of different economic scenarios over a one year period. Cash reserves for capital expenditures are generally determined based on an analysis of projected fixed asset purchases and replacements.

**NOTE 3 – FAIR VALUE MEASUREMENTS**

The Organization reports its fair value measurements using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by ASC Topic 820, *Fair Value Measurements and Disclosures*, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The primary use of fair value measurements in the Organization's consolidated financial statements are the recurring measurement of investments.

**LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
JUNE 30, 2019

**NOTE 4 – INVESTMENTS**

As discussed in Note 3 to the consolidated financial statements, the Organization is required to report its fair value measurements in one of three levels. The Organization uses the following ways to determine the fair value of its investments on a recurring basis:

*DuPage Foundation:* Valued at the net asset value (“NAV”) of the underlying investments in the investment pool held at the DuPage Foundation at year-end.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the years ended June 30, 2019 and 2018.

Fair value measurements (all Level 2) for investments reported at fair value on a recurring basis at June 30, 2019 and 2018 are as follows:

	2019	2018
DuPage Foundation	\$ 40,999	\$ 41,250

Investment income as a result of DuPage Foundation funds is comprised of the following for the years ended June 30, 2019 and 2018:

	2019	2018
Interest and dividend income	\$ 860	\$ 842
Realized gains from sales of investments	1,202	2,481
Unrealized gains (losses) from holding investments	(1,928)	257
Investment fees	(385)	(519)
	\$ (251)	\$ 3,061

**NOTE 5 – PLEDGES RECEIVABLE**

The Organization’s pledges receivable at June 30, 2019 are unconditional and are due as follows:

Receivable in less than one year	\$ 140,995
Receivable in one to five years	209,450
Receivable in more than five years	-
Total pledges receivable	\$ 350,445

**LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
JUNE 30, 2019

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2019 and 2018 consisted of:

	2019	2018
Land	\$ 898,193	\$ 896,693
Furniture and office equipment	155,879	171,411
Transportation equipment	207,151	207,151
Warehouse equipment	163,541	163,541
Building	2,077,657	2,077,657
	3,502,421	3,516,453
Accumulated depreciation	(934,115)	(855,605)
Net property and equipment	\$ 2,568,306	\$ 2,660,848

Depreciation expense for the years ended June 30, 2019 and 2018 was \$104,042 and \$108,677, respectively.

**NOTE 7 – IN-KIND CONTRIBUTIONS**

The Organization receives donated food and grocery items from the general public for distribution to client families. Management has estimated the retail value of such donations at a value of \$3.13 and \$3.14 per pound for the years ended June 30, 2019 and 2018, respectively. The total value of such donations for the years ended June 30, 2019 and 2018 of \$12,288,158 and \$11,291,120, respectively, is recorded as both a revenue and expense item.

The Organization also recorded an in-kind donation on land purchased during the year ended June 30, 2018 for the appraised fair market value of the land in excess of consideration paid. The total value of such donations for the year ended June 30, 2018 was \$270,000.

**NOTE 8 – LEASES**

The Organization has two leases for office equipment that will expire in four and five years. The Organization also has a lease for warehouse space through 2020, with various renewal options through 2026. Lease expense was \$47,986 and \$62,603 for the years ended June 30, 2019 and 2018, respectively. The following is a schedule of future minimum rentals:

Year ending June 30,

2020	\$	48,705
2021	\$	16,332
2022	\$	552
2023	\$	92
2024	\$	-

**LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
JUNE 30, 2019

**NOTE 9 – FUNDRAISING EXPENSES**

Total fundraising expenses incurred for the years ended June 30, 2019 and 2018 were \$393,101 and \$388,196, respectively.

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Changes in net assets with donor restrictions consist of the following for the year ended June 30, 2019:

	Beginning Balance	Additions	Releases	Ending Balance
Endowment Fund				
DuPage Foundation	\$ 41,250	\$ (251)	\$ -	\$ 40,999
Faith community contributions				
Pledges	9,000	7,500	(9,000)	7,500
Individual contributions				
Pledges	227,723	193,500	(98,278)	322,945
Organization and Corporation contributions				
Donations	32,186	1,000	(32,186)	1,000
Grants	185,700	-	(155,700)	30,000
Pledges	-	20,000	-	20,000
	217,886	21,000	(187,886)	51,000
Government grants	41,759	38,228	(41,759)	38,228
	<u>\$ 537,618</u>	<u>\$ 259,977</u>	<u>\$ (336,923)</u>	<u>\$ 460,672</u>



**LOAVES & FISHES COMMUNITY SERVICES CONSOLIDATED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
JUNE 30, 2019

**NOTE 11 – RETIREMENT BENEFIT PLAN**

The Organization provides a salary reduction 401(k) plan to eligible employees. The Organization may contribute a matching contribution of a pre-determined percentage if the financial position of the Organization allows. For the years ended June 30, 2019 and 2018, the Organization recognized retirement plan expense of \$23,115 and \$12,334, respectively.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 1, 2019, the date the consolidated financial statements were available to be issued. Loaves & Fishes Community Services Consolidated is not aware of any material subsequent events.