



Faith Feeds of Kentucky, Inc.

Lexington, Kentucky

Independent Auditors' Report

And Financial Statements

For the Year Ended

December 31, 2015

Faith Feeds of Kentucky, Inc.
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Independent Auditors' Report

To the Board of Directors
Faith Feeds of Kentucky, Inc.
Lexington, Kentucky

We have audited the accompanying financial statements of Faith Feeds of Kentucky, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

Auditors' 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 judgement, 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 in the first paragraph present fairly, in all material respects, the financial position of Faith Feeds of Kentucky, Inc. as of December 31, 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.

Baldwin CPAs, PLLC

Richmond, KY
August 02, 2016

Faith Feeds of Kentucky, Inc.
Statement of Financial Position
December 31, 2015

Assets	
Current Assets	
Cash	\$ 86,693
Inventory	243
Other assets	140
Prepaid expenses	3,607
Contributions receivable	28,250
Total Current Assets	<u>118,933</u>
Property and Equipment	
Vehicles	42,791
Furniture and fixtures	2,820
Website	2,520
Accumulated depreciation	<u>(6,496)</u>
Net Property and Equipment	<u>41,635</u>
Total Assets	<u><u>\$ 160,568</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 3,462
Total Current Liabilities	<u>3,462</u>
Net Assets	
Unrestricted	152,106
Temporarily Restricted	<u>5,000</u>
Total Net Assets	<u>157,106</u>
Total Liabilities and Net Assets	<u><u>\$ 160,568</u></u>

Faith Feeds of Kentucky, Inc.
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Contributions	\$ 69,095	\$ -	\$ -	\$ 69,095
Grants	33,284	5,000	-	38,284
Interest Income	29	-	-	29
Special events	21,364	-	-	21,364
Special events direct expense	(3,532)	-	-	(3,532)
Gifts in kind	26,415	-	-	26,415
Total Support and Revenue	<u>146,655</u>	<u>5,000</u>	<u>-</u>	<u>151,655</u>
Expenses:				
Food distribution	80,762	-	-	80,762
Supporting Services:				
Management and general	15,526	-	-	15,526
Fundraising	15,777	-	-	15,777
Total Expenses	<u>112,065</u>	<u>-</u>	<u>-</u>	<u>112,065</u>
Change in Net Assets	34,590	5,000	-	39,590
Net Assets at Beginning of Year	115,450	-	-	115,450
Adjustment to prior period - see Note 7	2,066	-	-	2,066
Net Assets at Beginning of Year, as Restated	<u>117,516</u>	<u>-</u>	<u>-</u>	<u>117,516</u>
Net Assets at End of Year	<u>\$ 152,106</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 157,106</u>

Faith Feeds of Kentucky, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Food Distribution</u>	<u>Management and General Administration</u>	<u>Fundraising</u>	
<u>Personnel Costs</u>				
Salaries and wages	\$ 61,190	\$ -	\$ -	\$ 61,190
Payroll Tax Expenses	4,656	-	-	4,656
 Total Personnel Costs	 65,846	 -	 -	 65,846
<u>Other Expenses</u>				
Vehicle expenses	3,532	-	-	3,532
Volunteer expenses	1,915	-	1,500	3,415
Depreciation	7,403	-	-	7,403
Processing fees	66	-	1,634	1,700
Insurance	-	4,876	-	4,876
Rent	-	4,500	-	4,500
Telephone	-	728	-	728
Office	-	832	1,012	1,844
Bank service charge	-	25	-	25
Software	-	253	708	961
Website	-	837	-	837
Business registration fees	-	48	-	48
Accounting fees	-	3,000	-	3,000
Program evaluation	2,000	-	-	2,000
Memberships and dues	-	175	-	175
Staff/board development	-	-	3,758	3,758
Conference/convention/meeting	-	252	-	252
Good Gift Giving Challenge	-	-	500	500
Donation in kind	-	-	6,665	6,665
 Total Other Expenses	 14,916	 15,526	 15,777	 46,219
 Total Expenses	 \$ 80,762	 \$ 15,526	 \$ 15,777	 \$ 112,065

Faith Feeds of Kentucky, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash Flows from Operating Activities	
Change in net assets	\$ 39,590
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,403
Gifts in Kind	(19,750)
Prior period adjustment	2,066
(Increase) Decrease in:	
Contributions receivable	(6,932)
Grants receivable	10,000
Inventory	767
Prepaid expenses	(2,107)
Other assets	80
Increase (Decrease) in:	
Accounts payable	(1,671)
Net Cash Provided by Operating Activities	<u>29,446</u>
 Cash Flows from Investing Activities	
Purchase of equipment	<u>(4,520)</u>
Net Cash Used by Investing Activities	<u>(4,520)</u>
 Net Increase in Cash	24,926
 Cash at Beginning of Year	<u>61,767</u>
 Cash at End of Year	<u><u>\$ 86,693</u></u>
 Supplemental Information:	
 Total property and equipment acquired	\$ 24,270
Property and equipment acquired through contribution	<u>(19,750)</u>
 Total property and equipment acquired	<u><u>\$ 4,520</u></u>

Faith Feeds of Kentucky, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Faith Feeds of Kentucky, Inc. dba GleanKY (the Organization) is a nonprofit corporation organized under the laws of the Commonwealth of Kentucky. The Organization gathers and redistributes excess fresh fruits and vegetables to nourish Kentucky's hungry. The Organization gleans, or collects, fresh produce through partnerships with groceries, farmers' markets, wholesale distributors, as well as farms and orchards in Fayette and surrounding counties. The gleaning process is accomplished by volunteers who go to these sources, pick up or harvest produce that is completely edible but unsalable for a variety of reasons, and then delivers the produce to between one and ten distribution sites per gleaning. The Organization's target recipients are food-insecure individuals and families who rely on hunger agencies or programs to provide food on a daily, weekly or monthly basis. These recipients often live in food deserts and do not have access to adequate, nutritious food, especially fresh produce. GleanKY partners with over 50 distribution sites in Central Kentucky including churches, pantries, and agencies to reach these recipients. Example distribution partners include meal programs that reach over 24,000 Fayette County residents a month, direct-to-recipient distribution sites that serve 20-30 neighbors a week, and a regional pantry that supports over 190,000 clients across Kentucky annually. In 2015, GleanKY gleaned over 210,000 pounds of produce. Since its founding in 2010, over 650,000 pounds of produce have been redistributed. The Organization's revenue sources include grants, contributions and fundraising events.

Cash

For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid investments, which can be converted into known amounts of cash and have a maturity of three months or less, when purchased, to be cash equivalents. The Organization does not have cash equivalents at December 31, 2015.

Inventories

Inventory, which consists primarily of t-shirts for sale, is recorded at the lower of costs or market.

Property and Equipment

The Organization defines a capital asset as real or personal property that is tangible and complete, is used in the operation of the Organization's activities, and has a useful life of more than one year and is of a significant value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Capital assets may be acquired through donation, purchase or may be self-constructed. The asset value for donations will be the fair market value at the time of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted revenue. Capital assets are stated at cost if purchased. The cost of self-constructed assets will include all costs of construction.

The Organization will not capitalize amounts meeting the following criteria:

- 1) Amounts paid to acquire, produce, or improve tangible property not exceeding \$750 are charged to the appropriate de minimis expense accounts. This threshold is applied at the per item or per invoice level and must include any allocable expense included on the invoice, e.g. taxes, transportation, etc., or

Faith Feeds of Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2015

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

Property and Equipment (Continued)

- 2) Amounts paid to acquire, produce, or improve tangible property with an economic useful life of 12 months or less are charged to the appropriate de minimis expense accounts.

This policy does not apply to land or inventory.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and similar provisions of state law.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Donor-restricted contributions, if any, are reported as temporarily or permanently restricted support and increase the respective class of net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

As discussed in the nature of activities, the Organization gathers and redistributes excess fresh fruits and vegetables to nourish Kentucky's hungry. The Organization gathers and distributes food to various distribution partners, acting as an agent for the donated materials. The Organization has elected to not record the donation of goods as either revenue or expenses.

Donated Materials and Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. A substantial number of volunteers have donated significant amounts of their time to the Organization and its programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of 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.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves and potential donors and volunteers. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2015 was \$0.

Faith Feeds of Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2015

Note 2 – Contributions Receivable

Contributions receivable are expected to be realized in one year or less and the related contributions are classified as unrestricted net assets in the statement of activities. Management has determined that the contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2015.

Note 3 – Concentrations of Credit Risk

At various times throughout the year, the Organization may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances in interest bearing and non-interest bearing accounts up to \$250,000 for each business depositor. Using this criteria, the Organization had no cash in excess of insured limits as of December 31, 2015.

Note 4 – Income Tax

The Organization has adopted ASC 740-10 as it relates to uncertain tax positions and has evaluated its tax positions taken for all open tax years. The Organization is not currently under audit nor has the Organization been contacted by the Internal Revenue Service.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2015.

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of grant funds that are restricted to being used in 2016. The funds are available for the year ended December 31, 2016.

Note 6 – Commitments and Contingencies

In 2013 the Organization entered into an endowment fund agreement with Bluegrass Community Foundation ("Foundation"). The agreement created a component fund ("Fund") of the Foundation in the name of the Organization. The purpose of the fund is to carry out the charitable purpose of the Foundation and to support the charitable purpose of the Organization. The amount committed to the Fund by the Foundation as of December 31, 2015 was \$24,278. Per the agreement the Fund is the property of the Foundation. As of December 31, 2015 the organization has not received any funds from the Foundation.

Note 7 – Prior Period Adjustment

Unrestricted net assets at the beginning of 2015 have been adjusted for expenses recognized in error in prior years. The correction has no effect on the results of the current year's activities; however, the cumulative effect increases beginning unrestricted net assets for 2015 by \$2,066. Had the error not occurred the change in unrestricted net assets for 2014 would have been increased by \$2,066.

Note 8 – Subsequent Events

The Organization has evaluated subsequent events through August 02, 2016, the date which the financial statements were available to be issued. No subsequent events have been identified through August 02, 2016.