

# ARLINGTON FOOD ASSISTANCE CENTER

FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

KOSITZKA, WICKS & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS



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*Certified Public Accountants*

## **Independent Auditor's Report**

To the Board of Directors  
**Arlington Food Assistance Center**

We have audited the accompanying financial statements of **Arlington Food Assistance Center** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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. 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Arlington Food Assistance Center** as of June 30, 2016 and 2015, 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.

*Kositzka, Wicks and Company*

Alexandria, Virginia  
January 17, 2017

# Arlington Food Assistance Center

## Statements of Financial Position

June 30,

2016

2015

### Assets

#### Current assets

Cash and cash equivalents	\$ 1,000,521	\$ 1,347,817
Cash in transit to establish certificate of deposit accounts	-	494,000
Certificates of deposits	749,877	50,000
Other receivables	733	-
Pledges receivable	71,283	27,294
Prepaid expenses	18,036	12,101
Inventory of food available for distribution	92,834	55,903
Gift cards	4,427	2,672
	<u>1,937,711</u>	<u>1,989,787</u>

#### Other assets

Investments	344,763	313,579
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#### Property and equipment

Land	261,901	261,901
Property and equipment, net of accumulated depreciation	599,155	605,869
	<u>861,056</u>	<u>867,770</u>

### Total assets

\$ 3,143,530	\$ 3,171,136
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### Liabilities and net assets

#### Current liabilities

Accounts payable and accrued expenses	\$ 125,311	\$ 158,973
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#### Net assets

Unrestricted	2,938,245	2,921,833
Temporarily restricted	79,974	90,330
<b>Total net assets</b>	<u>3,018,219</u>	<u>3,012,163</u>

### Total liabilities and net assets

\$ 3,143,530	\$ 3,171,136
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See accompanying notes and independent auditor's report.

# Arlington Food Assistance Center

## Statement of Activities for the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Contributions			
General contributions	\$ 1,903,489	\$ 400	\$ 1,903,889
Grants	221,820	55,150	276,970
Special events, net \$107,800 of expenses	111,343	6,872	118,215
	<u>2,236,652</u>	<u>62,422</u>	<u>2,299,074</u>
Arlington County	477,925	-	477,925
Rental income	13,486	-	13,486
In-kind donations	2,529,076	3,100	2,532,176
Investment income, net of expenses	19,537	-	19,537
Net assets released from restriction	75,878	(75,878)	-
<b>Total public support and revenue</b>	<u>5,352,554</u>	<u>(10,356)</u>	<u>5,342,198</u>
<b>Expenses</b>			
Program services	4,558,151	-	4,558,151
Management and general	270,333	-	270,333
Fundraising	507,658	-	507,658
<b>Total expenses</b>	<u>5,336,142</u>	<u>-</u>	<u>5,336,142</u>
<b>Change in net assets</b>	16,412	(10,356)	6,056
<b>Net assets, beginning of year</b>	<u>2,921,833</u>	<u>90,330</u>	<u>3,012,163</u>
<b>Net assets, end of year</b>	<u>\$ 2,938,245</u>	<u>\$ 79,974</u>	<u>\$ 3,018,219</u>

See accompanying notes and independent auditor's report.

# Arlington Food Assistance Center

## Statement of Activities for the year ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>Public support and revenue</b>			
Contributions			
General contributions	\$ 2,338,729	\$ 8,100	\$ 2,346,829
Grants	153,600	14,500	168,100
Special events, net \$78,384 of expenses	149,765	-	149,765
	<u>2,642,094</u>	<u>22,600</u>	<u>2,664,694</u>
Arlington County	377,925	-	377,925
Rental income	39,293	-	39,293
In-kind donations	2,195,861	4,547	2,200,408
Investment income, net of expenses	11,095	-	11,095
Net assets released from restriction	60,103	(60,103)	-
<b>Total public support and revenue</b>	<u>5,326,371</u>	<u>(32,956)</u>	<u>5,293,415</u>
<b>Expenses</b>			
Program services	4,205,643	-	4,205,643
Management and general	192,559	-	192,559
Fundraising	435,638	-	435,638
<b>Total expenses</b>	<u>4,833,840</u>	<u>-</u>	<u>4,833,840</u>
<b>Change in net assets</b>	492,531	(32,956)	459,575
<b>Net assets, beginning of year</b>	<u>2,429,302</u>	<u>123,286</u>	<u>2,552,588</u>
<b>Net assets, end of year</b>	<u>\$ 2,921,833</u>	<u>\$ 90,330</u>	<u>\$ 3,012,163</u>

See accompanying notes and independent auditor's report.

# Arlington Food Assistance Center

## Statement of Functional Expenses for the year ended June 30, 2016

	Program services	Management and general	Fundraising	Total
Personnel	\$ 789,603	\$ 59,122	\$ 336,669	\$ 1,185,394
Benefits	124,201	8,195	27,974	160,370
Payroll taxes	69,945	2,581	27,119	99,645
Other labor	200	-	-	200
	<u>983,949</u>	<u>69,898</u>	<u>391,762</u>	<u>1,445,609</u>
Accounting and audit fees	-	11,400	-	11,400
Bank charges	1,319	339	15,723	17,381
Bookkeeping fees	-	46,555	-	46,555
Depreciation	33,308	4,564	3,216	41,088
Donated goods	2,482,479	796	-	2,483,275
Equipment rental and maintenance	38,322	4,021	6,641	48,984
Food purchases	794,221	-	-	794,221
Fundraising and public relations	3,131	-	7,906	11,037
Insurance	9,610	2,253	362	12,225
Occupancy costs	45,134	13,813	587	59,534
Postage and shipping	4,651	640	14,684	19,975
Printing and publications	12,106	14,302	32,919	59,327
Professional fees	16,186	18,363	14,456	49,005
Program transportation	42,487	-	-	42,487
Supplies	10,402	804	2,762	13,968
Taxes	10,283	524	1,211	12,018
Telecommunications	18,994	6,076	4,825	29,895
Travel and meetings	1,573	8,885	5,498	15,956
Warehouse supplies	41,506	-	-	41,506
Other expenses	8,490	67,100	5,106	80,696
	<u>8,490</u>	<u>67,100</u>	<u>5,106</u>	<u>80,696</u>
<b>Total functional expenses</b>	<u><u>\$ 4,558,151</u></u>	<u><u>\$ 270,333</u></u>	<u><u>\$ 507,658</u></u>	<u><u>\$ 5,336,142</u></u>

See accompanying notes and independent auditor's report.

# Arlington Food Assistance Center

## Statement of Functional Expenses for the year ended June 30, 2015

	Program services	Management and general	Fundraising	Total
Personnel	\$ 680,305	\$ 68,648	\$ 283,192	\$ 1,032,145
Benefits	96,802	8,166	20,907	125,875
Payroll taxes	61,052	5,241	22,007	88,300
Other labor	890	-	-	890
	<u>839,049</u>	<u>82,055</u>	<u>326,106</u>	<u>1,247,210</u>
Accounting and audit fees	-	10,675	-	10,675
Bank charges	10	323	12,479	12,812
Depreciation	42,874	4,439	1,746	49,059
Donated goods	2,159,976	1,150.00	-	2,161,126
Equipment rental and maintenance	32,977	2,562	3,024	38,563
Food purchases	920,419	-	-	920,419
Fundraising and public relations	-	-	10,397	10,397
Insurance	8,375	543	330	9,248
Occupancy costs	47,412	299	506	48,217
Postage and shipping	3,116	670	14,871	18,657
Printing and publications	4,144	15,119	35,377	54,640
Professional fees	25,892	4,660	13,656	44,208
Program transportation	45,868	-	-	45,868
Supplies	3,748	333	1,552	5,633
Taxes	4,433	204	573	5,210
Telecommunications	15,255	1,975	8,414	25,644
Travel and meetings	5,060	7,198	5,232	17,490
Warehouse supplies	36,221	-	-	36,221
Other expenses	10,814	60,354	1,375	72,543
	<u>10,814</u>	<u>60,354</u>	<u>1,375</u>	<u>72,543</u>
<b>Total functional expenses</b>	<u>\$ 4,205,643</u>	<u>\$ 192,559</u>	<u>\$ 435,638</u>	<u>\$ 4,833,840</u>

See accompanying notes and independent auditor's report.



# Arlington Food Assistance Center

## Statements of Cash Flows for the years ended June 30,

2016

2015

### Cash flows from operating activities

Change in net assets	\$	6,056	\$	459,575
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities				
Realized and unrealized gain on investments		(5,350)		(3,638)
Donated stock received		(22,396)		(22,924)
Donated vehicle		(22,000)		-
Depreciation		41,088		49,059
(Increase) decrease in operating assets				
Other receivables		(733)		552
Pledges receivable		(43,989)		(27,294)
Prepaid expenses		(5,935)		(477)
Inventory of food available for distribution		(36,931)		19,773
Gift cards		(1,755)		(1,248)
Decrease in operating liabilities				
Accounts payable and accrued expenses		(33,662)		(7,376)
Security deposits held		-		(2,200)
Net cash (used in) provided by operating activities		<u>(125,607)</u>		<u>463,802</u>

### Cash flows from investing activities

Purchase of certificate of deposits		(255,877)		(494,000)
Purchase of investments and reinvestments		(6,270)		(15,365)
Purchase of property and equipment		(12,374)		(5,922)
Proceeds from certificate of deposit maturity		50,000		101,011
Proceeds from donated stock sold		2,832		21,510
Net cash used in investing activities		<u>(221,689)</u>		<u>(392,766)</u>

### Net change in cash and cash equivalents

(347,296) 71,036

### Cash and cash equivalents, beginning of year

1,347,817 1,276,781

### Cash and cash equivalents, end of year

\$ 1,000,521 \$ 1,347,817

### Supplemental cash flow information

Interest paid	\$	-	\$	-
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See accompanying notes and independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 1. Organization

The Arlington Food Assistance Center (AFAC) is an independent, community-based non-profit food pantry that provides dignified access to nutritious supplemental groceries to all Arlington neighbors in need. AFAC relies on the support of numerous individuals, businesses, congregations, schools, community organizations, foundations and Arlington County to provide the financial resources, donated food, and the services of over 2,500 dedicated volunteers to operate AFAC. AFAC works to relieve the food budget of clients, helps prevent homelessness, and allows families to make other necessary purchases without sacrificing their health, housing, or nutritional needs.

While AFAC's mission is to provide groceries to families and individuals in Arlington County, AFAC works in cooperation with the Arlington County Department of Human Services, the Arlington Public Schools, and a number of other social safety net non-profits to refer families in need of food to AFAC. In addition to AFAC's primary Groceries Program, AFAC is expanding its Backpack Buddies Program to serve additional students who frequently experience a lack of food resources during weekends and long holiday periods. AFAC operates out of its main warehouse at 2708 South Nelson Street and distributes food at 17 other locations to an average of 2,173 families each week - over 4,800 individuals, a third of whom are children under the age of 18.

AFAC drivers collect donated food from local grocery stores, farmer's markets community gardens, local farms, and from numerous food drives conducted on behalf of AFAC. The food is brought to AFAC where it is weighed, sorted, and prepared for delivery to the many families that rely on AFAC for help. In addition to the 1.5 million pounds of donated food, AFAC distributes nearly 1.7 million pounds of food purchased from local and national wholesale and retail distributors.

AFAC is the sole owner of 2708 South Nelson Street LLC. This entity owns the facility in which AFAC operates. These financial statements include the accounts of 2708 South Nelson Street LLC and all intercompany transactions have been eliminated.

### 2. Summary of significant accounting policies

#### Basis of accounting

The financial statements of AFAC are prepared using the accrual method of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. All revenue and expenses which are applicable to future periods have been presented as deferred revenue or prepaid expenses on the accompanying statements of financial position.

#### Financial statement presentation

AFAC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2016 and 2015, AFAC had no permanently restricted net assets.

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 2. Summary of significant accounting policies (continued)

#### 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 certain 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.

#### Cash and cash equivalents

For purposes of the statements of cash flows, AFAC considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Certificates of deposit are not included in cash and cash equivalents. Investor's Deposit Accounts (IDA) are interest bearing checking accounts. FDIC insurance is \$250,000 per depositor, per insured bank. AFAC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### Inventory

The majority of the food distributed by AFAC is donated. This activity is recorded in the financial statements as a contribution on per-pound values established by Feeding America. AFAC also supplements its donated food supply by purchasing nutritious food items and perishable items not normally donated to AFAC, these items are valued at lower of cost or market.

#### Property and equipment

Property and equipment is recorded at cost if purchased and at fair value if donated. AFAC's policy is to capitalize purchases of property and equipment with a cost of \$1,000 or more. Depreciation is computed using the straight-line method over the useful lives.

#### Compensated absences

Employees of AFAC are entitled to paid vacation depending on job classification, length of service and other factors. As of June 30, 2016 and 2015, compensated absences of \$20,158 and \$22,842 are included in accounts payable and accrued expenses in the accompanying statement of financial position.

#### Contributions

Contributions received are measured at their fair values and are reported as an increase in net assets. AFAC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 2. Summary of significant accounting policies (continued)

#### **Pledges receivable**

AFAC reports unconditional promises to give as contributions. Unconditional promises to give are recognized as revenue in the period pledged. Conditional promises to give are recognized as unrestricted revenue when the donor imposed conditions on which they depend are substantially met. If pledges are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If pledges are to be paid to the organization over a period of years, they are recorded at the present value of their estimated cash flows using the prime rate as of the fiscal year-end in the year of the donation.

Management provides for potential uncollectible amounts through an allowance for doubtful accounts. No allowance was recorded for the year ended June 30, 2016. \$150 of allowance was recorded for the year ended June 30, 2015.

#### **In-kind donations**

A substantial number of volunteers donate time to AFAC's program services. The donated services are an integral part of AFAC's purpose but are not reflected in the financial statements because the services do not require specialized skills as defined by U.S. generally accepted accounting principles. Donated property is reflected as a revenue or asset at the fair market value of the property on date of donation. In kind donations are detailed in Note 11 of these financial statements.

#### **Functional classification of expenses**

The costs of providing program services are summarized on a functional basis in the accompanying financial statements. Expenses have been charged to programs and supporting services directly, if applicable, or on the basis of periodic time and expense studies.

#### **Fair value of financial assets and liabilities**

Financial assets with carrying values approximating fair value include cash and cash equivalents, other receivables, pledges receivable, prepaid expenses, inventory of food available for distribution, and gift cards. Financial liabilities with carrying values approximating fair value include accounts payable and accrued expenses. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 2. Summary of significant accounting policies (continued)

#### Income taxes

Arlington Food Assistance Center is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. AFAC did not have a liability for unrelated business income for the years ended June 30, 2016 and 2015.

AFAC is subject to taxation in the U.S. and a small number of state and local jurisdictions. The material jurisdictions subject to potential examination by taxing authorities include the U.S. and Virginia. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the AFAC's results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2013 through 2016.

### 3. Cash and cash equivalents

Cash and cash equivalents as of June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Checking accounts	\$ 541,622	\$ 410,242
IDA accounts	29,881	298,106
Money market accounts	429,018	639,470
	<u>\$ 1,000,521</u>	<u>\$ 1,347,817</u>

### 4. Certificates of deposits

As of June 30, 2016 AFAC held six certificate of deposit accounts. Interest rates range between 0.50% and 1.00%. Two of the accounts matured in July of 2016 and were subsequently extended until July 20, 2017 and July 24, 2017.

### 5. Line of credit

AFAC has a \$100,000 business line of credit, secured by the land and building. Interest is applied at a variable rate of the Bank's Prime Rate plus 0.5% per annum to be adjusted monthly, not to decrease below a fixed minimum rate of 4.75%. Payments are required monthly. No amounts were outstanding on June 30, 2016 and 2015.

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 6. Investments

AFAC maintains its investments at fair market value, based on quoted prices in active markets, and accordingly, recognizes the gains or losses that result from market fluctuations for the period in which fluctuations occur. Purchased investments are initially recorded at cost and donated investments at fair value on date of receipt. Unrealized gains and losses are included in the statement of activities.

Investment income for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Realized and unrealized gains	\$ 5,350	\$ 3,638
Interest and dividend income	16,488	10,088
Investment fees	<u>(2,301)</u>	<u>(2,632)</u>
	<u>\$ 19,537</u>	<u>\$ 11,095</u>

Arlington Food Assistance Center classifies its investment into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

A portion of AFAC's investments are held in a community foundation. The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of the fund investments as reported by the community foundation. These are considered Level 3 measurements.

Fair value measurements at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>			<u>Total assets</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>at fair value</u>
Cash	\$ 13,426	\$ -	\$ 1,685	\$ 15,111
Domestic equity stocks	9,422	-	138,422	147,844
International equity stocks	-	-	29,197	29,197
Real estate investment trusts	-	-	37,374	37,374
Bonds				
High yield	-	-	26,636	26,636
Interim-term	-	-	88,601	88,601
	<u>\$ 22,848</u>	<u>\$ -</u>	<u>\$ 321,915</u>	<u>\$ 344,763</u>

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 6. Investments (continued)

	2015			Total assets at fair value
	Level 1	Level 2	Level 3	
Cash	\$ 2,315	\$ -	\$ 8,064	\$ 10,379
Domestic equity stocks	554	-	133,884	134,438
International equity stocks	-	-	33,280	33,280
Real estate investment trusts	-	-	30,101	30,101
Bonds				
High yield	-	-	25,484	25,484
Interim-term	-	-	79,897	79,897
	<u>\$ 2,869</u>	<u>\$ -</u>	<u>\$ 310,710</u>	<u>\$ 313,579</u>

In general, the primary objectives of AFAC's investment funds are (1) to provide a stable source of liquidity and financial resources to support AFAC's mission and (2) to maintain the real purchasing power of the Fund's assets, after inflation and net of investment costs.

The following table presents activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	2016	2015
Beginning balance	\$ 310,710	\$ 292,233
Contributions	-	10,000
Total gains or losses (realized/unrealized) including changes in net assets	11,205	8,477
Ending balance	<u>\$ 321,915</u>	<u>\$ 310,710</u>

### 7. Inventory of food available for distribution

At June 30, 2016 and 2015 inventory consisted of \$92,834 and \$55,903, respectively. Donated food is valued based upon the fair market value of the foods. The approximate wholesale value of one pound of donated food was \$1.70 at both June 30, 2016 and 2015.

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 8. Rental income

During FY 2015 and a portion of FY 2016, AFAC rented a portion of its warehouse to Arlington Street People's Assistance Network, Inc. (ASPAN). AFAC received \$13,486 and \$39,293 in rental income from ASPAN for the years ended June 30, 2016 and 2015.

In July of 2015, ASPAN notified AFAC of its intent to end the lease and negotiated a month to month lease until a new facility was completed. The security deposit was released and the tenant vacated the premises at the end of October 2015.

### 9. Property and equipment

A summary of information relative to property depreciation as of June 30, 2016 was as follows:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Depreciation expense</u>	<u>Useful life</u>
Land	\$ 261,901	\$ -	\$ -	
Building and improvements	707,974	163,852	19,458	15-39 years
Vehicles	104,316	72,111	8,486	5 years
Equipment	73,022	58,004	6,347	5-10 years
Software	66,538	58,728	6,797	3 years
	<u>\$ 1,213,751</u>	<u>\$ 352,695</u>	<u>\$ 41,088</u>	

A summary of information relative to property depreciation as of June 30, 2015 was as follows:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Depreciation expense</u>	<u>Useful life</u>
Land	\$ 261,901	\$ -	\$ -	
Building and improvements	707,974	144,394	19,725	15-39 years
Vehicles	82,316	63,625	7,284	5 years
Equipment	70,786	51,657	5,688	5-10 years
Software	56,400	51,931	16,362	3 years
	<u>\$ 1,179,377</u>	<u>\$ 311,607</u>	<u>\$ 49,059</u>	

See independent auditor's report.



# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 10. Retirement benefits

AFAC participates in a 401(k) Retirement Plan. This defined contribution plan covers all employees who meet eligibility requirements. Employees may elect to defer up to the statutory limits, while AFAC may make discretionary contributions based on the participant's salary. AFAC's retirement expense for the years ended June 30, 2016 and 2015 was \$38,118 and \$33,915 and was included in benefits on the Statements of Functional Expenses.

### 11. In-kind donations

#### Donated food and assets

Food donations are received from local groceries, bakeries and food bank distributors. Donated food is valued based upon the fair market value of the foods. For the years ended June 30, 2016 and 2015, the approximate wholesale value of one pound of donated food was \$1.70. AFAC collected 1,514,803 and 1,322,173 pounds of food in 2016 and 2015, respectively. AFAC receives gift cards, and other items to assist in its day to day operations, those items are reported as other in-kind in the chart below. Other in-kind also includes a vehicle donation for the year ended June 30, 2016.

As of June 30, 2016 and 2015, AFAC recorded the following in kind donations:

	<u>2016</u>	<u>2015</u>
Food, net spoilage	\$ 2,493,565	\$ 2,166,094
Gift cards	3,100	4,547
Other in-kind	35,511	29,767
	<u>\$ 2,532,176</u>	<u>\$ 2,200,408</u>

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 11. In-kind donations (continued)

#### Donated services

Many individuals volunteer their time and perform a variety of tasks that assist AFAC. Volunteers assisted in food collection, distribution and administrative assistance. In 2016 and 2015, AFAC volunteer hours were valued at \$26.09 and \$24.90 per hour, respectively. No amounts have been recognized in the financial statements for these volunteer hours because they do not meet the criteria for recognition. For the years ended June 30, 2016 and 2015, volunteer hours and value of hours were as follows:

	2016	
	Hours worked (rounded)	Value of hours
Program	40,645	\$ 995,803
Administrative	830	20,335
Fundraising	85	2,083
	<u>41,560</u>	<u>\$ 1,018,220</u>
	2015	
	Hours worked (rounded)	Value of hours
Program	37,033	\$ 922,122
Administrative	1,689	42,056
Fundraising	87	2,166
	<u>38,809</u>	<u>\$ 966,344</u>

### 12. Service providing agreements

For the years ended June 30, 2016 and 2015, the common law employees of the organization were leased from Insperity, a Professional Employer Organization. AFAC retained its status of employer and control over day-to-day job duties over all common law employees.

See independent auditor's report.

# Arlington Food Assistance Center

## Notes to Financial Statements June 30, 2016 and 2015

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### 13. Temporarily restricted net assets

Net assets are temporarily restricted for specific events or programs as well as for future periods. Restrictions on these assets are removed when expenses are incurred. Temporarily restricted net assets included the following at June 30, 2016 and 2015:

	<u>2015</u>	<u>Additions</u>	<u>Releases</u>	<u>2016</u>
General contributions	\$ 8,100	\$ 400	\$ -	\$ 8,500
Grants for specific projects	79,558	62,022	74,533	67,047
Gift cards	2,672	3,100	1,345	4,427
	<u>\$ 90,330</u>	<u>\$ 65,522</u>	<u>\$ 75,878</u>	<u>\$ 79,974</u>

  

	<u>2014</u>	<u>Additions</u>	<u>Releases</u>	<u>2015</u>
Capital campaign	\$ -	\$ 8,100	\$ -	\$ 8,100
Grants for specific projects	121,862	14,500	56,804	79,558
Gift cards	1,424	4,547	3,299	2,672
	<u>\$ 123,286</u>	<u>\$ 27,147</u>	<u>\$ 60,103</u>	<u>\$ 90,330</u>

### 14. Subsequent events

AFAC assessed events occurring subsequent to June 30, 2016 through January 17, 2017, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred subsequent to the fiscal year end, other than those mentioned in Note 4 that would require adjustment or disclosure in the statements.

See independent auditor's report.