

*Financial Statements*

LOUDOUN INTERFAITH RELIEF, INC.

June 30, 2015

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

Loudoun Interfaith Relief, Inc. is a non-profit corporation organized under the laws of the Commonwealth of Virginia for the purpose of collecting and distributing food to needy families and individuals in Loudoun County. Loudoun Interfaith Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code in March 1992.

### **OFFICERS**

Carol Barbe, President  
Michelle Rosati, Vice President  
Thomas Ciolkosz, Secretary  
Roman Blazauskas, Treasurer

### **BOARD OF DIRECTORS**

Carol Barbe	Rose Ann Domenici
Roman Blazauskas	Dr. Cheri Garvin
Maristevie Bradley	William Junda
Thomas Ciolkosz	Charles McQuillan
David D'Onofrio	Michelle Rosati
Dennis Siepmann	

### **STAFF**

Jennifer Montgomery, Executive Director  
Jaime Rubinos, Manager of Operations  
Wanda Moloney, Client Relations Manager  
Carla Fortenberry, Volunteer Coordinator  
Christen Battaglia, Director of Development

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Loudoun Interfaith Relief, Inc.  
Leesburg, Virginia

We have audited the accompanying financial statements of Loudoun Interfaith Relief, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Loudoun Interfaith Relief, Inc. as of June 30, 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 the Loudoun Interfaith Relief, Inc 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia  
September 9, 2015

*Mitchell & Co., P.C.*

**LOUDOUN INTERFAITH RELIEF, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2015**

**(with June 30, 2014 comparative totals)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 273,791	\$ 91,210
Certificates of deposit	223,458	374,846
Grants receivable	7,500	10,750
Inventory- food products	126,596	128,944
Gift cards	31,364	23,875
Prepaid expenses	33,206	28,756
<b>Total current assets</b>	<b>695,915</b>	<b>658,381</b>
Property and equipment, net of depreciation	62,860	62,423
Deposits	1,425	1,425
<b>Total Assets</b>	<b>\$ 760,200</b>	<b>\$ 722,229</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 6,202	\$ 31,358
Accrued payroll	24,984	13,667
<b>Total liabilities</b>	<b>31,186</b>	<b>45,025</b>
Net Assets		
Unrestricted net assets		
Undesignated	602,418	539,121
Designated for inventory- food products	126,596	128,944
Temporarily restricted	-	9,139
<b>Total net assets</b>	<b>729,014</b>	<b>677,204</b>
<b>Total liabilities and net assets</b>	<b>\$ 760,200</b>	<b>\$ 722,229</b>

See Notes to Financial Statements.

**LOUDOUN INTERFAITH RELIEF, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2015**

**(with June 30, 2014 comparative totals)**

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 742,603	\$ -	\$ 742,603	\$ 699,807
In-kind contributions (principally food products)	2,446,005	-	2,446,005	2,235,985
Fundraising events (net of expenses of \$4,422)	4,375	-	4,375	28,526
Grants	122,488	-	122,488	58,416
Interest and dividend income	2,252	-	2,252	647
Gain (loss) on fixed asset disposition	-	-	-	(1,357)
Miscellaneous income	3,065	-	3,065	4,212
<b>Total revenue</b>	<b>3,320,788</b>	<b>-</b>	<b>3,320,788</b>	<b>3,026,236</b>
Net assets released from restrictions				
Satisfaction of usage restrictions	9,139	(9,139)	-	-
<b>Total support and revenue</b>	<b>3,329,927</b>	<b>(9,139)</b>	<b>3,320,788</b>	<b>3,026,236</b>
<b>EXPENSES</b>				
Distribution center- program services	3,043,618	-	3,043,618	2,830,522
Management and general	153,365	-	153,365	177,061
Fundraising	71,995	-	71,995	119,830
<b>Total expenses</b>	<b>3,268,978</b>	<b>-</b>	<b>3,268,978</b>	<b>3,127,413</b>
<b>Change in net assets</b>	<b>60,949</b>	<b>(9,139)</b>	<b>51,810</b>	<b>(101,177)</b>
<b>Net assets, beginning of year</b>	<b>668,065</b>	<b>9,139</b>	<b>677,204</b>	<b>778,381</b>
<b>Net assets, end of year</b>	<b>\$ 729,014</b>	<b>-</b>	<b>\$ 729,014</b>	<b>\$ 677,204</b>

See Notes to Financial Statements.

LOUDOUN INTERFAITH RELIEF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

(with June 30, 2014 comparative totals)

	Program Services	Management and General	Fundraising	Totals	
				2015	2014
Salaries and wages	\$ 332,427	\$ 49,416	\$ 48,112	\$ 429,955	\$ 457,185
Employee benefits	60,792	2,780	2,780	66,352	92,302
Payroll taxes	22,710	3,423	3,551	29,684	37,184
<b>Total salaries and related expenses</b>	<b>415,929</b>	<b>55,619</b>	<b>54,443</b>	<b>525,991</b>	<b>586,671</b>
Bank charges	-	1,940	934	2,874	2,848
Depreciation	23,907	2,656	-	26,563	24,534
Education	-	1,243	-	1,243	3,885
Outreach costs	-	-	12,064	12,064	16,419
Fees and licenses	-	1,422	-	1,422	3,413
Food distributed	2,391,532	-	-	2,391,532	2,204,358
Food purchased	63,121	-	-	63,121	59,538
Insurance	9,845	6,563	-	16,408	11,423
Maintenance	9,280	22,267	-	31,547	18,730
Marketing	218	870	3,263	4,350	2,355
Miscellaneous	3,103	3,077	-	6,180	1,611
Postage	-	144	1,292	1,435	1,724
Professional fees (in-kind \$25,780)	-	36,301	-	36,301	25,825
Rent	94,765	10,529	-	105,294	105,294
Supplies	-	3,900	-	3,900	7,024
Communications	2,584	2,033	-	4,617	5,155
Utilities	14,973	2,841	-	17,814	18,471
Transportation costs	14,362	-	-	14,362	20,026
Volunteer support	-	1,960	-	1,960	8,109
	2,627,689	97,746	17,552	2,742,987	2,540,742
<b>Total expenses</b>	<b>\$ 3,043,618</b>	<b>\$ 153,365</b>	<b>\$ 71,995</b>	<b>\$ 3,268,978</b>	<b>\$ 3,127,413</b>

See Notes to Financial Statements.

**LOUDOUN INTERFAITH RELIEF, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2015**

**(with June 30, 2014 comparative totals)**

	<b>2015</b>	<b>2014</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ <b>51,810</b>	\$ (101,177)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	<b>26,563</b>	24,534
Loss (gain) on fixed asset disposition	-	1,357
Change in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	<b>3,250</b>	50,722
Interest receivable		4,886
Inventory	<b>2,348</b>	(20,171)
Gift cards	<b>(7,489)</b>	(9,360)
Prepaid expenses	<b>(4,450)</b>	4,774
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<b>(25,156)</b>	23,711
Payroll liabilities	<b>11,317</b>	2,533
<b>Net cash provided by (used in) operating activities</b>	<b>58,193</b>	<b>(18,191)</b>
<b>Cash Flows From Investing Activities</b>		
Redemption of certificates of deposit	<b>151,388</b>	215,768
Purchase of certificates of deposit	-	(221,287)
Purchase of property and equipment	<b>(27,000)</b>	-
<b>Net cash provided by (used in) investing activities</b>	<b>124,388</b>	<b>(5,519)</b>
<b>Net increase (decrease) in cash</b>	<b>182,581</b>	<b>(23,710)</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	<b>91,210</b>	114,920
End of year	<b>\$ 273,791</b>	<b>\$ 91,210</b>

See Notes to Financial Statements.



## LOUDOUN INTERFAITH RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies

##### Nature of Activities

Loudoun Interfaith Relief, Inc. (LIR) is a nonprofit corporation established to serve the community of Loudoun County, Virginia, for the purpose of collecting and distributing food to needy families and individuals. Loudoun Interfaith Relief is operated by a volunteer Board of Directors, paid employees and approximately 300 operational volunteers.

##### Significant Accounting Policies

The financial statements of Loudoun Interfaith Relief, Inc. have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Accounting:* The financial statements of LIR have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation:* Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets based on the absence or existence and type of donor-imposed restrictions; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Contributions:* Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

*Cash and cash equivalents:* For purposes of reporting cash flows, the Organization considers all cash on demand deposits, money market deposits, cash management accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents.

*Income tax status:* Loudoun Interfaith Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Loudoun Interfaith Relief, Inc. annually files the IRS informational filing form 990, return of organizations exempt from income taxes. Reporting years open for IRS audit include years ended 2011, 2012, 2013 and 2014.

*Property, plant and equipment:* Expenditures for donations of property and equipment exceeding \$2,500 are capitalized at cost or fair market value at the date of gift or purchase. Depreciation of property improvements, furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

*Inventory:* Inventory consists of donated food and related food products. Food inventory is stated at the per pound rate established by the United States Department of Agriculture (USDA).

## LOUDOUN INTERFAITH RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies (Continued)

*Allowance for doubtful accounts receivable:* All receivables at year end are expected to be collected within one year. Management of LIR reviews the collectability of the receivables on a monthly basis. No provision for doubtful accounts has been made as management considers all amounts fully collectible.

*Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Revenue recognition:* Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Other public support, grant funds and revenue are reported as the income is earned or in the period designated. Funds received in advance of participation and for future periods are reported as unearned or deferred.

*Donated Noncash Assets:* Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Noncash contributions are made up primarily of food and related food products donated by producers, manufactures, retailers, USDA, and the general public.

*Functional Allocation of Expense:* The cost of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Note 2. Cash and Cash Equivalents

Composition of cash and cash equivalents at June 30 is as follows:

Name	2015	2014
BB&T operating	\$ 237,608	\$ 73,228
BB&T money fund	17,889	17,881
Contribution deposit account	101	101
Undeposited funds	18,193	-
	<u>\$ 273,791</u>	<u>\$ 91,210</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2015 and 2014, all cash bank deposit balances were fully insured under FDIC.

## LOUDOUN INTERFAITH RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 3. Certificates of Deposit

Certificates of deposit consist of the following bank deposit accounts:

Name	2015	2014
John Marshall Bank	\$ 223,458	\$ 221,286
Access National	-	153,560
	<u>\$ 223,458</u>	<u>\$ 374,846</u>

At June 30, 2015 and 2014 all banking deposits were covered under the FDIC insurance program.

#### Note 4. Property and Equipment

A summary of property and equipment is as follows:

Description	2015	2014
Computers	\$ 6,610	\$ 6,610
Equipment	75,433	75,433
Leasehold improvements	9,350	9,350
Office Equipment	14,821	14,821
Software	17,431	17,431
Vehicles	135,446	108,446
	<u>259,091</u>	<u>232,091</u>
Less accumulated depreciation	(196,231)	(169,668)
	<u>\$ 62,860</u>	<u>\$ 62,423</u>

Depreciation expense for the year ended June 30, 2015 and 2014 was \$26,563 and \$24,534, respectively.

#### Note 5. Donated Inventory- Food Products

Noncash contributions of food products are donated by producers, manufacturers, retailers, USDA, and the general public. Contributed food is recorded as income when donated and placed in inventory at the USDA nationally calculated average per pound. Food products are expensed when distributed. Any purchased supplement food products are distributed in the period purchased.

The established USDA value per pound of food is \$1.72, 2015 and \$1.69, 2014.

#### Note 6. Donated Services

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skill provided by individuals possessing those skills, and would typically need to be purchased if not donated. LIR recognized \$25,780 and \$4,000 of specialized services for the years ended June 30, 2015 and 2014, respectively. LIR also receives a substantial amount of services from individuals who assist in food collection and distribution. These services have not been recorded in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$226,650 and \$203,145 for the years ended June 30, 2015 and 2014, respectively.

## LOUDOUN INTERFAITH RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Operations and Warehouse Facility Leases

*Operations Facility:* In February 2013 management renewed a lease with Leesburg Airpark II, LLC for approximately 4,700 square feet of combined warehouse and office space at 750 Miller Drive, Leesburg, Virginia. The term is for five years through February 2018 with annual fixed rent of \$91,200. LIR is responsible for utilities. Rent expense for this lease was \$91,200 for the years ended June 30, 2015 and 2014.

*Warehouse Facility:* On April 29, 2011, the organization entered into a sub-lease arrangement with Rite-Aid of Virginia, Inc. for approximately 3,480 square feet of warehouse space at 452 South King Street, Leesburg, Virginia. The lease commenced upon occupancy in May 2011 and terminates in January 2018. Fixed annual rent of \$14,094 is due in advance on the first day of each lease year.

Minimum office rent leases commitment under these leases is as follows:

Year ending June 30:	Amount
2016	105,294
2017	105,294
2018	69,021
	<u>\$ 279,609</u>

#### Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets from grants is summarized as follows:

Year ending June 30:	Unspent 7/1/2014	FY 2015 Activity		Unspent 6/30/2015
		Additions	Uses	
100 Women Strong	\$ 9,139	\$ -	\$ (9,139)	\$ -

#### Note 9. Fair Value of Financial Instruments

The Organization's financial instruments are cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and accrued expenses. The recorded values of these instruments approximate their fair values based on their short-term nature.

#### Note 10. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2014 of the prior year, from which the summarized information was derived.

#### Note 11. Subsequent Events

Loudoun Interfaith Relief, Inc. has evaluated subsequent events from June 30, 2015 through September 9, 2015, the date these financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended June 30, 2015.