

FEED MY PEOPLE
FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

FEED MY PEOPLE
DECEMBER 31, 2016 and 2015

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Martz & Wilson, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Feed My People

We have audited the accompanying financial statements of Feed My People, a Missouri non-for-profit corporation, which comprise the statements of financial position, as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, 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 Feed My People as of December 31, 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.

A handwritten signature in blue ink that reads "Martz & Wilson, LLP". The signature is written in a cursive, flowing style.

MARTZ & WILSON, LLP
Certified Public Accountants

July 13, 2017

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STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

Assets

	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and cash equivalents	\$ 114,182	\$ 206,306
Cash-board restricted	19,460	6,332
Certificates of deposit	42,734	42,622
Prepaid expenses	19,014	14,911
Food inventory	38,851	53,915
	<u>234,241</u>	<u>324,086</u>
Investments	714,460	856,274
Property, Equipment, and Leasehold		
Improvements, net of accumulated depreciation	<u>1,603,432</u>	<u>1,500,722</u>
Total Assets	<u>\$ 2,552,133</u>	<u>\$ 2,681,082</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 58,542	\$ 32,235
Net Assets		
Unrestricted		
Undesignated	1,700,075	1,565,150
Board designated	733,920	862,606
	<u>2,433,995</u>	<u>2,427,756</u>
Temporarily restricted	59,596	221,091
	<u>2,493,591</u>	<u>2,648,847</u>
Total Liabilities and Net Assets	<u>\$ 2,552,133</u>	<u>\$ 2,681,082</u>

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Board Designated</u>		
Revenue and Support				
Public support				
Contributions	\$ 511,339	\$ 34,434	\$ -	\$ 545,773
Donated food, materials, and services	5,059,667	-	-	5,059,667
Special events (net of direct costs of \$76,378 in 2016)	48,513	-	-	48,513
Grant income	-	-	-	-
Bequest income	10,000	-	-	10,000
Revenues				
Thrift store sales	200,465	-	-	200,465
Investment income	207	31,926	-	32,133
Gain (Loss) on investments	-	48,400	-	48,400
	<u>5,830,191</u>	<u>114,760</u>	<u>-</u>	<u>5,944,951</u>
Release from restrictions	404,941	(243,446)	(161,495)	-
Total Revenue and Support	6,235,132	(128,686)	(161,495)	5,944,951
Expenses	6,100,207	-	-	6,100,207
Changes in net assets	134,925	(128,686)	(161,495)	(155,256)
Net Assets, Beginning of Year	1,565,150	862,606	221,091	2,648,847
Net Assets, End of Year	<u>\$ 1,700,075</u>	<u>\$ 733,920</u>	<u>\$ 59,596</u>	<u>\$ 2,493,591</u>

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	
Revenue and Support				
Public support				
Contributions	\$ 482,517	\$ 22,734	\$ 10,745	\$ 515,996
Donated food, materials, and services	4,594,928	-	-	4,594,928
Special events (net of direct costs of \$85,086 in 2015)	41,468	-	-	41,468
Grant income	79,107	-	-	79,107
Bequest income	-	-	-	-
Revenues				
Apartment management	13,388			13,388
Thrift store sales	186,443	-	-	186,443
Investment income	408	25,335	-	25,743
Gain on investments	-	(77,371)	(4,931)	(82,302)
	<u>5,398,259</u>	<u>(29,302)</u>	<u>5,814</u>	<u>5,374,771</u>
Release from restrictions	126,647	174,500	(301,147)	-
Total Revenue and Support	<u>5,524,906</u>	<u>145,198</u>	<u>(295,333)</u>	<u>5,374,771</u>
Expenses	<u>5,485,440</u>	<u>-</u>	<u>-</u>	<u>5,485,440</u>
Changes in net assets	39,466	145,198	(295,333)	(110,669)
Net Assets, Beginning of Year	<u>1,525,684</u>	<u>717,408</u>	<u>516,424</u>	<u>2,759,516</u>
Net Assets, End of Year	<u>\$ 1,565,150</u>	<u>\$ 862,606</u>	<u>\$ 221,091</u>	<u>\$ 2,648,847</u>

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STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Program Services	Administration	Fundraising	Total
Program Expenses				
Purchased food and materials	\$ 7,714	\$ -	\$ -	\$ 7,714
Donated food and materials	5,071,960	-	-	5,071,960
Fans and heaters	225	-	-	225
Grants	-	-	-	-
Childrens underwear	2,770	-	-	2,770
Shoes	1,275	-	-	1,275
Specific assistance	2,881	-	-	2,881
Thrift store expenses	2,856	-	-	2,856
Client services	4,057	-	-	4,057
Other program expenses	4,424	-	-	4,424
Total Program Expenses	5,098,162	-	-	5,098,162
Payroll Expenses				
Salaries	346,692	129,363	41,396	517,451
Employee benefits	49,939	18,634	5,962	74,535
Payroll taxes	28,605	10,673	3,416	42,694
Pension	8,424	3,143	1,006	12,573
Total Payroll Expenses	433,660	161,813	51,780	647,253
Occupancy Expenses				
Repairs and maintenance	37,080	8,782	2,928	48,790
Insurance	34,314	8,127	2,709	45,150
Depreciation	63,286	14,989	4,996	83,271
Security	927	220	73	1,220
Other occupancy	44,743	10,597	3,532	58,872
Total Occupancy Expenses	180,350	42,715	14,238	237,303
Other Operating Expenses				
Printing and publication	13,337	3,556	889	17,782
Postage and shipping	2,971	792	198	3,961
Advertising	11,779	-	1,309	13,088
Vehicle expense	13,674	-	-	13,674
Office expense	12,576	3,353	838	16,767
Volunteer development	5,844	-	-	5,844
Telephone	3,858	1,029	257	5,144
Conferences and meetings	1,279	1,152	128	2,559
Professional fees	-	19,696	-	19,696
Taxes and licenses	-	822	-	822
Miscellaneous	3,259	3,260	-	6,519
Computer expense	7,821	2,607	-	10,428
Dues and subscriptions	-	890	-	890
Meal a month bags	315	-	-	315
Interest	-	-	-	-
Total Other Operating Expenses	76,713	37,157	3,619	117,489
Total Functional Expenses	\$ 5,788,885	\$ 241,685	\$ 69,637	\$ 6,100,207

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STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Program Expenses				
Purchased food and materials	\$ 17,638	\$ -	\$ -	\$ 17,638
Donated food and materials	4,538,708	-	-	4,538,708
Fans and heaters	1,241	-	-	1,241
Grant	1,396	-	-	1,396
Childrens underwear	5,390	-	-	5,390
Specific assistance	705	-	-	705
Thrift store expenses	2,401	-	-	2,401
Client services	2,742	-	-	2,742
Other program expenses	-	-	-	-
Total Program Expenses	4,570,221	-	-	4,570,221
Payroll Expenses				
Salaries	208,730	195,781	51,665	456,176
Employee benefits	29,778	31,464	6,293	67,535
Payroll taxes	16,949	17,437	3,487	37,873
Pension	4,799	3,054	873	8,726
Total Payroll Expenses	260,256	247,736	62,318	570,310
Occupancy Expenses				
Repairs and maintenance	25,839	11,898	2,380	40,117
Insurance	21,613	22,836	4,567	49,016
Depreciation	30,070	28,185	5,095	63,350
Security	-	1,368	-	1,368
Other occupancy	37,792	17,402	3,480	58,674
Total Occupancy Expenses	115,314	81,689	15,522	212,525
Other Operating Expenses				
Printing and publication	16,605	-	-	16,605
Postage and shipping	2,606	3,258	651	6,515
Advertising	5,407	-	5,408	10,815
Vehicle expense	10,932	-	-	10,932
Office expense	7,125	8,908	1,782	17,815
Volunteer development	3,754	-	-	3,754
Telephone	1,272	2,544	1,272	5,088
Conferences and meetings	1,591	1,989	398	3,978
Professional fees	2,638	24,391	5,286	32,315
Taxes and licenses	-	505	-	505
Miscellaneous	5,077	1,040	1,040	7,157
Computer expense	1,490	11,919	1,490	14,899
Dues and subscriptions	-	866	-	866
Meal a month bags	-	-	-	-
Interest	-	1,140	-	1,140
Total Other Operating Expenses	58,497	56,560	17,327	132,384
Total Functional Expenses	\$ 5,004,288	\$ 385,985	\$ 95,167	\$ 5,485,440

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STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED

DECEMBER 31,

	<u>2016</u>	<u>2015</u>
Operating Activities		
Change in net assets	\$ (155,256)	\$ (110,669)
Adjustments to reconcile change in net assets to net Cash provided by operating activities		
Depreciation	83,270	63,350
(Gain) Loss on investments	(48,400)	82,302
Investment income reinvested	(31,926)	(25,335)
Decrease (increase) prepaid expenses	(4,103)	(9,901)
Decrease (increase) in promises to give	-	297,781
Decrease (increase) certificates of deposits	(112)	(149)
Increase (decrease) in current liabilities	26,307	25,705
Decrease (increase) in TEFAP food inventory	15,064	(41,144)
Net Cash Provided (Used) by Operating Activities	(115,156)	281,940
Investing Activities		
Transfer from board designated investments	243,446	25,500
Board restricted stock investment donations received	(34,434)	(22,734)
Purchase of investments	-	(200,000)
Purchase of property and equipment	(185,980)	(176,338)
Net Cash Provided (Used) by Investing Activities	23,032	(373,572)
Net Decrease in Cash and Cash Equivalents	(92,124)	(91,632)
Cash and Cash Equivalents, Beginning of Year	206,306	297,938
Cash and Cash Equivalents, End of Year	<u>\$ 114,182</u>	<u>\$ 206,306</u>

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015

NOTE 1 – ORGANIZATION

Feed My People was founded in 1982 to meet the spiritual, material, and emotional needs of the poor in South St. Louis County, Missouri. The Organization also serves the needs of the poor in South St. Louis County and Northwestern Jefferson County. Feed My People is a Missouri not-for-profit corporation and exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Donations to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A) and the Organization is not a private foundation.

In 2012, the Organization formed the Feed My People Foundation, a 509(a)(3) supporting organization. The foundation was formed to raise sufficient funds to support and promote the Organization's mission.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are presented in accordance with the Statement of Accounting Standards (SFAS) No. 117 "Financial Statements of Not-For-Profit Organizations".

Revenue and Expense Recognition

Substantially all of the Organization's revenues result from contributions, bequests, and special grants, which are recognized when received and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

The Organization has adopted SFAS No. 116, "Accounting For Contributions Received and Contributions Made." Donated materials and services are valued at fair market value at the time of receipt. Volunteers provide assistance in the program support and fund raising activities of the Organization. Professional and specialized donated services and donated materials are recognized at their fair market value. The value of donated materials amounted to \$5,059,667 and \$4,594,928 for 2016 and 2015, respectively. The fair market value of other volunteer services amounted to \$736,683 and \$787,200, for 2016 and 2015, respectively, but are not included in these financial statements in accordance with SFAS No. 116.

Expenses are recognized under the accrual basis of accounting.

Cash

Cash includes all currency on hand and checking and savings accounts. Accounts at each financial institution are secured by Federal Deposit Insurance Corporation up to \$250,000. Daily balances in these accounts may exceed this limit.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit are carried at market value, or cost which approximates market value. All accounts are held in financial institutions covered by the Federal Deposit Insurance Corporation.

Inventory

Under U.S. Department of Agriculture (USDA) regulations, the Organization maintains an inventory of food donated, but not yet distributed. The inventory is valued at the USDA prescribed value of \$1.62 per pound at December 31, 2016 and 2015.

Property, Equipment and Leasehold Improvements

Property, equipment, and leasehold improvements are stated at cost when purchased and at fair market value when donated. Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 39 years. Total costs are summarized as follows:

	2016	2015
Furniture and equipment	\$ 187,960	\$ 187,960
Vehicles	183,813	183,813
Building improvements	427,520	419,697
Building	1,526,857	1,348,700
Land	273,700	273,700
	<u>2,599,850</u>	<u>2,413,870</u>
Accumulated depreciation	996,418	913,148
	<u>\$ 1,603,432</u>	<u>\$ 1,500,722</u>

Depreciation expense was \$83,270 and \$63,350 for 2016 and 2015, respectively.

Concentrations

The Organization received shipments of donated food from the St. Louis Area Food Bank and the Emergency Food Assistance Program of the USDA. Shipments from the Food Bank were \$2,837,363 in 2016 and \$2,667,788 in 2015. Shipments from the USDA program included in the Food Bank shipments were \$527,264 in 2016 and \$603,190 in 2015.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Cost

The Organization expenses all advertising costs. Advertising expense was \$13,088 and \$10,815 for 2016 and 2015, respectively.

Subsequent Events

The Organization has evaluated subsequent events through July 13, 2017, the date which the financial statements were issued.

NOTE 3 – NET ASSETS

The Organization classifies its net assets into two categories:

Unrestricted Net Assets include all of the unrestricted support and revenue of the Organization, all of the expenses of the Organization, and transfers from temporarily restricted net assets for reimbursement of expenditures that meet the restrictions of the donors. Unrestricted Net Assets include Board Designated Net Assets (See Note 5) and Undesignated Net Assets.

Temporarily Restricted Net Assets include all the restricted support and revenue of the Organization. Transfers are made from this fund to unrestricted net assets as expenditures are incurred which meet the restrictions of the donors.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2016 and 2015 are composed of:

	<u>December 31, 2015</u>	<u>Restricted Grants and Donations</u>	<u>Released from Restrictions</u>	<u>December 31, 2016</u>
Temporarily Restricted				
Capital Improvements	\$ 221,091	\$ -	\$ 161,495	\$ 59,596
Total Temporarily Restricted	<u>\$ 221,091</u>	<u>\$ -</u>	<u>\$ 161,495</u>	<u>\$ 59,596</u>

	<u>December 31, 2014</u>	<u>Restricted Grants and Donations</u>	<u>Released from Restrictions</u>	<u>December 31, 2015</u>
Temporarily Restricted				
Capital Improvements	\$ 213,711	\$ 10,745	\$ 3,365	\$ 221,091
Bequests	302,713	-	302,713	-
Total Temporarily Restricted	<u>\$ 516,424</u>	<u>\$ 10,745</u>	<u>\$ 306,078</u>	<u>\$ 221,091</u>

NOTE 5 – PROMISES TO GIVE

In October 2014, the Organization was named as a one-sixth beneficiary of an irrevocable trust. The amount of the bequest resulted in a promise to give of \$302,713, which includes the change in the fair market value of \$2,403 from the date of the bequest to December 31, 2014. Due to the nature of the promise, management believed that all amounts will be received when due and no allowance for uncollectible promises is necessary.

In 2015, the Organization received \$297,782 in total distributions from the trust.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Since December 31, 2004, all current and future investments have been designated by the Board of Directors to be used for contingencies. Use of these amounts are subject to Board approval. In 2016 and 2015, the Board approved the transfer of \$243,446 and \$25,500, respectively to support operations. Fair value and cost of these investments as of December 31, 2016 and 2015 are as follows:

<u>Fair Value</u>	<u>2016</u>	<u>2015</u>
Thrivent Investment Management	\$ 281,504	\$ 265,522
US Bancorp Securities	452,416	597,084
	<u>733,920</u>	<u>862,606</u>
Less Money Market Accounts	19,460	6,332
Investments	<u>\$ 714,460</u>	<u>\$ 856,274</u>

<u>Cost</u>	<u>2016</u>	<u>2015</u>
Thrivent Investment Management	\$ 315,382	\$ 311,943
US Bancorp Securities	453,601	612,965
	<u>768,983</u>	<u>924,908</u>
Less Money Market Accounts	19,460	6,332
Investments	<u>\$ 749,523</u>	<u>\$ 918,576</u>

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2016 and 2015.

Individual stocks: Valued at unadjusted quoted prices for identical stock traded in active markets.

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end. Depending on the underlying investment, the NAV may be based on quoted prices of identical assets or quoted prices for similar assets in inactive markets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Board Designated Net Assets				
Individual stocks	\$ 22,475	\$ -	\$ -	\$ 22,475
Mutual funds	286,157	405,828	-	691,985
	\$ 308,632	\$ 405,828	\$ -	\$ 714,460
	2015			
	Level 1	Level 2	Level 3	Total
Board Designated Net Assets				
Individual stocks	\$ 121,596	\$ -	\$ -	\$ 121,596
Mutual funds	354,887	379,791	-	734,678
	\$ 476,483	\$ 379,791	\$ -	\$ 856,274

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015

NOTE 7 – EMPLOYEES' RETIREMENT PLAN

The Organization has a Simple IRA retirement plan for all eligible employees. The Organization made contributions of \$12,573 and \$8,726 for the years ended December 31, 2016 and 2015, respectively. The Organization matches 100% of the employee contribution to a maximum of 3% of the employee earnings.

NOTE 8 – PARKSIDE AFFORDABLE HOUSING I, LP

The Organization is one of three general partners in the Parkside Affordable Housing I, LP, also known as Hillside II Apartments. The Partnership owns 48 multi-family apartment units that qualify under IRC Section 42 for low-income housing tax credits. The project is regulated by the US Department of Housing and Urban Development.

Under the terms of the partnership agreement, the limited partners are allocated 99.995% of the income or loss from day-to-day operations and 59.886% of any gain or loss from the sale of the property. The Organization, as a general partner, receives .005% of income or loss from day-to-day operations and 40.114% of any gain or loss from the sale of the property.

Because of federal restrictions in distributing surplus cash, the Organization accounts for the Partnership activity on the cash basis. At December 31, 2016 and 2015, the deficit in the capital account of the Organization was \$(200,369) and \$(200,366) respectively. The Organization is owed accrued interest of \$25,261 and \$25,261 for 2016 and 2015, respectively.

The Organization received cash, of \$0 and \$13,388 for 2016 and 2015 from the Partnership. The allocation of the loss was \$(3) and \$(4) for 2016 and 2015, respectively.

The Partnership will dissolve on December 31, 2050, unless dissolved sooner pursuant to the Partnership Agreement.

NOTE 9 – RECLASSIFICATIONS

Certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements with no effect on previously reported changes in net assets.