

**Interfaith Food Pantry, Inc.  
(a New Jersey Non-Profit Corporation)**

**Financial Statements**

**December 31, 2015**

**(With Summarized Financial Information  
for the Year Ended December 31, 2014)**

**(With Independent Auditors' Report Thereon)**

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CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Interfaith Food Pantry, Inc.  
Morris Plains, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of Interfaith Food Pantry, Inc. (a New Jersey non-profit 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.

### Auditors' 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 Pantry, Inc. 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.

### Report on Summarized Comparative Information

We have previously audited Interfaith Food Pantry, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Caristia, Kulsar & Wade, LLC*

Caristia, Kulsar & Wade LLC  
Sparta, NJ  
June 8, 2016

**Interfaith Food Pantry, Inc.**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

|   | 2015                | 2014                |
|---|---------------------|---------------------|
| <b><u>Assets</u></b>  |                     |                     |
| <b>Current Assets</b>   |                     |                     |
| Cash and cash equivalents                                       | \$ 587,605          | \$ 542,143          |
| Pledges receivable, current portion                             | 5,000               | 15,000              |
| Food inventory  | 250,430             | 174,823             |
| Prepaid expenses  | 2,496               | 8,305               |
| <b>Total current assets</b>                                     | <b>845,531</b>      | <b>740,271</b>      |
| <b>Property and equipment</b> , net of accumulated depreciation | 2,308,236           | 2,435,522           |
| <b>Other assets</b>   |                     |                     |
| Investments, at fair value                                      | 486,710             | 497,530             |
| <b>Total other assets</b>                                       | <b>486,710</b>      | <b>497,530</b>      |
| <b>Total Assets</b>   | <b>\$ 3,640,477</b> | <b>\$ 3,673,323</b> |
| <b><u>Liabilities and Net Assets</u></b>                        |                     |                     |
| <b>Current Liabilities</b>                                      |                     |                     |
| Accounts payable and accrued expenses                           | \$ 32,143           | \$ 41,558           |
| Deferred revenue  | 143,783             | 105,801             |
| <b>Total current liabilities</b>                                | <b>175,926</b>      | <b>147,359</b>      |
| <b>Total Liabilities</b>  | <b>175,926</b>      | <b>147,359</b>      |
| <b>Net Assets</b>   |                     |                     |
| Unrestricted  |                     |                     |
| Undesignated  | 313,385             | 315,619             |
| Invested in property, equipment, and inventory                  | 2,558,666           | 2,610,345           |
| Board designated funds  | 575,000             | 550,000             |
| Total unrestricted net assets                                   | <b>3,447,051</b>    | <b>3,475,964</b>    |
| Temporarily restricted  | 17,500              | 50,000              |
| <b>Total net assets</b>   | <b>3,464,551</b>    | <b>3,525,964</b>    |
| <b>Total Liabilities and Net Assets</b>                         | <b>\$ 3,640,477</b> | <b>\$ 3,673,323</b> |

See independent auditors' report and accompanying notes to financial statements

**Interfaith Food Pantry, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2015**  
**(With Summarized Financial Information for the Year Ended December 31, 2014)**

|   | 2015                |                           |                     | 2014                |
|---|---------------------|---------------------------|---------------------|---------------------|
|   | Unrestricted        | Temporarily<br>Restricted | Total               | Total               |
| <b>Support and Revenue</b>  |                     |                           |                     |                     |
| In-kind donations - food  | \$ 2,116,417        | \$ -                      | \$ 2,116,417        | \$ 2,171,752        |
| Fundraising and development   |                     |                           |                     |                     |
| Events  | 216,941             | 17,500                    | 234,441             | 219,502             |
| Contributions   | 755,949             | -                         | 755,949             | 762,551             |
| Grants  | 336,075             | -                         | 336,075             | 364,651             |
| Investment income   | 26,366              | -                         | 26,366              | 11,549              |
| Unrealized losses   | (30,021)            | -                         | (30,021)            | (10,280)            |
| Net assets released from restrictions through<br>satisfaction of program requirements | 50,000              | (50,000)                  | -                   | -                   |
| <b>Total support and revenue</b>  | <u>3,471,727</u>    | <u>(32,500)</u>           | <u>3,439,227</u>    | <u>3,519,725</u>    |
| <b>Functional Expenses</b>  |                     |                           |                     |                     |
| Program services  | 3,227,964           | -                         | 3,227,964           | 3,218,907           |
| Management and general  | 113,056             | -                         | 113,056             | 100,961             |
| Fundraising and development   | 159,620             | -                         | 159,620             | 136,951             |
| <b>Total functional expenses</b>  | <u>3,500,640</u>    | <u>-</u>                  | <u>3,500,640</u>    | <u>3,456,819</u>    |
| <b>Changes in net assets</b>  | (28,913)            | (32,500)                  | (61,413)            | 62,906              |
| <b>Net Assets, Beginning of Year</b>  | <u>3,475,964</u>    | <u>50,000</u>             | <u>3,525,964</u>    | <u>3,463,058</u>    |
| <b>Net Assets, End of Year</b>  | <u>\$ 3,447,051</u> | <u>\$ 17,500</u>          | <u>\$ 3,464,551</u> | <u>\$ 3,525,964</u> |

See independent auditors' report and accompanying notes to financial statements

**Interfaith Food Pantry, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2015**  
**(With Summarized Financial Information for the Year Ended December 31, 2014)**

|                                  | 2015                |                           |                                | 2014                |                     |
|----------------------------------|---------------------|---------------------------|--------------------------------|---------------------|---------------------|
|                                  | Program<br>Services | Management<br>and General | Fundraising and<br>Development | Total               | Total               |
| <b>Functional Expenses</b>       |                     |                           |                                |                     |                     |
| Donated food                     | \$ 2,040,810        | \$ -                      | \$ -                           | \$ 2,040,810        | \$ 2,140,099        |
| Payroll and related expenses     | 755,541             | 98,122                    | 127,559                        | 981,222             | 857,480             |
| Depreciation                     | 131,065             | -                         | -                              | 131,065             | 131,122             |
| Food purchased                   | 110,776             | -                         | -                              | 110,776             | 95,785              |
| Postage, printing and fees       | 28,917              | -                         | 12,591                         | 41,508              | 33,975              |
| Supplies and events expenses     | 20,533              | -                         | 16,694                         | 37,227              | 26,509              |
| Repairs and maintenance          | 37,103              | -                         | -                              | 37,103              | 43,927              |
| Rent                             | 27,600              | -                         | -                              | 27,600              | 27,600              |
| Insurance                        | 18,914              | 2,104                     | -                              | 21,018              | 15,836              |
| Utilities                        | 18,228              | -                         | -                              | 18,228              | 19,635              |
| Outside services                 | 11,595              | -                         | 1,917                          | 13,512              | 16,749              |
| Professional fees                | -                   | 12,005                    | -                              | 12,005              | 11,800              |
| Equipment                        | 7,007               | -                         | -                              | 7,007               | 6,001               |
| Volunteer and staff training     | 6,566               | -                         | -                              | 6,566               | 7,593               |
| Miscellaneous expense            | 4,072               | 825                       | 859                            | 5,756               | 13,375              |
| Telephone                        | 5,553               | -                         | -                              | 5,553               | 5,000               |
| Travel                           | 3,684               | -                         | -                              | 3,684               | 4,333               |
| <b>Total functional expenses</b> | <b>\$ 3,227,964</b> | <b>\$ 113,056</b>         | <b>\$ 159,620</b>              | <b>\$ 3,500,640</b> | <b>\$ 3,456,819</b> |

See independent auditors' report and accompanying notes to financial statements

**Interfaith Food Pantry, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

|   | 2015              | 2014              |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>  |                   |                   |
| Changes in net assets   | \$ (61,413)       | \$ 62,906         |
| <b>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</b> |                   |                   |
| Depreciation  | 131,065           | 131,122           |
| In-kind donations of food   | (2,116,417)       | (2,171,752)       |
| Distribution of donated food  | 2,040,810         | 2,140,099         |
| Donated investments   | (3,573)           | (7,566)           |
| Realized gain on investments  | (12,983)          | (2,951)           |
| Unrealized loss on investments  | 30,021            | 10,280            |
| Decrease (increase) in:   |                   |                   |
| Pledges receivable  | 10,000            | 34,617            |
| Prepaid expense   | 5,809             | (1,479)           |
| Miscellaneous receivable  | -                 | 671               |
| Increase (decrease) in:   |                   |                   |
| Accounts payable and accrued expenses   | (9,415)           | 19,131            |
| Deferred revenue  | 37,982            | (8,574)           |
| <b>Total adjustments</b>  | <b>113,299</b>    | <b>143,598</b>    |
| <b>Net cash provided by operating activities</b>  | <b>51,886</b>     | <b>206,504</b>    |
| <b>Cash flows from investing activities:</b>  |                   |                   |
| Purchases of investments  | (6,132)           | (504,859)         |
| Proceeds from sales of investments  | 3,487             | 7,566             |
| Purchases of capital assets   | (3,779)           | (3,500)           |
| <b>Net cash used by investing activities</b>  | <b>(6,424)</b>    | <b>(500,793)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | 45,462            | (294,289)         |
| <b>Cash and cash equivalents, beginning of year</b>   | 542,143           | 836,432           |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 587,605</b> | <b>\$ 542,143</b> |
| <b>Supplemental Cash Flow Information</b>   |                   |                   |
| <u>Cash paid during the year for:</u>   |                   |                   |
| Interest  | \$ -              | \$ -              |
| Income taxes  | \$ -              | \$ -              |
| <u>Non-cash activities consisted of the following:</u>  |                   |                   |
| In-kind donations of food   | \$ 2,116,417      | \$ 2,171,752      |
| Distribution of donated food  | \$ 2,040,810      | \$ 2,140,099      |

See independent auditors' report and accompanying notes to financial statements

**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 - Nature of Organization**

Interfaith Food Pantry, Inc. (the "Organization") was founded in 1994 and was incorporated as a non-profit corporation under the laws of the State of New Jersey in 1998. The mission of the Organization is to provide non-perishable and perishable supplemental and emergency food to eligible residents of Morris County, New Jersey. The Organization's primary sources of revenue and support are donations and fundraising events.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. GAAP establishes standards for external financial reporting by non-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets: include resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permit the Organization to expend part or all of the income derived from the donated assets.

**Compensated Absences**

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. If a restriction expires in the same fiscal year in which the contribution was recognized, the contribution is reported as an increase in unrestricted net assets.

**Grant Revenue Recognition**

The Organization accounts for grant revenue, which are exchange transactions, in the Statement of Activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the Statements of Financial Position.

**Investments**

The Organization carries its investments in marketable securities at their fair values in the accompanying Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Assets measured at fair value on a recurring basis were measured by quoted prices in active markets for identical assets.



**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Inventory**

Inventory primarily consists of donated food. Inventory is valued on a first-in, first-out basis. Donated food is valued based upon the weighted average price per pound of food as determined by the Community Food Bank of NJ which was \$2.15 for the years ended December 31, 2015 and 2014.

**Tax Status**

The Organization qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and State of New Jersey Title 15, *New Jersey Nonprofit Corporation Act*. Accordingly, the Organization is exempt from federal and state income taxes. These sections enable the Organization to accept donations, which qualify as charitable contributions to the donor. The Organization is not classified as a private foundation.

The Organization follows *Accounting for Uncertainty in Income Taxes*, in accordance with GAAP. The determination of uncertain tax positions uses tax judgments which are based on the requirements for maintaining tax-exempt status and on the filing of various information returns.

The Organization files federal information tax returns with the IRS and state information returns with the State of New Jersey. The Organization is subject to income tax examinations at any time within three years from the latest filing date for federal and four years from the latest filing date for New Jersey.

**Fixed Assets**

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment purchased are stated at cost and fixed assets donated are stated at fair market value. Both are reported less accumulated depreciation, which is provided by using the straight-line method over the estimated useful lives of the respective assets.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower carrying amount or the fair value less costs to sell or dispose.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent 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.

**Functional Allocation of Expenses**

The costs of providing services have been summarized on a functional basis in the accompanying Statement of Activities.

Costs are allocated between management and general, program services and fundraising and development based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Pledges Receivable**

The Organization considers pledges receivable to be fully collectable; accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made by management.

**Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, the Organization's volunteer activity does not meet the requirements to be recorded as revenue and expenses under GAAP; therefore it is not included in the accompanying financial statements.

During the years ended December 31, 2015 and 2014, approximately 370 and 347 volunteers contributed a total of approximately 26,000 and 24,500 hours, respectively.

**Fair Value Measurements**

The Organization adopted "Fair Value Measurements", under GAAP, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. "Fair Value Measurements" applies to other accounting pronouncements that require or permit fair value measurements. The primary effect of adopting "Fair Value Measurements" on the Organization was to expand the required disclosures pertaining to methods used to determine fair values. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

"Fair Value Measurements" establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under GAAP are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

The Organization bases its fair value on the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

The following is a description of valuation methodologies used for assets and liabilities measured at fair value:

Cash and cash equivalents, pledges receivable, prepaid expenses, accounts payable and accrued expenses, and deferred revenue: the carrying amounts approximate fair value, because of the short term maturity of these instruments.

**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Comparative Information**

The Statements of Activities and Functional Expenses contain certain prior-year summarized comparative information in total, but not by net asset or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

**Reclassifications**

Certain prior year information has been reclassified to conform with current year presentation.

**Note 3 - Investments**

The Organization's investments consisted of the following as of December 31, 2015 and 2014:

| <u>Investment Type</u> | 2015       |            |                           |
|------------------------|------------|------------|---------------------------|
|                        | Fair Value | Cost       | Unrealized<br>Gain (Loss) |
| <u>Level 2</u>         |            |            |                           |
| Mutual fund            | \$ 196,465 | \$ 200,077 | \$ (3,612)                |
| Subtotal               | 196,465    | 200,077    | (3,612)                   |
| <u>Level 3</u>         |            |            |                           |
| Pooled investment fund | 290,245    | 326,934    | (36,689)                  |
| Subtotal               | 290,245    | 326,934    | (36,689)                  |
| Total Investments      | \$ 486,710 | \$ 527,011 | \$ (40,301)               |
| 2014                   |            |            |                           |
| <u>Investment Type</u> | Fair Value | Cost       | Unrealized<br>Gain (Loss) |
| <u>Level 2</u>         |            |            |                           |
| Mutual fund            | \$ 198,326 | \$ 200,077 | \$ (1,751)                |
| Subtotal               | 198,326    | 200,077    | (1,751)                   |
| <u>Level 3</u>         |            |            |                           |
| Pooled investment fund | 299,204    | 307,733    | (8,529)                   |
| Subtotal               | 299,204    | 307,733    | (8,529)                   |
| Total Investments      | \$ 497,530 | \$ 507,810 | \$ (10,280)               |

**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 3 - Investments (continued)**

The total cost of investments consisted of the following as of December 31, 2015 and 2014:

|                   | 2015              |                   |                              |
|-------------------|-------------------|-------------------|------------------------------|
|                   | Total             | Mutual Fund       | Pooled<br>Investment<br>Fund |
| Purchases         | \$ 500,077        | \$ 200,077        | \$ 300,000                   |
| Investment income | 26,933            | -                 | 26,933                       |
| <b>Total</b>      | <b>\$ 527,010</b> | <b>\$ 200,077</b> | <b>\$ 326,933</b>            |
|                   | 2014              |                   |                              |
|                   | Total             | Mutual Fund       | Pooled<br>Investment<br>Fund |
| Purchases         | \$ 500,077        | \$ 200,077        | \$ 300,000                   |
| Investment income | 7,733             | -                 | 7,733                        |
| <b>Total</b>      | <b>\$ 507,810</b> | <b>\$ 200,077</b> | <b>\$ 307,733</b>            |

Changes in investment value consisted of the following for the year ended December 31, 2015 and 2014:

|                                | 2015              | 2014              |
|--------------------------------|-------------------|-------------------|
| Fair value - beginning of year | \$ 497,530        | \$ -              |
| Purchases                      | 6,132             | 504,859           |
| Donated stock received         | 3,573             | 7,566             |
| Sales                          | (3,487)           | (7,566)           |
| Realized gains                 | 12,983            | 2,951             |
| Net change, cost               | 516,731           | 507,810           |
| Unrealized gains (losses)      | (30,021)          | (10,280)          |
| Fair value - end of year       | <b>\$ 486,710</b> | <b>\$ 497,530</b> |

The following summarized the investment return for the year ended December 31, 2015 and 2014:

|                   | 2015              | 2014          |
|-------------------|-------------------|---------------|
| Investment income | \$ 21,362         | \$ 10,381     |
| Unrealized losses | (30,021)          | (10,280)      |
|                   | <b>\$ (8,659)</b> | <b>\$ 101</b> |

**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 3 - Investments (continued)**

Change in Level 3 assets measured at fair value for the year ended December 31, 2015 and 2014 were as follows:

| Level 3                |  |   |           |       |   |   |
|------------------------|--|---|-----------|-------|---|---|
|                        | Beginning<br>Balance<br>January 1,<br>2015 | Realized &<br>Unrealized<br>Gains<br>(Losses) | Purchases | Sales | Ending<br>Balance<br>December 31,<br>2015 | Change in<br>Unrealized<br>(Losses)<br>for Investments<br>still held at<br>December 31,<br>2015 |
| Assets (at fair value) |  |   |           |       |   |   |
| Pooled investment fund | \$ 299,204                                 | \$ (15,091)                                   | \$ 6,132  |       | \$ 290,245                                | \$ (28,160)   |

| Level 3                |  |   |            |       |   |   |
|------------------------|--|---|------------|-------|---|---|
|                        | Beginning<br>Balance<br>January 1,<br>2014 | Realized &<br>Unrealized<br>Gains<br>(Losses) | Purchases  | Sales | Ending<br>Balance<br>December 31,<br>2014 | Change in<br>Unrealized<br>(Losses)<br>for Investments<br>still held at<br>December 31,<br>2014 |
| Assets (at fair value) |  |   |            |       |   |   |
| Pooled investment fund | \$ -                                       | \$ (5,579)                                    | \$ 304,783 |       | \$ 299,204                                | \$ (8,529)  |

**Note 4 - Pledges Receivable**

Pledges receivable consisted of the following as of December 31, 2015 and 2014:

|                    | 2015     | 2014      |
|--------------------|----------|-----------|
| Amounts due in:    |          |           |
| Less than one year | \$ 5,000 | \$ 15,000 |
| Total              | \$ 5,000 | \$ 15,000 |

**Note 5 - Inventory**

Inventory primarily consisted of donated food. Donated food valuation is based on a study conducted by the Community Food Bank of NJ. All donated food is recorded at fair value using level 2 inputs under "Fair Value Measurements", as more fully described in Note 2.

The Organization's inventory was \$250,430 and \$174,823 as of December 31, 2015 and 2014, respectively.

**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 6 - Property and Equipment**

Property and equipment consisted of the following as of December 31, 2015 and 2014:

|                                | <u>2015</u>         | <u>2014</u>         |
|--------------------------------|---------------------|---------------------|
| Leasehold improvements         | 2,591,337           | 2,591,337           |
| Equipment and furniture        | 262,810             | 259,031             |
| Vehicles                       | 32,952              | 32,952              |
|                                | <u>2,887,099</u>    | <u>2,883,320</u>    |
| Less: accumulated depreciation | (578,863)           | (447,798)           |
| Net property and equipment     | <u>\$ 2,308,236</u> | <u>\$ 2,435,522</u> |

Depreciation expense amounted to \$131,065 and \$131,122 for the years ended December 31, 2015 and 2014, respectively. As more fully described in Note 13, the leasehold improvements relate to the construction of the Organization's facility.

**Note 7 - Operating Leases**

The Organization leases a distribution facility under an operating lease which is on a month to month basis. The monthly rent increased in 2014 and is \$2,300 for the years ended December 31, 2015 and 2014. Rent expense was \$27,600 for the years ended December 31, 2015 and 2014.

**Note 8 - Fundraising and Special Events**

The gross amount of revenues and related costs of direct benefits to donors from special events for the years ended December 31, 2015 and 2014 were:

|                                    | <u>2015</u> | <u>2014</u> |
|------------------------------------|-------------|-------------|
| Revenues                           | \$ 31,250   | \$ 24,250   |
| Costs of direct benefits to donors | (31,250)    | (24,250)    |
| Special event revenue, net         | <u>\$ -</u> | <u>\$ -</u> |

**Note 9 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are to be used for the following as of December 31, 2015 and 2014:

|                                   | <u>2015</u>      | <u>2014</u>      |
|-----------------------------------|------------------|------------------|
| 2016/2015 Gala event              | \$ 17,500        | \$ 40,000        |
| Support staff and client services | -                | 10,000           |
| Total                             | <u>\$ 17,500</u> | <u>\$ 50,000</u> |

Temporarily restricted net assets were released from restrictions during the years ended December 31, 2015 and 2014 for the following programs:

|                                   | <u>2015</u>      | <u>2014</u>      |
|-----------------------------------|------------------|------------------|
| Support staff and client services | \$ 10,000        | \$ 20,000        |
| 2015 Gala event                   | 40,000           | -                |
| Total                             | <u>\$ 50,000</u> | <u>\$ 20,000</u> |

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**Note 10 - Board Designated Funds**

Board designated funds consisted of the following as of December 31, 2015 and 2014:

|                             | 2015       | 2014       |
|-----------------------------|------------|------------|
| Facilities maintenance fund | \$ 100,000 | \$ 100,000 |
| Program expansion fund      | 200,000    | 175,000    |
| Capital improvements fund   | 100,000    | 100,000    |
| Vehicles fund               | 75,000     | 75,000     |
| Food purchases fund         | 100,000    | 100,000    |
|                             | \$ 575,000 | \$ 550,000 |

**Note 11 - Concentrations**

**Donated Food**

A significant portion of the Organization's food is donated by various companies, organizations, and individuals. Donated food amounted to \$2,116,417 and \$2,171,752 for the years ended December 31, 2015 and 2014, respectively.

**Credit Risk**

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risks related to cash.

**Note 12 - Retirement Plan**

The Organization maintains a self-directed 403(b) retirement plan. The plan consists of discretionary employee payroll deductions. There are no mandatory employer contributions or employer matching. Employer contributions to the plan were \$26,530 and \$40,800 for the years ended December 31, 2015 and 2014, respectively. Employee contributions were \$60,504 and \$65,139 for the years ended December 31, 2015 and 2014, respectively.

**Note 13 - Significant Leases**

On August 10, 2010 the Organization (as tenant) entered into a fifty (50) year ground lease for property located on Executive Drive in Morris Plains, New Jersey with the County of Morris. The land, including improvements made upon the land by the Organization, is being leased for \$1 per year. At the end of the initial lease term, the Organization has the option to extend the lease for one single extension period of twenty five (25) years.

**Note 14 - In-Kind Food Donations**

In-kind food donations consisted of the following for the years ended December 31, 2015 and 2014:

|                         | 2015         | 2014        |
|-------------------------|--------------|-------------|
| Pounds donated          | 984,380      | 1,010,117   |
| Average price per pound | \$ 2.15      | \$ 2.15     |
| In-kind food donations  | \$ 2,116,417 | \$2,171,752 |

As more fully described in Note 2, the price per pound is determined by the weighted average price per pound as determined by the Community Food Bank of NJ.

**Interfaith Food Pantry, Inc.**  
**Notes to Financial Statements**  
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**Note 15 - Subsequent Events**

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through June 8, 2016, the date the financial statements were available for issue. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosures.