

The Interfaith Nutrition Network, Inc.

Financial Statements and
Supplemental Information

June 30, 2019 and 2018

The Interfaith Nutrition Network, Inc.

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Independent Auditors' Report

To the Board of Directors of
The Interfaith Nutrition Network, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Interfaith Nutrition Network, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the years 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 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 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 auditors' 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 The Interfaith Nutrition Network, Inc. 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.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Melville, New York
November 15, 2019

The Interfaith Nutrition Network, Inc.

Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,181,914	\$ 2,660,644
Grants and contracts receivable	262,469	286,994
Contributions receivable, net of allowance	155,707	147,749
Donated product inventory	14,888	31,203
Prepays and other assets	53,738	48,590
Other receivables	9,485	24,311
	<u>3,678,201</u>	<u>3,199,491</u>
Total current assets	3,678,201	3,199,491
Fixed assets, net of accumulated depreciation of \$4,820,718 and \$4,647,537, respectively	<u>3,464,236</u>	<u>3,590,293</u>
Total assets	<u>\$ 7,142,437</u>	<u>\$ 6,789,784</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 223,514	\$ 317,596
Security deposits	11,603	8,800
Deferred revenue	65,000	22,740
	<u>300,117</u>	<u>349,136</u>
Total liabilities	300,117	349,136
Net Assets		
Net assets without donor restrictions:		
Board designated proceeds from property sales	1,764,962	1,764,962
Property and equipment	3,464,236	3,590,293
Undesignated	1,106,967	973,893
	<u>6,336,165</u>	<u>6,329,148</u>
Total net assets without donor restrictions	6,336,165	6,329,148
Net assets with donor restrictions	<u>506,155</u>	<u>111,500</u>
Total net assets	<u>6,842,320</u>	<u>6,440,648</u>
Total liabilities and net assets	<u>\$ 7,142,437</u>	<u>\$ 6,789,784</u>

See notes to financial statements

The Interfaith Nutrition Network, Inc.

 Statements of Activities and Change in Net Assets
 Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Fundraising	\$ 3,449,154	\$ -	\$ 3,449,154	\$ 2,934,540	\$ -	\$ 2,934,540
Contributions and grants	760,256	394,655	1,154,911	1,388,475	11,500	1,399,975
Fees and grants from government agencies	1,380,031	-	1,380,031	1,250,934	-	1,250,934
In-kind contributions	522,878	-	522,878	1,631,915	-	1,631,915
Rental income	142,999	-	142,999	165,042	-	165,042
Other program income	57,980	-	57,980	7,359	-	7,359
Interest income	33,022	-	33,022	13,241	-	13,241
Total revenues, gains and other support	6,346,320	394,655	6,740,975	7,391,506	11,500	7,403,006
Expenses						
Program services:						
Shelters	2,038,834	-	2,038,834	2,491,285	-	2,491,285
Soup Kitchens	1,536,005	-	1,536,005	1,840,636	-	1,840,636
Long-Term Housing	505,424	-	505,424	559,371	-	559,371
Center for Transformative Change	839,414	-	839,414	395,929	-	395,929
Total program services	4,919,677	-	4,919,677	5,287,221	-	5,287,221
Supporting services:						
Administration	704,247	-	704,247	899,720	-	899,720
Fundraising	489,703	-	489,703	524,073	-	524,073
Total expenses	6,113,627	-	6,113,627	6,711,014	-	6,711,014
Excess of revenues, gains and other support over expenses	232,693	394,655	627,348	680,492	11,500	691,992
Gain on sale of land and buildings	-	-	-	741,831	-	741,831
Release of Funds to Other Soup Kitchens	(225,676)	-	(225,676)	(245,868)	-	(245,868)
Change in net assets	7,017	394,655	401,672	1,176,455	11,500	1,187,955
Net Assets, Beginning of Year	6,329,148	111,500	6,440,648	5,152,693	100,000	5,252,693
Net Assets, End of Year	\$ 6,336,165	\$ 506,155	\$ 6,842,320	\$ 6,329,148	\$ 111,500	\$ 6,440,648

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services				Supporting Services		Total
	Shelters	Soup Kitchens	Long-Term Housing	Center for Transformative Change	Administration	Fundraising	
Salaries	\$ 1,369,519	\$ 398,507	\$ 131,200	\$ 389,457	\$ 157,763	\$ 144,287	\$ 2,590,733
Employee benefits and payroll taxes	319,187	75,628	23,373	76,179	119,790	19,842	633,999
Other soup kitchen food and related costs	-	174,585	-	-	-	-	174,585
In-kind expense	29,783	453,516	-	-	30,936	-	514,235
Repairs and maintenance	61,700	56,564	112,523	18,266	42,176	-	291,229
Insurance	21,542	10,365	69,915	32,718	47,583	-	182,123
Utilities	38,971	42,452	46,910	19,616	20,233	-	168,182
Direct mail	-	-	-	-	-	147,656	147,656
Supplies	15,255	50,473	3,900	37,912	23,271	-	130,811
Volunteer and guest related	2,886	4,624	3,514	84,020	297	-	95,341
Direct cost of special events	-	-	-	-	-	157,759	157,759
Food and related costs	27,028	131,618	-	117	25	-	158,788
Bad debt	-	1,000	-	-	12,397	-	13,397
Consulting	2,886	962	-	16,652	4,809	-	25,309
Telephone and cable	11,585	4,919	438	6,362	22,470	-	45,774
Legal and professional	15,783	22,394	1,009	11,167	22,336	-	72,689
Real estate taxes	-	-	24,986	36,961	-	-	61,947
Outside temporary help	49,005	29,371	13,612	30,633	24,503	-	147,124
Licenses, permits and fees	21,036	9,284	-	15,574	31,877	-	77,771
Automobile and travel	1,063	-	-	60	23,013	-	24,136
Miscellaneous	5,634	6,647	812	27,765	13,904	-	54,762
Marketing	1,432	497	-	319	17,219	-	19,467
Staff development, recognition and recruitment	3,741	1,813	-	1,349	15,870	-	22,773
Finance and bank charges or fees	50	-	30	22	1,568	18,844	20,514
Postage	-	32	-	-	9,621	1,315	10,968
Office, dues and subscriptions	2,545	-	-	-	3,868	-	6,413
Total expenses before depreciation	2,000,631	1,475,251	432,222	805,149	645,529	489,703	5,848,485
Depreciation	38,203	60,754	73,202	34,265	58,718	-	265,142
Totals	\$ 2,038,834	\$ 1,536,005	\$ 505,424	\$ 839,414	\$ 704,247	\$ 489,703	\$ 6,113,627

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services				Supporting Services		Total
	Shelters	Soup Kitchens	Long-Term Housing	Center for Transformative Change	Administration	Fundraising	
Salaries	\$ 1,720,177	\$ 514,923	\$ 202,834	\$ 93,284	\$ 171,370	\$ 170,709	\$ 2,873,297
Employee benefits and payroll taxes	366,438	92,043	30,849	11,462	137,502	31,027	669,321
Other soup kitchen food and related costs	-	493,513	-	-	-	-	493,513
In-kind expense	28,233	340,476	-	-	34,071	-	402,780
Repairs and maintenance	79,664	55,432	77,043	6,995	29,091	-	248,225
Insurance	19,969	26,950	60,226	14,674	59,774	-	181,593
Utilities	42,760	38,879	50,432	12,429	20,144	-	164,644
Direct mail	-	-	-	-	-	160,320	160,320
Supplies	50,800	51,710	966	26,805	28,990	-	159,271
Volunteer and guest related	4,530	6,995	2,491	141,403	1,033	-	156,452
Direct cost of special events	-	-	-	-	-	153,169	153,169
Food and related costs	39,555	80,211	-	657	420	-	120,843
Bad debt	-	-	-	-	91,256	-	91,256
Consulting	21,123	13,508	6,971	-	62,535	-	104,137
Telephone and cable	25,629	10,249	1,025	2,366	32,081	-	71,350
Legal and professional	-	28,665	2,666	512	37,639	-	69,482
Real estate taxes	-	-	25,265	33,295	-	-	58,560
Outside temporary help	1	11,346	-	8,652	21,780	-	41,779
Social work consulting fees	-	-	40,745	-	-	-	40,745
Licenses, permits and fees	1,940	260	-	885	25,155	-	28,240
Automobile and travel	1,060	155	-	2,445	20,081	-	23,741
Miscellaneous	1,180	12,577	1,865	(225)	7,923	-	23,320
Marketing	-	3,745	-	2,064	14,539	-	20,348
Staff development, recognition and recruitment	3,446	1,704	-	877	11,952	-	17,979
Finance and bank charges or fees	-	-	-	-	14,959	-	14,959
Postage	-	34	-	36	10,161	-	10,231
Fundraising	1,384	-	-	-	-	8,848	10,232
Rent	-	-	-	9,548	-	-	9,548
Office, dues and subscriptions	145	-	-	-	5,385	-	5,530
Total expenses before depreciation	2,408,034	1,783,375	503,378	368,164	837,841	524,073	6,424,865
Depreciation	83,251	57,261	55,993	27,765	61,879	-	286,149
Totals	\$ 2,491,285	\$ 1,840,636	\$ 559,371	\$ 395,929	\$ 899,720	\$ 524,073	\$ 6,711,014

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 401,672	\$ 1,187,955
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	265,142	286,149
Donated land and buildings	-	(1,200,000)
Change in donated product inventory	16,315	(10,811)
Gain on sale of fixed assets	-	(744,405)
Provision for bad debts	13,397	91,256
(Increase) decrease in operating assets		
Grants and contracts receivable	24,525	42,930
Contributions receivable	(21,355)	(110,523)
Other receivables	14,826	(19,174)
Prepays and other assets	(5,148)	12,185
Decrease (increase) in operating liabilities		
Accounts payable and accrued expenses	(94,082)	17,748
Security deposits	2,803	(400)
Deferred revenue	42,260	(8,423)
Net cash flows from operating activities	<u>660,355</u>	<u>(455,513)</u>
Cash Flows from Investing Activities		
Proceeds from sale of fixed assets	-	982,441
Purchase of fixed assets	<u>(139,085)</u>	<u>(84,518)</u>
Net cash flows from investing activities	<u>(139,085)</u>	<u>897,923</u>
Net increase in cash and cash equivalents	521,270	442,410
Cash and Cash Equivalents, Beginning	<u>2,660,644</u>	<u>2,218,234</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,181,914</u>	<u>\$ 2,660,644</u>

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

1. Description of Organization and Summary of Significant Accounting Policies

Nature of Operations

The Interfaith Nutrition Network, Inc. (the "Organization") is a not-for-profit organization formed in 1983 under the laws of New York State. The Organization operates in Nassau County and Suffolk County, New York and is supported primarily by donor contributions, grants and government contracts. The Organization derives its revenue from, among other sources, contributions and grants from individuals and foundations, general fundraising, special events and governmental agencies.

Included in the accompanying financial statements are the following program and supporting services:

Food and Shelter Programs

The Organization provides direct assistance to those who are hungry and homeless on Long Island through the largest soup kitchen, emergency shelters, long-term housing and supportive services. As a not-for-profit, volunteer based organization, the Organization provides a broad variety of essential services to assist those challenged by hunger, homelessness, and profound poverty. The Organization partners with those in need in a dignified and respectful manner to help them achieve self-sufficiency. All services are provided free of charge, with no proof of need, within an atmosphere of dignity and respect. The Organization is volunteer based with a dedicated staff, a broad base of community support and a commitment to educate the public about the issues of hunger and homelessness.

A number of the Organization's soup kitchens, not located in Hempstead, New York, have formed separate legal entities. Funds distributed or approved to be distributed to the soup kitchens that separated are shown on the statements of activities and change in net assets as "Release of Funds to Other Soup Kitchens". For the years ended June 30, 2019 and 2018, these distributions totaled \$225,676 and \$245,868, respectively.

Center for Transformative Change

The Center for Transformative Change, located directly adjacent to the soup kitchen, offers a Resource Center which assists guests of the soup kitchen to access government benefits, acquire ID documents, prepare resumes/conduct job searches, find housing/emergency shelter, qualify for housing programs and provide other services designed to assist them to achieve self-sufficiency. The center serves as the Nassau Hub for the LI Coalition for the Homeless. It offers a computer lab where guests can learn to use a computer and conduct job and housing searches. It also offers a clothing boutique.

Administration

Administration includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategies; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") using the accrual basis of accounting. The Organization's financial statements distinguish between net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions - includes amounts that have not been donor restricted and are available for use in carrying out the general operations of the Organization.

Net assets with donor restrictions - includes amounts that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations. In addition, they include amounts whereby donors have stipulated that the principal contributed be maintained in perpetuity.

Fee for Service Revenue

Fee for service revenue is recognized as services are provided under the related contracts.

Donor-Imposed Restrictions

The Organization reports gifts of cash or other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions.

The Organization reports gifts of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions and Grants Receivable

Unconditional promises to give (including grants) that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. As of June 30, 2019 and 2018, no discounts were recorded.

For the years ended June 30, 2019 and 2018, the Organization received related party contributions of \$217,417 and \$230,716, respectively. As of June 30, 2019 and 2018, related party receivables amounted to \$33,350 and \$51,625, respectively.

Conditional promises to give are not included as support until the conditions have been substantially met. Deferred revenue arises from payments received prior to meeting conditions.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

The Organization recognizes revenue from bequests when a legally binding obligation is received and when a fair value can reasonably be determined.

Special events revenue is recognized during the period the special event occurs.

In-Kind Contributions and Donated Assets

The Organization records donated products received, distributed and on hand at fair value. The fair value of donated products received and distributed during the year is reflected in the accompanying financial statements as in-kind contributions and in-kind expenses. Significant fluctuations in operating results may occur due to variances in quantity and valuation of donated products.

Donated product inventory represents the fair value of donated food and supplies on hand as of year-end.

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

For the years ended June 30, 2019 and 2018, the Organization recorded in-kind contributions of \$522,878 and \$1,631,915 respectively. For the year ended June 30, 2019, in-kind contributions were comprised of donated services of \$30,936, donated products of \$483,299, donated gift cards of \$7,230 and donated gifts of \$1,413. For the year ended June 30, 2018 in-kind contributions were comprised of donated services of \$34,071, donated fixed assets (land and buildings) of \$1,200,000, donated products of \$368,709, donated gift cards of \$18,585 and other of \$10,550.

A number of volunteers have donated significant amounts of their time in the Organization's program service, administration and fundraising. However, since these services do not meet the criteria for recognition under U.S. GAAP, they are not reflected in the accompanying financial statements.

Cash and Cash Equivalents

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents for financial statement purposes.

Allowance for Doubtful Accounts

Management must make estimates of the uncollectability of all accounts, contributions and grants receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the adequacy of the allowance for doubtful accounts. The Organization's allowance for doubtful accounts was \$75,418 and \$67,271 as of June 30, 2019 and 2018, respectively. Bad debt expense was \$13,397 and \$91,256 for the years ended June 30, 2019 and 2018, respectively.

Fixed Assets

Fixed assets are capitalized at cost when acquired. Individual purchases over \$1,000 are depreciated on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 30 years. Donated fixed assets are recorded at fair value at the date of donation.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment or disposal of long-lived assets which require that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by 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 of the carrying amount or fair value less costs to sell. The Organization has not recorded any impairment losses as of June 30, 2019 and 2018.

Tax-Exempt Status

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required.

Uncertain Tax Positions

Management has evaluated the Organization's tax positions and concluded that the Organization has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC No. 740.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statements of activities and change in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. When applicable, expenses are directly charged to their appropriate natural and functional classifications. Expenses not directly charged and allocated based on time and effort include administrative salaries, administrative fringe benefits, administrative payroll taxes, equipment maintenance, outside services and repairs and maintenance. Expenses not directly charged and allocated based on square footage of their location include real estate taxes, utilities and depreciation.

Use of Estimates

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

Recent Account Pronouncements

In August 2016, the FASB issued ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted ASU 2016-14, and has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

- The unrestricted net asset class has been renamed "Net Assets without Donor Restrictions";
- The temporarily restricted net asset class has been renamed "Net Assets with Donor Restrictions";
- The statements of functional expenses are included as basic financial statements and disclosure of methodologies used to allocate costs among program and supporting functions is included (Note 1).

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

- Disclosure of liquidity and availability of resources is included (Note 2).

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for the Organization for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact of ASU 2014-09 on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for fiscal years beginning after December 15, 2020, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on the Organization's financial statements.

In June 2018, the FASB released ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for the Organization for periods beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2018-08 on the Organization's financial statements.

Subsequent Events

Management has evaluated subsequent events through November 15, 2019, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

2. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures such as operating expenses, are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,181,914	\$ 2,660,644
Grants and contracts receivable	262,469	286,994
Contributions receivable, net of allowance	155,707	147,749
Other receivables	9,485	24,311
	<u>3,609,575</u>	<u>3,119,698</u>
Less:		
Donor restricted amounts	(506,155)	(111,500)
Amounts designated by board for capital improvements	<u>(1,764,962)</u>	<u>(1,764,962)</u>
Total	<u>\$ 1,338,458</u>	<u>\$ 1,243,236</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

As of June 30, 2019, the Organization has available financial assets on hand to cover approximately 3 months of operating expenses.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

3. Grants and Contracts Receivable

Grants and contracts receivable as of June 30, 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Nassau County Department of Social Services	\$ 160,914	\$ 197,659
Nassau County Office of Housing and Intergovernmental Affairs - Emergency Shelter Grant Program	50,003	58,990
Other grants	<u>51,552</u>	<u>30,345</u>
Total	<u>\$ 262,469</u>	<u>\$ 286,994</u>

4. Fixed Assets, Net

Fixed Assets, net, consists of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,085,652	\$ 1,085,652
Building and building improvements	5,706,469	5,652,555
Equipment	1,018,604	939,755
Vehicles	65,833	153,386
Computer system	229,583	227,669
Furniture and fixtures	<u>178,813</u>	<u>178,813</u>
	8,284,954	8,237,830
Less accumulated depreciation	<u>4,820,718</u>	<u>4,647,537</u>
	<u>\$ 3,464,236</u>	<u>\$ 3,590,293</u>

5. Board Designated Net Assets

Board designated net assets are net assets without donor restrictions that have been designated for specific projects and general reserves by the board of trustees.

The following represents the composition of board designated net assets as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Board designated for capital improvements	<u>\$ 1,764,962</u>	<u>\$ 1,764,962</u>

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Center for Transformative Change Shelters	\$ 300,000	\$ -
	<u>206,155</u>	<u>111,500</u>
Total	<u>\$ 506,155</u>	<u>\$ 111,500</u>

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements
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7. Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed insured limits. Accounts at each bank are insured by the Federal Deposit Insurance Company ("FDIC") up to \$250,000 per bank. Accounts at federal credit unions are insured by the National Credit Union Insurance Fund. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

8. Subsequent Event

In September, 2019, the Organization sold a building for approximately \$550,000 resulting in a gain on sale of approximately \$460,000.

The Interfaith Nutrition Network, Inc.

Schedules of Fees and Grants from Government Agencies
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Nassau County Department of Social Services	\$ 1,044,249	\$ 1,023,055
Nassau County Office of Housing and Intergovernmental Affairs - Emergency Shelter Grant Program	139,266	89,514
Federal Emergency Food and Shelter Program	145,000	88,549
Community Development Block Grant Program	31,666	39,126
New York State Hunger Prevention and Nutrition Assistance Program	<u>19,850</u>	<u>10,690</u>
	<u>\$ 1,380,031</u>	<u>\$ 1,250,934</u>