

# White Bear Area Food Shelf

## Financial Statements Together with Independent Auditors' Report

September 30, 2022

# WHITE BEAR AREA FOOD SHELF

## CONTENTS

---

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expenses	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-14

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
White Bear Area Food Shelf  
White Bear Lake, Minnesota

### Opinion

We have audited the accompanying financial statements of White Bear Area Food Shelf (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Bear Area Food Shelf as of September 30, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of White Bear Area Food Shelf and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about White Bear Area Food Shelf's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 White Bear Area Food Shelf's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about White Bear Area Food Shelf's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Roseville, Minnesota  
August 15, 2023

*Olsen Thielens & Co., Ltd.*

## WHITE BEAR AREA FOOD SHELF

### STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2022 AND 2021

ASSETS		
	2022	2021
CURRENT ASSETS:		
Cash	\$ 782,870	\$ 971,658
Temporary Cash Investments	-	56,547
Inventories	41,661	39,296
Prepaid Expenses	5,837	4,247
Total Current Assets	830,368	1,071,748
OTHER ASSETS:		
Property and Equipment, Net	354,549	377,090
Investments	12,562	14,326
Total Other Assets	367,111	391,416
TOTAL ASSETS	\$ 1,197,479	\$ 1,463,164
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 450	\$ 592
Accrued Compensation and Benefits	29,987	25,021
Total Current Liabilities	30,437	25,613
NET ASSETS:		
Net Assets Without Donor Restrictions		
Undesignated	790,416	1,031,885
Board Designated	361,054	374,035
Total Net Assets Without Donor Restrictions	1,151,470	1,405,920
Net Assets With Donor Restrictions	15,572	31,631
Total Net Assets	1,167,042	1,437,551
TOTAL LIABILITIES AND NET ASSETS	\$ 1,197,479	\$ 1,463,164

*The accompanying notes are an integral part of the financial statements.*

## WHITE BEAR AREA FOOD SHELF

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
Individuals	\$ 401,328	\$ 300	\$ 401,628
Business and Corporate	81,696	-	81,696
Churches and Foundations	61,549	-	61,549
Community Groups	51,779	-	51,779
Other	2,669	-	2,669
Contributions - In-Kind	1,415,412	-	1,415,412
Grant Income	56,228	20,000	76,228
Special Events	81,175	-	81,175
Interest Income	592	-	592
Investment Loss, Net	(2,367)	-	(2,367)
Net Assets from Released Restrictions	36,359	(36,359)	-
Total Revenues and Support	<u>2,186,420</u>	<u>(16,059)</u>	<u>2,170,361</u>
<b>EXPENSES:</b>			
Program	2,166,242	-	2,166,242
Management and General	185,478	-	185,478
Fundraising	89,150	-	89,150
Total Expenses	<u>2,440,870</u>	<u>-</u>	<u>2,440,870</u>
CHANGE IN NET ASSETS	(254,450)	(16,059)	(270,509)
NET ASSETS at Beginning of Year	<u>1,405,920</u>	<u>31,631</u>	<u>1,437,551</u>
NET ASSETS at End of Year	<u>\$ 1,151,470</u>	<u>\$ 15,572</u>	<u>\$ 1,167,042</u>

*The accompanying notes are an integral part of the financial statements.*

## WHITE BEAR AREA FOOD SHELF

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
Individuals	\$ 512,623	\$ —	\$ 512,623
Business and Corporate	128,123	—	128,123
Churches and Foundations	88,752	3,250	92,002
Contributions - In-Kind	1,118,923	—	1,118,923
Grant Income	89,665	—	89,665
Special Events	66,037	—	66,037
Interest Income	3,128	—	3,128
Net Assets from Released Restrictions	8,475	(8,475)	—
Total Revenues and Support	<u>2,015,726</u>	<u>(5,225)</u>	<u>2,010,501</u>
<b>EXPENSES:</b>			
Program	1,621,627	—	1,621,627
Management and General	198,026	—	198,026
Fundraising	66,361	—	66,361
Total Expenses	<u>1,886,014</u>	<u>—</u>	<u>1,886,014</u>
CHANGE IN NET ASSETS	129,712	(5,225)	124,487
NET ASSETS at Beginning of Year	<u>1,276,208</u>	<u>36,856</u>	<u>1,313,064</u>
NET ASSETS at End of Year	<u>\$ 1,405,920</u>	<u>\$ 31,631</u>	<u>\$ 1,437,551</u>

*The accompanying notes are an integral part of the financial statements.*

## WHITE BEAR AREA FOOD SHELF

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Management and General	Fundraising	Total
Personnel Expenses (Payroll, Taxes, and Benefits)	\$ 357,742	\$ 138,198	\$ 66,275	\$ 562,215
Food Purchases & Donations	1,623,175	-	-	1,623,175
Emergency Fund	44,613	-	-	44,613
Rent	33,230	3,216	1,008	37,454
Program Expenses	33,330	-	-	33,330
Depreciation	19,999	1,936	606	22,541
Building Repairs and Maintenance	14,800	1,070	336	16,206
Printing and Copying	578	2,033	8,288	10,899
Event Expenses	287	-	8,475	8,762
Accounting Services	-	8,550	-	8,550
Utilities	7,450	721	225	8,396
Insurance	5,583	1,309	98	6,990
Telephone and Internet	5,187	1,383	346	6,916
Equipment Maintenance and Repair	5,603	292	-	5,895
Supplies	4,079	1,088	272	5,439
Human Resources Services	-	5,250	-	5,250
Computer and Technology Services	-	4,869	-	4,869
Food and Beverage	612	2,798	1,314	4,724
Bank and Credit Card Fees	-	4,483	-	4,483
Waste Removal	3,363	325	102	3,790
Other Administrative Expense	3,254	319	99	3,672
Equipment Purchase or Rental	2,430	649	162	3,241
Registration and Training Fees	-	2,404	500	2,904
Software Subscriptions	188	2,106	-	2,294
Advertising Fees	289	894	1,044	2,227
Dues and Membership Fees	450	1,585	-	2,035
<b>Total Expenses</b>	<b><u>\$ 2,166,242</u></b>	<b><u>\$ 185,478</u></b>	<b><u>\$ 89,150</u></b>	<b><u>\$ 2,440,870</u></b>
	<u>88.7%</u>	<u>7.6%</u>	<u>3.7%</u>	<u>100.0%</u>

*The accompanying notes are an integral part of the financial statements.*



## WHITE BEAR AREA FOOD SHELF

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Management and General	Fundraising	Total
Personnel Expenses (Payroll, Taxes, and Benefits)	\$ 247,297	\$ 123,648	\$ 41,217	\$ 412,162
Food Purchases and Donations	1,316,370	-	-	1,316,370
Depreciation	10,934	19,270	-	30,204
Program Supplies	13,270	1,221	2,197	16,688
Building Repairs and Maintenance	-	14,881	-	14,881
Equipment Rental and Maintenance	-	14,516	-	14,516
Holiday Meal Expense	12,475	-	-	12,475
Events	-	-	10,359	10,359
Staff Development and Volunteer Expense	6,977	108	-	7,085
Mobile Food Shelf	6,927	-	-	6,927
Bank and Credit Card Fees	-	251	6,464	6,715
Other Office Expense	-	6,648	-	6,648
Utilities	3,569	1,784	595	5,948
Communications	1,647	2,747	1,099	5,493
Printing and Postage	2,161	765	1,987	4,913
Contract Services	-	8,496	-	8,496
Insurance	-	3,691	-	3,691
Marketing	-	-	2,443	2,443
Total Expenses	<u>\$ 1,621,627</u>	<u>\$ 198,026</u>	<u>\$ 66,361</u>	<u>\$ 1,886,014</u>
	<u>86.0%</u>	<u>10.5%</u>	<u>3.5%</u>	<u>100.0%</u>

*The accompanying notes are an integral part of the financial statements.*

## WHITE BEAR AREA FOOD SHELF

### STATEMENT OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (270,509)	\$ 124,487
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	22,541	30,204
Unrealized Loss on Investment	2,537	-
Changes in Assets and Liabilities:		
Inventories	(2,365)	(214)
Prepaid Expenses	(1,590)	(3,095)
Accounts Payable	(142)	92
Accrued Compensation and Benefits	4,966	6,881
Net Cash Flows From Operating Activities	(244,562)	158,355
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(773)	(2,308)
Purchase of Temporary Cash Investments	-	(56,547)
Sale of Temporary Cash Investments	56,547	107,026
Purchase of Property and Equipment	-	(11,728)
Net Cash Flows From Investing Activities	55,774	36,443
NET CHANGE IN CASH	(188,788)	194,798
CASH at Beginning of Year	971,658	776,860
CASH at End of Year	\$ 782,870	\$ 971,658

*The accompanying notes are an integral part of the financial statements.*

# WHITE BEAR AREA FOOD SHELF

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

White Bear Area Food Shelf (The Organization) is a nonprofit organization that has a mission statement to provide food and support to our neighbors in need in partnership with the communities of the White Bear Area with a vision to end food insecurity in the White Bear Area. The Organization is supported primarily through contributions and donated food and is located in the White Bear Area of the Twin Cities Metropolitan area.

#### Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations which the Board of Directors has discretionary control. Designated amounts represent those net assets which the Board has set aside for a particular purpose. The Board has designated the following net assets as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating Reserve	\$ 306,580	\$ 306,580
Capital Replacement Fund	51,214	51,214
Emergency Fund	<u>3,260</u>	<u>16,241</u>
Total Board Designated Net Assets	<u>\$ 361,054</u>	<u>\$ 374,035</u>

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

#### Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

#### Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through August 15, 2023, the date the financial statements were available to be issued.

# WHITE BEAR AREA FOOD SHELF

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Temporary Cash Investments

Short-term interest-bearing investments are those with maturities of less than one year but greater than three months when purchased. These investments are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

#### Property Equipment and Depreciation

Property and equipment are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals exceeding \$1,000 are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Building and Improvements	5-38 Years
Vehicles	10 Years
Office Equipment	3-15 Years
Storage Equipment	10 Years

#### Investments

The Organization has deposited funds with the Greater White Bear Lake Community Foundation. The funds held by the Organization are pooled with funds of other nonprofit agencies and invested in various securities at the sole discretion of the Greater White Bear Lake Community Foundation's investment committee. The recorded value of these funds were \$12,562 and \$14,326 at September 30, 2022 and 2021. Investment activity for the years ended September 30, 2022 and 2021, are not significant to the financial statements.

#### Revenue Recognition

The significant sources of revenue and support for the Organization are discussed below.

#### Contributions and Grants

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. 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 statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

The Organization also has special event revenue consisting of sponsorships and registrations. As there are no significant performance obligations or barriers to recognition associated with these receipts, they are treated as contributions in accordance with ASC 958 as no significant exchange component present.

# WHITE BEAR AREA FOOD SHELF

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

As a practical expedient, the Organization groups similar contracts or similar performance obligations together into portfolios of contracts if doing so does not result in a significant difference from applying the accounting standard to the individual contracts.

The Organization has no significant contract assets or liabilities as of September 30, 2022 and 2021.

#### In Kind Contributions and Inventories

As of October 1, 2021, the Organization implemented Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization.

The Organization received the following contributions of nonfinancial assets for the years ending September 30:

	<u>2022</u>	<u>2021</u>
Food and Household Supplies	\$ 1,377,962	\$ 1,118,923
Office Space and Warehouse	37,450	—
Total	<u>\$ 1,415,412</u>	<u>\$ 1,118,923</u>

Contributed food received by the Organization is recorded as in-kind contribution revenue with a corresponding increase to inventory. The method used for inventory food valuation is determined based on a weighted average wholesale value per pound using a report provided annually from Feeding America based on an annual study.

Donated office space and warehouse is valued at fair value determined based on the price per square footage of other municipal rental properties.

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because it does not meet the definition of recognition under generally accepted accounting principles.

#### Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and administrative that are common to several functions are allocated based on the proportion of each program's direct and personnel expenses to the total program direct and personnel expenses.

# WHITE BEAR AREA FOOD SHELF

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, the statements do not include a provision for income taxes but is subject to income tax on net unrelated business income. The Organization had no unrelated business income tax in 2022 and 2021.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

#### Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with a high credit quality financial institution in multiple accounts, which at times may exceed federally insured limits. As of September 30, 2022, the Organization had a credit risk concentration as a result of depositing approximately \$301,200 of funds in excess of insurance limits in a single bank.

The Organization does not have any concentrations of revenues and support.

#### Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform with the 2022 presentation. These reclassifications had no effect on net assets for either period.

### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization maintains and manages adequate operating reserves per policies set by the Board of Directors and Executive Director. The Organization has multiple cash accounts with the same financial institution. The Board of Directors has designated a portion of cash as board designated net assets as displayed in Note 1.

## WHITE BEAR AREA FOOD SHELF

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following table reflects the Organization's financial assets as of September 30, 2022 and 2021, that are available to meet general expenditures within the next year.

	2022	2021
Financial Assets:		
Cash	\$ 782,870	\$ 971,658
Temporary Cash Investments	-	56,547
Investments	12,562	14,326
Total Financial Assets	795,432	1,042,531
Less Donor Restricted and Board Designated Financial Assets:		
Donor Restricted	15,572	31,631
Board Designated	361,054	374,035
Total Donor Restricted and Board Designated Financial Assets	376,626	405,666
Amounts Available for General Expenditure Within One Year	\$ 418,806	\$ 636,865

#### NOTE 3 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following at September 30, 2022 and 2021:

	2022	2021
Building and Improvements	\$ 399,095	\$ 399,095
Vehicles	68,239	68,239
Office Equipment	53,871	53,871
Storage Equipment	50,782	50,782
Total Property and Equipment	571,987	571,987
Less Accumulated Depreciation	217,438	194,897
Property and Equipment, Net	\$ 354,549	\$ 377,090

#### NOTE 4 - NET ASSETS

Net assets with donor restrictions consist of the following at September 30, 2022 and 2021:

	2022	2021
Purpose Restrictions:		
K-12 School Programs	\$ 15,556	\$ -
Free Produce Markets	16	-
Emergency Fund	-	31,631
Total	\$ 15,572	\$ 31,631

Net assets with donor restrictions released from restriction were \$36,359 and \$8,475 in 2022 and 2021. Net assets with donor restrictions were released from restriction due to satisfaction of purpose restrictions.

## WHITE BEAR AREA FOOD SHELF

### NOTES TO FINANCIAL STATEMENTS

---

#### **NOTE 5 - RETIREMENT PLAN**

The Organization has a Simple IRA plan. Eligible employees may make contributions up to \$14,000 of their qualifying wages. The Organization also allows participants who are age 50 or over to make up to \$3,000 of catch-up contributions. The Organization makes a matching contribution equal to 100% of employee elective deferrals up to 3% of eligible wages. Organization expenses for the Plan were \$7,196 and \$8,024 in 2022 and 2021.