

The Interfaith Nutrition Network, Inc.

Financial Statements and
Supplementary Information

June 30, 2020 and 2019

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, 2020 and 2019 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, 2020 and 2019 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 16 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 US, LLP

Melville, New York
November 20, 2020

The Interfaith Nutrition Network, Inc.

Statements of Financial Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,722,548	\$ 3,181,914
Grants and contracts receivable	433,695	262,469
Contributions receivable, net of allowance	2,907	155,707
Donated product inventory	50,077	14,888
Prepays and other assets	41,503	53,738
Other receivables	15,114	9,485
	<hr/>	<hr/>
Total current assets	5,265,844	3,678,201
Fixed assets, net	<hr/>	<hr/>
	3,507,250	3,464,236
	<hr/>	<hr/>
Total assets	<u>\$ 8,773,094</u>	<u>\$ 7,142,437</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 277,255	\$ 223,514
Security deposits	11,318	11,603
Deferred revenue	1,285,571	65,000
	<hr/>	<hr/>
Total liabilities	1,574,144	300,117
Net Assets		
Net assets without donor restrictions:		
Board designated	2,313,669	1,764,962
Property and equipment	3,507,250	3,464,236
Undesignated	888,176	1,106,967
	<hr/>	<hr/>
Total net assets without donor restrictions	6,709,095	6,336,165
Net assets with donor restrictions	<hr/>	<hr/>
	489,855	506,155
	<hr/>	<hr/>
Total net assets	7,198,950	6,842,320
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 8,773,094</u>	<u>\$ 7,142,437</u>

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statements of Activities and Change in Net Assets

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Fundraising	\$ 532,009	\$ -	\$ 532,009	\$ 3,449,154	\$ -	\$ 3,449,154
Contributions and grants	3,390,313	-	3,390,313	760,256	394,655	1,154,911
Fees and grants from government agencies	1,469,118	-	1,469,118	1,380,031	-	1,380,031
In-kind contributions	721,482	-	721,482	522,878	-	522,878
Rental income	171,031	-	171,031	142,999	-	142,999
Other program income	7,037	-	7,037	57,980	-	57,980
Interest income	40,887	-	40,887	33,022	-	33,022
Net assets released from restrictions	16,300	(16,300)	-	-	-	-
Total revenues, gains and other support	6,348,177	(16,300)	6,331,877	6,346,320	394,655	6,740,975
Expenses						
Program services:						
Shelters	2,067,065	-	2,067,065	2,038,834	-	2,038,834
Soup Kitchens	1,756,116	-	1,756,116	1,536,005	-	1,536,005
Long-Term Housing	491,131	-	491,131	505,424	-	505,424
Center for Transformative Change	942,821	-	942,821	839,414	-	839,414
Total program services	5,257,133	-	5,257,133	4,919,677	-	4,919,677
Supporting services:						
Administration	672,170	-	672,170	704,247	-	704,247
Fundraising	496,598	-	496,598	489,703	-	489,703
Total expenses	6,425,901	-	6,425,901	6,113,627	-	6,113,627
Excess of revenues, gains and other support over expenses	(77,724)	(16,300)	(94,024)	232,693	394,655	627,348
Gain on sale of fixed assets	468,081	-	468,081	-	-	-
Release of Funds to Other Soup Kitchens	(17,427)	-	(17,427)	(225,676)	-	(225,676)
Change in net assets	372,930	(16,300)	356,630	7,017	394,655	401,672
Net Assets, Beginning	6,336,165	506,155	6,842,320	6,329,148	111,500	6,440,648
Net Assets, Ending	\$ 6,709,095	\$ 489,855	\$ 7,198,950	\$ 6,336,165	\$ 506,155	\$ 6,842,320

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				Supporting Services		Total
	Shelters	Soup Kitchens	Long-Term Housing	Center for Transformative Change	Administration	Fundraising	
Salaries	\$ 1,387,004	\$ 496,575	\$ 140,843	\$ 516,768	\$ 231,352	\$ 223,208	\$ 2,995,750
Employee benefits and payroll taxes	289,926	117,154	19,809	91,898	120,123	42,828	681,738
In-kind expense	24,118	628,355	-	-	55,931	-	708,404
Repairs and maintenance	66,375	50,489	95,023	16,802	33,700	-	262,389
Insurance	37,280	18,521	79,131	35,531	13,274	-	183,737
Utilities	35,720	39,794	44,279	18,336	25,415	-	163,544
Supplies	36,065	58,633	6,234	16,345	21,892	467	139,636
Volunteer and guest related	485	7,362	3,025	141,404	1,420	-	153,696
Direct cost of special events	-	-	-	-	1,698	168,729	170,427
Food and related costs	36,627	258,945	-	-	159	-	295,731
Bad debt	-	-	-	-	27,430	-	27,430
Consulting	-	-	-	26,198	-	-	26,198
Telephone and cable	13,649	7,857	1,825	7,791	7,675	-	38,797
Legal and professional	18,266	9,840	6,293	7,134	9,819	-	51,352
Real estate taxes	-	-	24,377	1,859	-	-	26,236
Outside temporary help	10,340	5,170	3,766	5,970	6,529	-	31,775
Licenses, permits and fees	26,814	12,419	2,620	23,908	20,068	-	85,829
Automobile and travel	-	102	-	-	10,479	217	10,798
Miscellaneous	3,038	2,926	3	300	2,959	-	9,226
Marketing	3,951	2,540	1,308	2,332	7,480	-	17,611
Staff development, recognition and recruitment	6,438	5,537	-	1,852	5,982	-	19,809
Finance and bank charges or fees	-	-	10	-	1,027	20,657	21,694
Fundraising expenses - direct mail	-	-	-	-	-	40,492	40,492
Postage	-	85	-	24	9,980	-	10,089
Office, dues and subscriptions	1,155	25	-	355	5,274	-	6,809
Total expenses before depreciation	1,997,251	1,722,329	428,546	914,807	619,666	496,598	6,179,197
Depreciation	69,814	33,787	62,585	28,014	52,504	-	246,704
Totals	\$ 2,067,065	\$ 1,756,116	\$ 491,131	\$ 942,821	\$ 672,170	\$ 496,598	\$ 6,425,901

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.

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 356,630	\$ 401,672
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	246,704	265,142
Change in donated product inventory	(35,189)	16,315
Gain on sale of fixed assets	(468,081)	-
Provision for bad debts	27,430	13,397
(Increase) decrease in operating assets:		
Grants and contracts receivable	(171,226)	24,525
Contributions receivable	125,370	(21,355)
Other receivables	(5,629)	14,826
Prepays and other assets	12,235	(5,148)
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	53,741	(94,082)
Security deposits	(285)	2,803
Deferred revenue	1,220,571	42,260
	<u>1,362,271</u>	<u>660,355</u>
Net cash flows from operating activities		
Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	569,000	-
Purchase of fixed assets	(390,637)	(139,085)
	<u>178,363</u>	<u>(139,085)</u>
Net cash flows from investing activities		
Net change in cash and cash equivalents	1,540,634	521,270
Cash and Cash Equivalents, Beginning	<u>3,181,914</u>	<u>2,660,644</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,722,548</u>	<u>\$ 3,181,914</u>

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

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 on Long Island, 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 former 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, 2020 and 2019, these distributions totaled \$17,427 and \$225,676, respectively. There were no remaining funds for distribution as of June 30, 2020.

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 identification 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 Long Island 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, 2020 and 2019

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 - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of the Organization.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Organization and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions also include net assets that are subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or removed by actions of the Organization.

Contributions

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, 2020 and 2019, no discounts were recorded.

For the years ended June 30, 2020 and 2019, the Organization received related party contributions of \$315,345 and \$217,417, respectively. As of June 30, 2019, related party receivables amounted to \$33,350. There were no related party receivables as of June 30, 2020.

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

Gifts of cash or other assets are recorded 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.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

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 donated food and supplies and is valued at fair value at the time of donation.

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, 2020 and 2019, the Organization recorded in-kind contributions of \$721,482 and \$522,878, respectively. For the year ended June 30, 2020, in-kind contributions were comprised of donated services of \$55,931, donated products of \$652,473, and donated gift cards of \$13,078. 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.

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.

Grants From Governmental Agencies

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. There were no awarded and unrecognized reimbursement grants as of June 30, 2020 and 2019.

Fundraising Revenue

Fundraising revenue arises from special events and is recognized when the special event occurs.

A portion of fundraising revenue represents a reciprocal transaction equal to the cost of direct expenses with the remainder representing contributions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of 90 days or less on the date of purchase to be cash equivalents. Cash equivalents are carried at fair value which approximates cost.

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 \$80,528 and \$75,418 as of June 30, 2020 and 2019, respectively. Bad debt expense was \$27,430 and \$13,397 for the years ended June 30, 2020 and 2019, respectively.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Fixed Assets, Net

Fixed assets are stated at cost, except for donated assets, which are recorded at fair value at the time of donation. The Organization's capitalization policy is to capitalize all fixed asset purchases in excess of \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, commencing with the month the asset is placed in service. The useful lives of the Organization's fixed assets are as follows:

	<u>Years</u>
Building and building improvements	15 - 30
Equipment	5 - 10
Vehicles	5
Computer system	3 - 5
Furniture and fixtures	5 - 10

Impairment of Long-Lived Assets

The Organization assesses the impairment of long-lived assets with determinable lives whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be recoverable. When such events occur, management determines whether there has been impairment by comparing the anticipated undiscounted net future cash flows to the related asset's carrying value. If impairment exists, the asset is written down to its estimated fair value. There were no such events for the years ended June 30, 2020 and 2019.

Deferred Revenue

Deferred revenue as of June 30, 2020 includes approximately \$591,000 of Paycheck Protection Program (PPP) funds, administered by the U.S. Small Business Administration. The PPP was authorized in the Coronavirus Aid, Relief and Economic Security (CARES) Act. Subject to certain eligibility and spending requirements under the PPP, some or all of the amount received may be forgiven. The Organization is accounting for the PPP funds as a conditional contribution. The revenue will be recognized as the conditions are met. Also included within deferred income as of June 30, 2020 and 2019 are amounts of \$694,527 and \$65,000, respectively, received by the Organization for its annual Ball and other events which were deferred as these events had not been held as of June 30, 2020 and 2019.

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 an average allocation percentage of administrative payroll, 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.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

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 the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 740.

Recent Account Pronouncements

In 2020, the Organization adopted FASB 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. The adoption of ASU 2014-09 did not impact the Organization's revenue recognition methodology.

In 2020, the Organization adopted FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* on the modified prospective basis. The new guidance is intended to clarify and improve 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. The adoption of ASU 2018-08 did not impact the Organization's revenue recognition methodology.

In 2019, the Organization adopted FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The adoption standard changed the following aspects of the Organization's 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 programs and supporting functions is included (Note 1)
- Disclosure of liquidity and availability of resources is included (Note 2)

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, 2021, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on the Organization's financial statements.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of ASU 2020-07 on the Organization's financial statements.

2. Liquidity and Availability of Resources

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,722,548	\$ 3,181,914
Grants and contracts receivable	433,695	262,469
Contributions receivable, net of allowance	2,907	155,707
Other receivables	15,114	9,485
	<u>5,174,264</u>	<u>3,609,575</u>
Less:		
Donor restricted amounts	(489,855)	(506,155)
Board designated amounts	(2,313,669)	(1,764,962)
	<u>(2,803,524)</u>	<u>(2,271,117)</u>
Total	<u>\$ 2,370,740</u>	<u>\$ 1,338,458</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, 2020, the Organization has available financial assets on hand to cover approximately 5 months of operating expenses.

3. Grants and Contracts Receivable

Grants and contracts receivable as of June 30, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Nassau County Department of Social Services	\$ 268,897	\$ 160,914
Nassau County Office of Housing and Intergovernmental Affairs, Emergency Shelter Grant Program	71,159	50,003
Other grants	93,639	51,552
	<u>433,695</u>	<u>262,469</u>
Total	<u>\$ 433,695</u>	<u>\$ 262,469</u>

The Interfaith Nutrition Network, Inc.

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4. Fixed Assets, Net

Fixed assets, net, consists of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,060,425	\$ 1,085,652
Building and building improvements	5,858,475	5,706,469
Equipment	1,039,278	1,018,604
Vehicles	65,833	65,833
Computer system	229,583	229,583
Furniture and fixtures	180,126	178,813
	<u>8,433,720</u>	<u>8,284,954</u>
Less accumulated depreciation	<u>4,926,470</u>	<u>4,820,718</u>
	<u>\$ 3,507,250</u>	<u>\$ 3,464,236</u>

5. Board Designated Net Assets

Board designated net assets are net assets without donor restrictions that have been designated by the board for specific purposes.

The following represents the composition of board designated net assets as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Board designated for specific projects and general reserves	\$ 2,313,669	\$ 1,764,962

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Center for Transformative Change	\$ 300,000	\$ 300,000
Shelters	189,855	206,155
Total	<u>\$ 489,855</u>	<u>\$ 506,155</u>

For the year ended June 30, 2020, \$16,300 of donor restricted net assets related to shelters were released by incurring applicable expenses. There were no releases from donor restriction for the year ended June 30, 2019.

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.

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8. Commitments and Contingencies

Operating Leases

The Organization leases copiers for its operations in under noncancelable operating leases expiring in June 2024. Rent expense for the period ended June 30, 2020 and 2019 was approximately \$29,000 and \$18,400, respectively, which is included within supplies on the statements of functional expenses.

Minimum annual payments under noncancelable leases for these facilities and other operating leases are as follows for the years ending June 30 (approximately):

2021	\$	26,300
2022		26,300
2023		26,300
2024		<u>24,200</u>
Total	\$	<u>103,100</u>

Contingencies

From time to time, the Organization is a defendant in legal actions, which are routine and incidental to its business. In management's opinion, settlement of these actions will not have a material adverse effect on the Organization's financial position, liquidity or results of operations.

9. Retirement Plan

The Organization sponsors a defined contribution retirement plan covering all eligible employees, as defined. The plan permits for employee salary deferrals.

10. Subsequent Events

Management has evaluated subsequent events through November 20, 2020, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

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Schedules of Fees and Grants from Government Agencies

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Nassau County Department of Social Services	\$ 915,349	\$ 1,044,249
Nassau County Office of Housing and Intergovernmental Affairs, Emergency Shelter Grant Program	228,069	139,266
Federal Emergency Food and Shelter Program	162,888	145,000
Community Development Block Grant Program	128,320	31,666
New York State Hunger Prevention and Nutrition Assistance Program	<u>34,492</u>	<u>19,850</u>
	<u>\$ 1,469,118</u>	<u>\$ 1,380,031</u>