

**SANTA CLARITA VALLEY FOOD PANTRY**  
**(A California Non-Profit Public Benefit Corporation)**

**FINANCIAL STATEMENTS AND**

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**Year Ended December 31, 2017**

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KEITH BENSON & ASSOCIATES  
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Santa Clarita Valley Food Pantry

We have reviewed the accompanying financial statements of Santa Clarita Valley Food Pantry (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Keith Benson & Associates*

July 9, 2018

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SANTA CLARITA VALLEY FOOD PANTRY  
STATEMENT OF FINANCIAL POSITION  
As of December 31, 2017

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents (Note 2)	\$ 267,739
Inventory (Note 3)	102,525
Prepaid Expenses	<u>6,658</u>
TOTAL CURRENT ASSETS	376,922
NONCURRENT ASSETS	
Property and Equipment (Note 4)	<u>887,847</u>
TOTAL ASSETS	<u>\$ 1,264,769</u>

LIABILITIES & EQUITIES

CURRENT LIABILITIES	
Accounts Payable	<u>\$ 560</u>
TOTAL LIABILITIES	560
NET ASSETS	
Unrestricted (Note 5)	<u>1,264,209</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,264,769</u>

See accompanying notes and independent accountant's review report  
(2)

SANTA CLARITA VALLEY FOOD PANTRY  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017

UNRESTRICTED NET ASSETS

Unrestricted Revenues and Other Support		
Donations	\$ 271,687	
In-Kind Donations	1,368,068	
Grants	5,200	
Interest	1,400	
Realized Capital Gains	<u>5,358</u>	
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT		\$ 1,651,713
Expenses		
Program Services	1,743,428	
Management and General	70,689	
Fundraising	<u>9,075</u>	
TOTAL UNRESTRICTED EXPENSES		<u>1,823,192</u>
DECREASE IN UNRESTRICTED NET ASSETS		<u>(171,479)</u>
DECREASE IN NET ASSETS		(171,479)
NET ASSETS AT BEGINNING OF YEAR		<u>1,435,688</u>
NET ASSETS AT END OF YEAR		<u>\$ 1,264,209</u>

See accompanying notes and independent accountant's review report  
(3)

SANTA CLARITA VALLEY FOOD PANTRY  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2017

	Program	Management & General	Fundraising	Total
Accounting & Bookkeeping Fees	\$ -	\$ 6,550	\$ -	\$ 6,550
Auto Expenses	6,743	-	-	6,743
Bank/Merchant Fees	-	2,934	-	2,934
Conferences, Community Events	244	-	-	244
Depreciation	10,088	102	-	10,190
Dues and Subscriptions	-	342	-	342
Equipment Rental and Maintenance	1,622	-	-	1,622
Food and Non-Food Distributions to Individuals	1,439,992	-	-	1,439,992
Food Spoilage	193,794	-	-	193,794
Human Resource Expense	-	428	-	428
Insurance				
Auto	4,294	-	-	4,294
Liability	3,561	1,545	-	5,106
Workers Compensation	2,973	3,924	-	6,897
Licenses and Permits	-	150	-	150
Office Expenses	-	1,363	-	1,363
Occupancy Fees	37,069	357	-	37,426
Payroll Expenses	32,589	43,025	-	75,614
Payroll Taxes	2,747	3,627	-	6,374
Employee Benefits	612	1,835	-	2,447
Payroll Service Expenses	1,079	1,430	-	2,509
Postage and Shipping	-	573	-	573
Public Relations	-	729	-	729
Special Fundraising Event Expenses	-	-	9,075	9,075
Supplies	3,234	1,775	-	5,009
Volunteer Expenses	2,787	-	-	2,787
<b>TOTAL EXPENSES</b>	<b>\$ 1,743,428</b>	<b>\$ 70,689</b>	<b>\$ 9,075</b>	<b>\$ 1,823,192</b>

See accompanying notes and independent accountant's review report

SANTA CLARITA VALLEY FOOD PANTRY  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	\$ (171,479)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	10,190
(Increase) Decrease in:	
Inventory	226,318
Prepaid Expense	<u>(2,991)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>62,038</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Equipment	(2,442)
Purchase of Raw Land	(696,450)
Proceeds from Sale of Short-Term Investments	<u>268,675</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(430,217)</u>
 NET DECREASE IN CASH	(368,179)
 CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>635,918</u>
 CASH & CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 267,739</u></u>

See accompanying notes and independent accountant's review report

**Santa Clarita Valley Food Pantry**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

**Note 1 – Nature of Activities and Significant Accounting Policies**

Organization and Nature of Activities

The Santa Clarita Valley Food Pantry (the organization) is a non-profit organization incorporated under Internal Revenue Code Section 501(c)(3) in the state of California on November 26, 1985. The organization was established to organize and maintain a non-sectarian, nonprofit volunteer organization to provide food on a short-term or emergency basis to local residents in need. The organization provides a "Senior Outreach" program for local seniors and a "Milk Money" program for its youngest clients. The organization is supported primarily through donor contributions and grants.

Financial Statement Presentation

The organization adopted the provisions of Accounting Standards Codification (ASC) No. 958, "Accounting for Contributions and Presentation of Financial Statements of Not-for Profit Entities." ASC No. 958 requires measurement of contributions received at their fair value and reporting them as an increase in net assets immediately, even if donor restrictions have been placed on their use. The organization is also required by ASC No. 958 to include in its basic financial statements a statement of financial position, a statement of activities, a statement of cash flows, and notes to the financial statements. Voluntary health and welfare organizations are also required to present a statement of functional expenses.

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.

Cash and Cash Equivalents

All unrestricted highly liquid investments available for current use with a maturity of three months or less are considered cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of twelve months or less, or expected to be sold or converted to cash in the next three to twelve months. Long-term investments consist of debt securities with original maturities greater than twelve months.

Property and Equipment

It is the organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for computer equipment to twenty seven years for buildings.

**Santa Clarita Valley Food Pantry  
Notes to Financial Statements  
For the year ended December 31, 2017**

**Note 1 – Nature of Activities and Significant Accounting Policies (continued)**

Contributions

Under ASC No. 958 contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Separate bank accounts are maintained to hold restricted contributions or grants, when required.

Contributed Services

The organization receives a significant amount of donated services from unpaid volunteers who assist in program services and fundraising. The organization receives approximately 10,800 volunteer hours per year. However, these services do not meet the criteria for recognition as contributed services under ASC No. 958.

Income Taxes

The organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue and Taxation Code and classified by the Internal Revenue Service as other than a private foundation.

**Note 2 – Cash and Cash Equivalents**

Cash is deposited in financial institutions that are insured by the FDIC up to \$250,000 per financial institution. Periodically, the organization may have exposure to credit risk to the extent that its cash exceeds the amount covered by the FDIC. As of December 31, 2017, the uninsured cash balance totals \$10,290.

**Note 3 - Inventory**

The organization maintains an inventory of donated food, non-food (toiletries and household items), and grocery gift cards to be distributed to its clients. Inventory is stated at the lower of cost or fair market value. Spoilage of food inventory is expensed on a monthly basis.

Gift Cards	\$ 1,784
Food Inventory	98,235
Non-Food Inventory	<u>2,506</u>
	<u>\$ 102,525</u>

In 2017, the organization revised its physical inventory methodology to incorporate the use of volume of storage, in addition to its physical count. Also in 2017, the organization increased food distributions per client to reduce excess inventory.

In February 2017, damages were incurred to food inventory at an off-site storage facility. The spoilage is estimated at \$90,882, and is included in the total food spoilage expense of \$193,794 on the Statement of Functional Expenses.

**Santa Clarita Valley Food Pantry**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

**Note 4 – Property and Equipment**

Building and Improvements	\$ 86,160
Land	832,570
Furniture, Fixtures, and Equipment	57,071
Vehicles	<u>77,507</u>
	1,053,308
Accumulated Depreciation	<u>(165,461)</u>
	<u>\$ 887,847</u>

Land includes the 2017 purchase of raw land upon which the organization plans to build a larger facility. The land was purchased using Board-designated funds and proceeds of investments. Capitalized cost of the raw land as of December 31, 2017 is \$717,450.

**Note 5 – Net Assets**

Donor restrictions are considered to expire when payments are made. Interest earned on temporary investments of such support is unrestricted. As of December 31, 2017, all net assets are unrestricted.

**Note 6 – Major Contributors**

The organization receives large amounts of in-kind food donations from local grocery stores and restaurants.

**Note 7 – Evaluation of Subsequent Events**

Subsequent events were evaluated through July 9, 2018, the date which the financial statements were available to be issued.

**Note 8 – Tax Uncertainties**

The provisions of Financial Accounting Standards Board ASC 740, Income Taxes, requires entities to recognize tax positions in the financial statements when it is more likely than not that the positions will be sustained upon examination by the tax authorities.

As of December 31, 2017, Management believes the organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the organization had no interest and penalties related to income taxes.

The organization's Federal and State tax returns are open for examination for the calendar years ending December 31, 2014, 2015, 2016, and 2017. As of July 9, 2018, the organization has not been subject to an examination for the open years.

KEITH BENSON & ASSOCIATES  
Certified Public Accountants

July 9, 2018

The Board of Directors of  
Santa Clarita Valley Food Pantry  
24133 Railroad Ave.  
Santa Clarita, CA 91321

In planning and performing our review of the financial statements of Santa Clarita Valley Food Pantry for the year ended December 31, 2017, in accordance with review procedures generally accepted in the United States of America, we became aware of a few matters that are opportunities for strengthening operating efficiency. This letter does not affect our report dated July 9, 2018, on the financial statements of Santa Clarita Valley Food Pantry.

We will be pleased to discuss these in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

We recommend that the organization allocate separate funds toward a reserve for capital improvements and repairs to budget for expected repairs as capital assets become older.

We recommend that cash balances in FDIC banks be monitored if the balances exceed the FDIC-insured limit, which is currently \$250,000 per depositor, per FDIC-insured bank.

We wish to thank Michael Moore and Susan Caputo for their support and assistance during our review.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Keith Benson & Associates*

Valencia, California