

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

COLLINS HEEB MILLER & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

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COLLINS HEEB MILLER & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT AUDITORS

Valley Interfaith Food and Clothing Center
Cincinnati, Ohio

We have audited the accompanying Statements of Financial Position of the Valley Interfaith Food and Clothing Center (an Ohio not-for-profit organization) at December 31, 2012 and 2011, the related Statements of Activities, Cash Flows, and Functional Expenses all prepared on the modified cash basis for the years then ended. 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

As described in Note 1, the organization prepares its financial statements on the modified cash basis; accordingly donations receivable are not recorded as income until collected and certain expenses are recorded when paid rather than when the obligation is incurred, except that the statements include a provision for depreciation of leasehold improvements, furniture, equipment and vehicles. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Valley Interfaith Food and Clothing Center as of December 31, 2012 and 2011 and its activities for the years then ended, on the basis of accounting described in Note 1 in conformity with accounting principles generally accepted in the United States of America.

Collins Heeb Miller & Co.

May 14, 2013

VALLEY INTERFAITH FOOD AND CLOTHING CENTER
STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS

December 31, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash:		
Petty Cash	\$ 200	\$ 200
WesBanco:		
Checking account – 0.05%	81,553	74,232
Spring Valley Bank:		
Money market account – .25%	<u>39,313</u>	<u>78,940</u>
Total cash	121,066	153,372
Property and equipment, at cost:		
Leasehold improvements	266,041	266,041
Office equipment and computers	59,797	54,562
Chevrolet truck	<u>21,233</u>	<u>19,989</u>
	347,071	340,592
Less accumulated depreciation	<u>231,109</u>	<u>198,451</u>
Net property and equipment	115,962	142,141
Deposit – workers’ compensation	119	119
	<u> </u>	<u> </u>
Total assets	<u>\$237,147</u>	<u>\$295,632</u>
	<u>=====</u>	<u>=====</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Accounts payable – trade	\$ -	\$ -
Net assets – unrestricted	<u>237,147</u>	<u>295,632</u>
Total liabilities and net assets	<u>\$237,147</u>	<u>\$295,632</u>
	<u>=====</u>	<u>=====</u>

See accompanying notes.

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

STATEMENTS OF ACTIVITIES – MODIFIED CASH BASIS

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Changes in unrestricted net assets:		
Revenue:		
Donations, legacies and bequest	\$243,962	\$231,576
Reimbursements	-	-
Interest	403	918
Sale of merchandise	8,752	8,562
Miscellaneous income	<u>15</u>	<u>15</u>
Total unrestricted revenue	253,132	241,071
Operating expenses:		
Food	19,076	19,189
Other pantry items	5,308	5,036
Clothing	-	294
Other expenses	6,445	8,690
Program expenses	22,260	19,992
Salaries and payroll taxes	19,485	12,982
Office supplies and postage	12,855	18,172
Rent	28,063	19,877
Utilities	56,365	44,136
Cleaning, maintenance and security	12,086	14,854
Education training	181	440
Insurance	4,625	4,306
Professional fees	1,990	1,856
Directors fees	86,937	86,094
Miscellaneous operating expenses	3,283	3,739
Depreciation	32,658	32,060
Transfer to expansion reserve	<u>-</u>	<u>6,977</u>
	311,617	298,694
	<u> </u>	<u> </u>
Decrease in unrestricted net assets	(58,485)	(57,623)
Net assets, beginning of year	<u>295,632</u>	<u>353,255</u>
Net assets, end of year	\$237,147 =====	\$295,632 =====

See accompanying notes.

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

STATEMENTS OF CASH FLOWS

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Decrease in unrestricted net asset	\$ (58,485)	\$ (57,623)
Depreciation	<u>32,658</u>	<u>32,060</u>
Net cash provided by (used in) operating activities	(25,827)	(25,563)
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(6,479)</u>	<u>(3,528)</u>
Net cash (used in) investing activities	(6,479)	(3,528)
Net increase (decrease) in cash	(32,306)	(29,091)
Cash at beginning of year	<u>153,372</u>	<u>182,463</u>
Cash at end of year	<u>\$121,066</u>	<u>\$153,372</u>

See accompanying notes.

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2012

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and payroll taxes	\$ 5,687			\$ 5,687
Office supplies and postage	-	\$ 9,402	\$ 927	10,329
Food	19,076	-	-	19,076
Clothing and other pantry items	5,308	-	-	5,308
Client rent and utilities	63,124	-	-	63,124
Program expenses	22,260	-	-	22,260
Cleaning, maintenance and security	9,643	-	-	9,643
Rent	8,203	-	-	8,203
Utilities	19,546	-	-	19,546
Miscellaneous expenses	9,101	-	-	9,101
Education training	-	-	181	181
Insurance	-	4,625	-	4,625
Professional fees	-	1,781	-	1,781
Payroll taxes	-	4,470	1,990	6,460
Fund Raising salary	-	-	56,071	56,071
Transfer to expansion reserve	-	-	-	-
Directors – Health benefits	2,418	-	-	2,418
Directors supplies	-	35,146	-	35,146
Depreciation	-	<u>32,658</u>	-	<u>32,658</u>
Total expenses	<u>\$164,366</u>	<u>\$88,082</u>	<u>\$59,169</u>	<u>\$311,617</u>

See accompanying notes.

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2011

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and payroll taxes	\$ 6,595			\$ 6,595
Office supplies and postage	-	\$11,727	\$ 1,645	13,372
Food	19,189	-	-	19,189
Clothing and other pantry items	5,330	-	-	5,330
Client rent and utilities	56,475	-	-	56,475
Program expenses	19,992	-	-	19,992
Cleaning, maintenance and security	14,854	-	-	14,854
Rent	19,877	-	-	19,877
Utilities	7,538	-	-	7,538
Miscellaneous expenses	3,739	-	-	3,739
Education training	-	-	440	440
Insurance	-	4,306	-	4,306
Professional fees	-	-	-	-
Payroll taxes	-	1,856	-	1,856
Fund Raising salary	-	-	55,165	55,165
Transfer to expansion reserve	6,977	-	-	6,977
Directors – Health benefits	2,604	-	-	2,604
Directors supplies	-	28,325	-	28,325
Depreciation	-	<u>32,060</u>	-	<u>32,060</u>
Total expenses	<u>\$163,170</u>	<u>\$78,274</u>	<u>\$57,250</u>	<u>\$298,694</u>

See accompanying notes.

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. Summary of significant accounting policies

Organization and basis of accounting – The Valley Interfaith Food and Clothing Center was organized in the State of Ohio as a not-for-profit organization and is exempt from federal and state income taxes. The primary purpose of the organization is to provide food and clothing and assistance for low income families.

The organization maintains its books, records and accounts on the modified cash basis and prepares its tax returns on the modified cash basis. Under this basis the donations receivable are recorded as income when collected rather than when earned; accounts payable and expenses are generally recorded when paid rather than when incurred. The accompanying financial statements are prepared on the modified cash basis and therefore present the organization's assets and liabilities resulting from cash transactions and its revenue received and expenses paid, except that the statements include a provision for depreciation of property and equipment.

Income earned but not collected and expenses incurred but not paid are not included in the financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Estimates in financial statements – The preparation 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of credit risk – Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of temporary cash. The organization places its temporary cash with financial institutions and limits the amount of credit exposure to any one financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2012 and 2011, the organization had no uninsured cash balances.

Fund accounting – To ensure observance of limitations and restrictions placed on the use of resources available to the organization, the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by one fund group.

The assets, liabilities and net assets of the organization are reported in one self-balancing fund group, as follows:

Unrestricted operating funds, which represent the portion of expendable funds that are available for support of organization services and activities.

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. Summary of significant accounting policies (continued)

Cash and cash equivalents – The organization considers cash and cash equivalents to include cash on hand, cash in banks, certificates of deposit and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Income taxes – The Valley Interfaith Food and Clothing Center is exempt from federal and state income taxes and accordingly no provision for income taxes has been made in the financial statements on the income from the organization's activities. The Organization's non-profit federal income tax returns for the years 2010 through 2012 are open for income tax audits.

Investment income – Investment income is recorded when earned and is considered available for unrestricted purposes unless specifically restricted.

Revenue recognition – All donations and revenues received are considered available for unrestricted use unless specifically restricted by the Board of Directors.

Donated services – Donated services are normally reflected as revenue in the financial statements at the estimated value of the services received with a corresponding charge to expense. No amounts are reflected for donated services unless an objective basis is available to measure the value of such services.

No amounts have been reflected in the accompanying financial statements for donated services because no objective basis is available to measure the value of such services; however, a substantial number of individuals have donated significant amounts of their time to the Agency's programs and to the Agency's fund raising efforts. The estimated value of volunteer services to the organization in the year 2012 and 2011 was approximately \$144,000 in each year.

Donated food, personal care products, clothing and household goods have not been recorded in the accompanying financials. The estimated value of these items to the organization was as follows:

	<u>2012</u>	<u>2011</u>
Food and personal care products	\$ 305,870	\$ 294,410
Clothing and household goods	1,215,130	1,169,590

2. Subsequent events

The Organization has evaluated subsequent events through May 14, 2013, the date the financial statements were issued. No significant events have occurred through this date requiring adjustment to the financial statements or disclosures.

VALLEY INTERFAITH FOOD AND CLOTHING CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

3. Responsibilities for financial statements

The financial statements of the Valley Interfaith Food and Clothing Center were prepared in accordance with the comprehensive basis of accounting principles for organizations on the modified cash basis. The integrity and consistency of these financial statements, and of other data presented in this report, are the responsibility of the organization's officers and properly include some amounts that are based upon estimates and judgments.

The organization's officers are further responsible for maintaining a system of internal controls, including internal accounting control, that provides an appropriate division of responsibility and is designed to assure that the books and records reflect the transactions of the organization and that its established policies and procedures are carefully followed. The system is constantly reviewed for its effectiveness and is augmented by written policies and guidelines.