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INTER-FAITH FOOD SHUTTLE

Financial Statements

June 30, 2021 and 2020

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Board of Directors
Inter-Faith Food Shuttle
Raleigh, North Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Inter-Faith Food Shuttle (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Inter-Faith Food Shuttle 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.

Raleigh

4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham

3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro

579 West Street
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

Smithfield

212 East Church Street
Post Office Box 2348
Smithfield, North Carolina 27577

919 934 1121
919 934 1217 FAX

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2021 on our consideration of Inter-Faith Food Shuttle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inter-Faith Food Shuttle's internal control over financial reporting and compliance.

Koonce, Wooten & Haywood, LLP

Raleigh, North Carolina
August 19, 2021

INTER-FAITH FOOD SHUTTLE
Statements of Financial Position
June 30, 2021 and 2020

ASSETS		2021	2020
CURRENT ASSETS:			
Cash and Cash Equivalents	\$	4,227,386	\$ 4,065,287
Investments		2,496,855	1,206,254
Accounts Receivable		38,554	108,578
Inventory--In-Kind		466,574	625,862
Prepaid Expenses		314,163	211,546
Total Current Assets		7,543,532	6,217,527
PROPERTY AND EQUIPMENT:			
Buildings and Leasehold Improvements		448,898	331,706
Vehicles and Equipment		1,424,232	1,398,710
Total		1,873,130	1,730,416
Less Accumulated Depreciation		982,920	888,732
Property and Equipment, net		890,210	841,684
Total Assets	\$	8,433,742	\$ 7,059,211
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Expenses	\$	206,335	\$ 502,447
Paid Time Off Accrual		37,091	34,515
Deferred Revenue			1,193
Total Current Liabilities		243,426	538,155
NET ASSETS:			
Without Donor Restrictions		7,774,855	5,766,515
With Donor Restrictions		415,461	754,541
Total Net Assets		8,190,316	6,521,056
Total Liabilities and Net Assets	\$	8,433,742	\$ 7,059,211

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

STATEMENTS OF ACTIVITIES

INTER-FAITH FOOD SHUTTLE
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE:			
Food Donations--In-Kind	\$ 11,626,046	\$	\$ 11,626,046
Grants	2,240,786	326,328	2,567,114
Donations:			
Businesses	1,281,143	92,500	1,373,643
Individuals	2,613,252		2,613,252
Churches	106,707		106,707
Civic Groups	87,335		87,335
Foundations	485,502		485,502
In-Kind Donations	70,971		70,971
Fees for Services	1,268,541		1,268,541
Fundraising Projects			
Unrealized Gain on Investments	274,557		274,557
Interest and Dividend Income	19,177		19,177
Other Revenue	286		286
Total Revenue	<u>20,074,303</u>	<u>418,828</u>	<u>20,493,131</u>
Net Assets Released from Restrictions	<u>757,908</u>	<u>(757,908)</u>	
Total Revenue After Releases from Restrictions	<u>20,832,211</u>	<u>(339,080)</u>	<u>20,493,131</u>
EXPENSES:			
Program Services:			
Food Distribution--In-Kind	11,785,335		11,785,335
Other Food Distribution	3,779,597		3,779,597
Total Food Distribution	<u>15,564,932</u>		<u>15,564,932</u>
Job Training/Food Service	771,369		771,369
Nutrition/Farm and Garden	1,261,668		1,261,668
Total Program Services	<u>17,597,969</u>		<u>17,597,969</u>
Support Services:			
Fundraising	727,787		727,787
Administrative	498,115		498,115
Total Support Services	<u>1,225,902</u>		<u>1,225,902</u>
Total Expenses	<u>18,823,871</u>		<u>18,823,871</u>
CHANGES IN NET ASSETS	2,008,340	(339,080)	1,669,260
NET ASSETS--Beginning of Year	<u>5,766,515</u>	<u>754,541</u>	<u>6,521,056</u>
NET ASSETS--End of Year	<u>\$ 7,774,855</u>	<u>\$ 415,461</u>	<u>\$ 8,190,316</u>

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

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 9,062,026	\$	\$ 9,062,026
1,630,587	820,763	2,451,350
1,182,527	400,000	1,582,527
2,717,194		2,717,194
74,805		74,805
80,183		80,183
726,387	31,200	757,587
40,559		40,559
414,499		414,499
425,340		425,340
22,405		22,405
29,196		29,196
16,405,708	1,251,963	17,657,671
497,422	(497,422)	
16,903,130	754,541	17,657,671
8,726,677		8,726,677
2,331,431		2,331,431
11,058,108		11,058,108
644,749		644,749
824,155		824,155
12,527,012		12,527,012
613,474		613,474
869,288		869,288
1,482,762		1,482,762
14,009,774		14,009,774
2,893,356	754,541	3,647,897
2,873,159		2,873,159
\$ 5,766,515	\$ 754,541	\$ 6,521,056

STATEMENT OF FUNCTIONAL EXPENSES
June 30, 2021

INTER-FAITH FOOD SHUTTLE
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services			Total
	Food Distribution	Job Training/ Food Service	Nutrition/Farm and Garden	
Food Distribution--In-Kind	\$ 11,785,335	\$	\$	\$ 11,785,335
Salaries	934,710	449,493	241,518	1,625,721
Food	1,503,384	17	812,216	2,315,617
Subcontractors	197,985	35,864		233,849
Facility Costs	145,213	15,078	28,699	188,990
Vehicle Maintenance	194,718	1,162	5,391	201,271
Employee Benefits	81,089	37,929	23,368	142,386
Awards and Grants	173,620			173,620
Payroll Taxes	71,649	33,296	17,684	122,629
Depreciation	59,720	68,522	33,179	161,421
Fundraising	387	437	106	930
Miscellaneous	92,523	9,723		102,246
Warehouse Supplies	90,698	350	1,234	92,282
Maintenance	30,131	12,027	33,786	75,944
Insurance	38,581	6,199	4,917	49,697
Professional Fees		1,006	2,491	3,497
Vehicle Gasoline	58,816	4,750	2,213	65,779
Technology	15,891	10,524	1,026	27,441
Farm Expense	120	57,723		57,843
Bank Charges		3		3
Postage and Freight	35,692	75		35,767
Advertising	4,296	715	23,964	28,975
Training	23,043	10,197	512	33,752
Food Service Supplies	2,704	266	23,679	26,649
Travel/Staff Development	3,707	2,283	6	5,996
Office Supplies	5,811	875	3,291	9,977
Printing/Copying	4,605	980		5,585
Utilities	5,617	9,292	526	15,435
Business Gifts/Recognition	1,842	2,354	10	4,206
Dues and Subscriptions	154	60		214
Uniforms/Laundry	2,844	167	1,565	4,576
Licenses and Taxes			287	287
Interest	47	2		49
Total	\$ 15,564,932	\$ 771,369	\$ 1,261,668	\$ 17,597,969

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

Support Services			Total
Fundraising	Administration	Total	Expenses
\$ 272,174	\$ 432,681	\$ 704,855	\$ 11,785,335
	107	107	2,330,576
			2,315,724
2,140	15,429	17,569	251,418
	31,832	31,832	220,822
			201,271
20,388	28,830	49,218	191,604
			173,620
19,454	29,097	48,551	171,180
511	3,606	4,117	165,538
139,036	41	139,077	140,007
	2,678	2,678	104,924
936	110	1,046	93,328
813	8,174	8,987	84,931
	17,939	17,939	67,636
1,857	62,277	64,134	67,631
			65,779
21,109	16,968	38,077	65,518
			57,843
	41,020	41,020	41,023
2,710	2,371	5,081	40,848
5,264	260	5,524	34,499
174	278	452	34,204
	63	63	26,712
706	12,682	13,388	19,384
852	6,329	7,181	17,158
7,645	3,581	11,226	16,811
			15,435
1,924	5,068	6,992	11,198
220	6,251	6,471	6,685
			4,576
202	66	268	555
	49	49	98
<u>\$ 498,115</u>	<u>\$ 727,787</u>	<u>\$ 1,225,902</u>	<u>\$ 18,823,871</u>

STATEMENT OF FUNCTIONAL EXPENSES
June 30, 2020

INTER-FAITH FOOD SHUTTLE
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services			Total
	Food Distribution	Job Training/ Food Service	Nutrition/Farm and Garden	
Food Distribution--In-Kind	\$ 8,726,677	\$		\$ 8,726,677
Salaries	1,009,710	434,349	247,854	1,691,913
Food	566,199	213	423,948	990,360
Subcontractors	3,308	28,571	5,000	36,879
Facility Costs	139,922	9,831	27,079	176,832
Vehicle Maintenance	105,705	1,168	539	107,412
Employee Benefits	72,182	33,639	14,775	120,596
Awards and Grants				
Payroll Taxes	72,614	32,176	18,127	122,917
Depreciation	53,079	24,276		77,355
Fundraising	1,509	1,681	3,423	6,613
Miscellaneous	33,764	1,442	5,498	40,704
Warehouse Supplies	81,075	884	1,043	83,002
Maintenance	14,175	1,727	159	16,061
Insurance	29,516	4,924	4,132	38,572
Professional Fees	4,313			4,313
Vehicle Gasoline	57,820	2,014	820	60,654
Technology	18,842	9,090	2,759	30,691
Farm Expense	30	32,930		32,960
Bank Charges		9		9
Postage and Freight	4,054	266	15	4,335
Advertising	25,595		401	25,996
Training	5,030	8,226	1,350	14,606
Food Service Supplies	4,149	192	63,887	68,228
Travel/Staff Development	8,796	4,029	393	13,218
Office Supplies	2,661	1,446	1,870	5,977
Printing/Copying	5,056	598	222	5,876
Utilities	7,670	9,991	812	18,473
Business Gifts/Recognition	1,407	685	5	2,097
Dues and Subscriptions	180			180
Uniforms/Laundry	3,070	392	44	3,506
Licenses and Taxes				
Interest				
Total	<u>\$ 11,058,108</u>	<u>\$ 644,749</u>	<u>\$ 824,155</u>	<u>\$ 12,527,012</u>

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

Support Services			Total
Fundraising	Administrative	Total	Expenses
\$ 225,302	\$ 383,832	\$ 609,134	\$ 8,726,677
	326	326	2,301,047
950	173,756	174,706	990,686
	33,838	33,838	211,585
11,890	24,799	36,689	210,670
25,000		25,000	107,412
16,741	28,619	45,360	157,285
511	4,483	4,994	25,000
225,866	254	226,120	168,277
87,322	7,226	94,548	82,349
21	1,984	2,005	232,733
	5,981	5,981	135,252
	15,495	15,495	85,007
			22,042
	54,537	54,537	54,067
12,954	25,205	38,159	58,850
			60,654
			68,850
3	46,511	46,514	32,960
	5,501	5,501	46,523
			9,836
475	395	870	26,866
589	370	959	15,565
	1,622	1,622	69,850
2,130	8,209	10,339	23,557
805	6,581	7,386	13,363
1,651	5,202	6,853	12,729
750	690	1,440	19,913
	13,309	13,309	15,406
514	20,225	20,739	20,919
	62	62	3,568
	259	259	259
	17	17	17
<u>\$ 613,474</u>	<u>\$ 869,288</u>	<u>\$ 1,482,762</u>	<u>\$ 14,009,774</u>

INTER-FAITH FOOD SHUTTLE
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 1,669,260	\$ 3,647,897
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	165,538	82,349
Unrealized Gain on Investments	(274,557)	(22,405)
In-Kind Food Contributions Received	(11,626,046)	(9,062,026)
In-Kind Food Contributions Expensed	11,785,335	8,726,677
Changes in Assets and Liabilities:		
Accounts Receivable	70,024	37,157
Prepaid Expenses	(102,617)	(158,368)
Accounts Payable and Accrued Expenses	(296,112)	187,249
Paid Time Off Accrual	2,576	(709)
Deferred Revenue	(1,193)	(2,162)
Net Cash Provided by Operating Activities	<u>1,392,208</u>	<u>3,435,659</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(1,004,715)	(19,268)
Purchase of Property and Equipment	(225,394)	(578,873)
Net Cash Used by Investing Activities	<u>(1,230,109)</u>	<u>(598,141)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	162,099	2,837,518
CASH AND CASH EQUIVALENTS--Beginning of Year	<u>4,065,287</u>	<u>1,227,769</u>
CASH AND CASH EQUIVALENTS--End of Year	<u>\$ 4,227,386</u>	<u>\$ 4,065,287</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	<u>\$ 98</u>	<u>\$ 17</u>

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

INTER-FAITH FOOD SHUTTLE
Notes to Financial Statements
June 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

A. Description of Organization:

The Inter-Faith Food Shuttle (IFFS) was incorporated as a not-for-profit organization in 1990. Key programs include: recycling food by collecting excess perishable food and distributing it to non-profit agencies charged with feeding needy people, culinary job-training and food service programs, farms and community gardens seeking to link low-income people to the local food movement, and nutrition education courses. IFFS is an affiliate of Feeding America and the Triangle United Way.

Revenues consist primarily of public grants and donations.

B. Basis of Presentation:

IFFS follows standards for external financial reporting by not-for-profit organizations that requires its resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. Accordingly, net assets of IFFS and changes therein may be classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

IFFS reports gifts of cash and other assets as revenue 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 end or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting IFFS to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. IFFS currently has no assets that meet this criteria.

C. Cash and Cash Equivalents:

IFFS considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

D. Accounts Receivable:

Accounts receivable are comprised of fees for services performed by IFFS and a sales tax receivable. Management deems all receivables to be collectible.

E. Inventory:

Inventory consists of donated food on hand at year-end. The donated food is valued at \$1.79 and \$1.74 per pound for the years ended June 30, 2021 and 2020, respectively. This valuation was obtained by Feeding America, IFFS'S national affiliate. IFFS had approximately 261,000 and 360,000 pounds of donated food on hand at June 30, 2021 and 2020, respectively.

INTER-FAITH FOOD SHUTTLE
Notes to Financial Statements
June 30, 2021 and 2020

1. Summary of Significant Accounting Policies (Continued)

F. Property and Equipment:

IFFS has a capitalization threshold of \$1,000. Property and equipment are stated at cost if purchased and fair market value if donated and are depreciated on the straight-line basis over their useful lives.

G. In-Kind Donations:

IFFS receives various in-kind donations primarily in the form of donated food which is valued and reported at estimated fair value. It also receives and reports the fair market value of donated rental space, equipment, farm and garden lands, and items to be raffled. The time of approximately 50 volunteer workers per week who collect, prepare, and deliver food is not valued or reported.

H. Advertising:

Advertising costs are expensed as incurred.

I. Income Taxes:

IFFS is exempt from Federal and state income taxes under Section 501(a) of the Internal Revenue Code (IRC) and is classified under Section 501(c)(3) as a public charity. IFFS qualifies for the charitable contributions deduction under IRC Section 170(b)(1)(A)(vi).

Accordingly, the accompanying financial statements do not include a provision for income taxes. For the years ended June 30, 2021 and 2020, there were no uncertain tax positions.

IFFS'Ss previous three tax years are open to examination by Federal tax jurisdiction. IFFS has not been informed by any tax authorities that any of these tax years are under examination as of June 30, 2021.

J. Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

2. Concentration of Credit Risk

The Federal Deposit Insurance Corporation insures deposits at financial institutions for \$250,000. At June 30, 2020 and 2019, IFFS had uninsured amounts of \$4,025,106 and \$3,596,272, respectively.

3. Net Assets

Net assets with donor restrictions of at June 30, 2021 and 2020 are restricted for the follow purposes or periods:

	2021	2020
COVID 19 Support	\$ 383,328	\$ 634,885
Expansion	32,133	50,000
Backpack Buddies		31,200
Food Truck		38,456
	<u>\$ 415,461</u>	<u>\$ 754,541</u>

INTER-FAITH FOOD SHUTTLE
Notes to Financial Statements
June 30, 2021 and 2020

3. Net Assets (Continued)

Net assets without donor restrictions are composed of the following as of June 30:

	2021	2020
Undesignated	\$ 7,074,855	\$ 5,066,515
Operating Reserve	700,000	700,000
	<u>\$ 7,774,855</u>	<u>\$ 5,766,515</u>

4. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

	2021	2020
COVID 19 Support	\$ 638,252	\$ 435,878
Expansion	50,000	
Food Truck	38,456	61,544
Backpack Buddies	31,200	
	<u>\$ 757,908</u>	<u>\$ 497,422</u>

5. Liquidity and Availability

IFFS manages its liquid resources by focusing on obtaining grants, contributions, and fundraising projects to ensure the entity has adequate funds to cover the programs that are being conducted. IFFS prepares very detailed budgets and has been very active in managing costs to ensure the entity remains liquid.

IFFS's financial assets as of June 30 expected to be available within one year to meet the cash needs for general expenditures comprise the following:

	2021	2020
Cash	\$ 4,227,386	\$ 4,065,287
Investments	2,496,855	1,206,254
Accounts Receivable	<u>38,554</u>	<u>108,578</u>
Financial assets, at year end	6,762,795	5,380,119
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	<u>415,461</u>	<u>754,541</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,347,334</u>	<u>\$ 4,625,578</u>

INTER-FAITH FOOD SHUTTLE
Notes to Financial Statements
June 30, 2021 and 2020

6. Related Parties

IFFS is an affiliate with Feeding America. Feeding America, a 501(c)(3) organization, is the nation's largest hunger-relief organization.

In 1999, IFFS joined with Meals on Wheels to create Food Runners Collaborative, Inc. (Food Runners). IFFS and Food Runners have several common board members.

IFFS pays Food Runners for facility usage. IFFS paid Food Runners \$127,092 and \$120,802 in facility costs for the years ended June 30, 2021 and 2020, respectively, and it owed Food Runners \$10,811 and \$14,933 at June 30, 2021 and 2020, respectively.

7. Investments

Dividend and interest income for the years ended June 30, 2021 and 2020 were \$19,177 and \$29,196, respectively. Unrealized gains totaled \$274,557 and \$22,405 for the years ended June 30, 2021 and 2020, respectively.

Investments are reported at fair value at June 30, 2021 as follows:

	Fair Market Value	Cost	Unrealized Gain (Loss)
Equity Funds	\$ 1,186,938	\$ 857,058	\$ 329,880
Bond Funds	1,309,917	1,310,229	(312)
	<u>\$ 2,496,855</u>	<u>\$ 2,167,287</u>	<u>\$ 329,568</u>

Investments are reported as fair value at June 30, 2020 as follows:

	Fair Market Value	Cost	Unrealized Gain
Equity Funds	\$ 714,705	\$ 623,282	\$ 91,423
Bond Funds	491,549	464,474	27,075
	<u>\$ 1,206,254</u>	<u>\$ 1,087,756</u>	<u>\$ 118,498</u>

8. Disclosure about Fair Value of Financial Instruments

Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. IFFS utilizes market data or assumptions that market participants would use in pricing the asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to make its own assumptions.

INTER-FAITH FOOD SHUTTLE
Notes to Financial Statements
June 30, 2021 and 2020

8. Disclosure about Fair Value of Financial Instruments (Continued)

The following tables set forth the financial assets and liabilities as of June 30, 2021 and 2020 that were measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement:

		Fair Value Measurements Using			
		Level 1	Level 2	Level 3	
		Quoted Prices in	Significant	Significant	
		Active Markets	Other	Unobservable	
		for Identical	Observable	Inputs	
		Assets	Inputs	Inputs	
		Balance at			
		June 30,			
		2021			
	Equity Funds	\$ 1,186,938	\$ 1,186,938	\$	\$
	Bond Funds	1,309,917	1,309,917		
		\$ 2,496,855	\$ 2,496,855	\$	\$
		Fair Value Measurements Using			
		Level 1	Level 2	Level 3	
		Quoted Prices in	Significant	Significant	
		Active Markets	Other	Unobservable	
		for Identical	Observable	Inputs	
		Assets	Inputs	Inputs	
		Balance at			
		June 30,			
		2020			
	Equity Funds	\$ 714,705	\$ 714,705	\$	\$
	Bond Funds	491,549	491,549		
		\$ 1,206,254	\$ 1,206,254	\$	\$

9. Line of Credit

IFFS has a \$250,000 line of credit with First Horizon. Interest is due monthly at the rate of prime plus .75%. IFFS did not have an outstanding balance on the line of credit at June 30, 2021 and 2020.

10. Leases

IFFS leases its operating facilities, warehouse and a copier under operating leases. The facilities are leased from Food Runners Collaborative, Inc., a related party. Total rent expense for the copier, warehouse and facility costs totaled \$243,476 and \$212,789 for the years ended June 30, 2021 and 2020, respectively. The following is a schedule of minimum lease payments required under these leases:

Years Ending June 30	
2022	\$ 189,055
2023	118,561
2024	99,238
2025	38,881
2026	38,881
Thereafter	24,677
	\$ 509,293

INTER-FAITH FOOD SHUTTLE
Notes to Financial Statements
June 30, 2021 and 2020

11. Employee Benefit Plan

IFFS has a Simple IRA plan covering all full-time employees meeting plan requirements. Under the plan, IFFS matches dollar for dollar up to 3% of each eligible employee's salary. Plan expenses incurred by IFFS were \$41,359 and \$41,562 for the years ended June 30, 2021 and 2020, respectively.

12. Subsequent Events

Management evaluated subsequent events through August 19, 2021, which is the date the financial statements were available to be issued. As a result of the COVID-19 coronavirus, economic uncertainties have arisen which negatively impact investment earnings, investment balances, and contributions. Other financial impact could occur though such potential impact is unknown at this time.

INTER-FAITH FOOD SHUTTLE
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2021

<u>Federal/State Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract #</u>	<u>Receipts</u>	<u>Expenditures</u>
Federal Awards:				
NC Department of Agriculture Food Bank of Central & Eastern North Carolina Coronavirus Relief Fund	21.019		\$ <u>661,000</u>	\$ <u>661,000</u>
Total Federal Awards			\$ <u><u>661,000</u></u>	\$ <u><u>661,000</u></u>

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



The Board of Directors
Inter-Faith Food Shuttle
Raleigh, North Carolina

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Inter-Faith Food Shuttle (a North Carolina nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Inter-Faith Food Shuttle's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect or correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inter-Faith Food Shuttle's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Raleigh

4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham

3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro

579 West Street
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

Smithfield

212 East Church Street
Post Office Box 2348
Smithfield, North Carolina 27577

919 934 1121
919 934 1217 FAX

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Koonce, Wooten & Haywood, LLP

Raleigh, North Carolina
August 19, 2021