

**The Lakeview Pantry  
(An Illinois Not-For-Profit Corporation)**

**Financial Statements  
and Independent Auditor's Report**

**March 31, 2020  
(With Comparative Information for 2019)**

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's Report

To the Board of Directors  
The Lakeview Pantry

Report on Financial Statements

We have audited the accompanying financial statements of The Lakeview Pantry (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, 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.

*Auditor's 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 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.

*Basis for Qualified Opinion*

In March 2020, the Centers for Disease Control and Prevention declared a pandemic due to the novel coronavirus ("COVID-19"). This situation and measures put in place are having multiple impacts on local, provincial, national and global economies, including the accessibility of The Lakeview Pantry's inventory.

We were unable to observe the counting of physical inventories at year-end, and we were unable to satisfy ourselves by alternative means concerning the inventory quantities held at March 31, 2020, which are stated in the statement of financial position at \$325,150. Consequently, we were unable to determine whether any adjustments might have been necessary in respect to inventory, and the elements making up the statement of activities, functional expenses, and cash flows.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Lakeview Pantry as of March 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited The Lakeview Pantry's March 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chicago, Illinois  
January 19, 2021

**The Lakeview Pantry  
(An Illinois Not-For-Profit Corporation)**

**Statement of Financial Position  
Year Ended March 31, 2020  
(With Comparative Totals for 2019)**

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current assets		
Cash	\$ 1,628,747	\$ 1,618,430
Restricted cash	107,000	170,347
Inventory	325,150	71,787
Prepaid expenses	21,326	32,642
Promises to give - current	-	17,333
	<u>2,082,223</u>	<u>1,910,539</u>
Other assets		
Fixed assets, net of accumulated depreciation	3,657,527	3,107,901
Deposits and other assets	23,899	25,551
	<u>3,681,426</u>	<u>3,133,452</u>
<b>Total assets</b>	<u><u>\$ 5,763,649</u></u>	<u><u>\$ 5,043,991</u></u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable	\$ 45,767	\$ 180,132
Accrued expenses	25,251	21,955
Loan payable, current	36,110	34,224
	<u>107,128</u>	<u>236,311</u>
Long-term liabilities		
Loan payable, net of current portion	76,478	112,588
	<u>76,478</u>	<u>112,588</u>
<b>Total liabilities</b>	<u>183,606</u>	<u>348,899</u>
Net assets		
Without donor restrictions		
Undesignated	5,473,043	4,524,745
Board-designated	107,000	87,000
With donor restrictions	-	83,347
	<u>5,580,043</u>	<u>4,695,092</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 5,763,649</u></u>	<u><u>\$ 5,043,991</u></u>

See Notes to Financial Statements.

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Statement of Activities**  
**Year Ended March 31, 2020**  
**(With Comparative Totals for 2019)**

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, support and contributions				
Contributions	\$ 2,483,363	\$ 6,700	\$ 2,490,063	\$ 1,954,149
In-kind donations - food donations	5,638,797	-	5,638,797	3,597,704
In-kind donations - services	20,802	-	20,802	20,003
Grants	332,714	780,137	1,112,851	529,624
Events	300,890	-	300,890	283,475
Less costs of direct benefits to event donors	(86,401)	-	(86,401)	(62,487)
Interest income	1,666	-	1,666	1,969
Miscellaneous income	4,923	-	4,923	9,290
Net assets released from restrictions	870,184	(870,184)	-	-
<b>Total revenue and support</b>	<b>9,566,938</b>	<b>(83,347)</b>	<b>9,483,591</b>	<b>6,333,727</b>
Functional expenses				
Program services				
Food program	7,544,710	-	7,544,710	5,008,379
<b>Total program services</b>	<b>7,544,710</b>	<b>-</b>	<b>7,544,710</b>	<b>5,008,379</b>
Supporting services				
Management and general	511,606	-	511,606	435,912
Fundraising	542,324	-	542,324	407,384
<b>Total supporting services</b>	<b>1,053,930</b>	<b>-</b>	<b>1,053,930</b>	<b>843,296</b>
<b>Total expenses</b>	<b>8,598,640</b>	<b>-</b>	<b>8,598,640</b>	<b>5,851,675</b>
Increase (decrease) in net assets	968,298	(83,347)	884,951	482,052
Net assets, beginning	4,611,745	83,347	4,695,092	4,213,040
Net assets, end	<b>\$ 5,580,043</b>	<b>\$ -</b>	<b>\$ 5,580,043</b>	<b>\$ 4,695,092</b>

See Notes to Financial Statements.

**The Lakeview Pantry  
(An Illinois Not-For-Profit Corporation)**

**Statement of Functional Expenses  
Year Ended March 31, 2020  
(With Comparative Totals for 2019)**

	2020				
	Program services	Management and general	Fundraising	Total	2019 Total
Food program	\$ 5,751,548	\$ -	\$ -	\$ 5,751,548	\$ 3,871,820
Salaries and benefits	1,157,526	292,862	343,132	1,793,520	1,276,034
Development	7,927	11,321	117,785	137,033	125,132
Administrative	82,911	33,004	48,857	164,772	136,612
Facilities expenses	281,356	15,631	15,631	312,618	109,111
Professional fees	47,586	142,757	-	190,343	202,823
Insurance	20,455	5,175	6,063	31,693	23,176
Depreciation	188,830	10,491	10,491	209,812	97,508
Interest expense	6,571	365	365	7,301	9,459
<b>Total functional expenses</b>	<b>\$ 7,544,710</b>	<b>\$ 511,606</b>	<b>\$ 542,324</b>	<b>\$ 8,598,640</b>	<b>\$ 5,851,675</b>

See Notes to Financial Statements.

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Statement of Cash Flows**  
**Year Ended March 31, 2020**  
**(With Comparative Totals for 2019)**

	2020	2019
Cash flows from operating activities		
Increase in net assets	\$ 884,951	\$ 482,052
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	209,812	97,508
Changes in assets and liabilities		
(Increase) decrease in assets		
Inventory	(253,363)	(5,681)
Prepaid expenses	11,316	(16,801)
Promises to give	17,333	30,629
Other receivables	-	7,685
Deposits and other assets	1,652	(22,777)
Increase (decrease) in liabilities		
Accounts payable	(21,057)	39,496
Accrued expenses	3,296	(39,165)
Net cash provided by operating activities	853,940	572,946
Cash flows from investing activities		
Payments for fixed assets	(872,746)	(155,234)
Net cash used in investing activities	(872,746)	(155,234)
Cash flows from financing activities		
Payments on loan	(34,224)	(73,240)
Net cash used in financing activities	(34,224)	(73,240)
Net (decrease) increase in cash and restricted cash	(53,030)	344,472
Cash and restricted cash, beginning	1,788,777	1,444,305
Cash and restricted cash, end	\$ 1,735,747	\$ 1,788,777
Supplemental cash flow information		
Cash paid for interest	\$ 6,903	\$ 9,938
Significant noncash activities		
Increase in fixed assets	\$ -	\$ 113,308
Increase in accounts payable	-	(113,308)
Total	\$ -	\$ -

See Notes to Financial Statements.



**The Lakeview Pantry  
(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements  
March 31, 2020 and 2019**

**Note 1 - Organization**

The Lakeview Pantry (the "Pantry") was organized under the Illinois General Not-For-Profit Corporation Act and founded in 1970 to distribute food to low-income persons in the Lakeview community located on the north side of the City of Chicago, Illinois. The mission of the Pantry is to eliminate hunger in the communities the Pantry serves by providing food to fill the basic needs of hungry people, increasing the independence of the people the Pantry serves through self-help initiatives and innovative programs, and raising awareness of hunger and poverty and working towards solutions to eliminate them. The primary source of the Pantry's revenues is contributions and sponsorships from the general public, corporations and religious organizations. Inventory is primarily donated from large grocers and various organizations.

**Note 2 - Summary of significant account policies**

**Basis of presentation**

The Pantry is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Additionally, information is required to segregate program service expenses from support expenses. Support expenses include management and general and fundraising expenses.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Promises to give**

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at its present value.

**Inventory**

Inventory consists of food and is stated at donated value. Any purchased inventory is stated at the lower of cost or market value.

**Capitalization and depreciation**

Building, vehicles, furniture and equipment and leasehold improvements are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Assets are depreciated over their estimated service lives, except for leasehold improvements, which are depreciated over the lesser of their economic lives or the lease term. Any asset under construction is not depreciated until placed into service. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements**  
**March 31, 2020 and 2019**

Estimated useful lives by classification:

	<u>Estimated life</u>	<u>Method</u>
Land	-	-
Building	40 years	Straight-line
Leasehold improvements	2 - 9 years	Straight-line
Furniture and equipment	5 - 7 years	Straight-line
Vehicles	5 years	Straight-line

Fixed asset classifications as of March 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 337,221	\$ 337,221
Building	2,556,265	2,551,105
Leasehold improvements	935,006	27,927
Furniture and equipment	262,506	256,253
Vehicles	159,158	55,705
Construction in progress	-	262,507
<b>Total</b>	<b>4,250,156</b>	<b>3,490,718</b>
Accumulated depreciation	<u>(592,629)</u>	<u>(382,817)</u>
Net book value	<u><u>\$ 3,657,527</u></u>	<u><u>\$ 3,107,901</u></u>

**Net assets**

The Pantry classifies net assets as without donor restrictions and with donor restrictions.

Without donor restrictions net assets of the Pantry are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

With donor restrictions net assets of the Pantry result (a) from contributions and other inflows of assets whose use by the Pantry is limited by donor-imposed stipulations that neither or either expire by passage of time or can be fulfilled and removed by actions of the Pantry pursuant to those stipulations, (b) from other asset enhancements and diminishment subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Pantry pursuant to those stipulations.

**Contributions**

All contributions are considered to be available for the program or supporting services of the Pantry unless explicitly restricted by the donor. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose for the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Donations received and expended in the same year are classified as gifts without donor restrictions.

**The Lakeview Pantry  
(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements  
March 31, 2020 and 2019**

**Revenue recognition**

Contributions and grants, as well as reasonably collectible unconditional promises to give, are recognized at fair value in the year received. In-kind donations are recorded as support at their estimated fair market value when received.

**Functional allocation of expenses**

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Category	Method of Allocation
Food program	100% related to Program
Salaries and benefits	Estimate of employee percentage of time spent related to each functional category
Development	Estimate of applicability to each area based on review of direct costs
Administrative	Estimate of applicability to each area based on review of direct costs
Facilities expenses	Based on estimated percentage of square footage allocated to office and pantry space
Professional fees	Specifically identified consulting costs allocated 100% to Management and General; other professional fees allocated evenly between Program and Management and General
Insurance	Allocated by the same percentages determined for salaries and benefits
Depreciation	Estimate of percentage of fixed assets applicable to each functional category
Interest expense	Percentage allocation based on terms of IFF loan

**Advertising costs**

Advertising costs are charged to expense when incurred.

**Operating leases**

Operating lease payments are recorded at actual costs at the time the lease payments are due. Accounting principles generally accepted in the United States of America require that operating lease payments be amortized over the term of the lease using the straight-line method; however, the effect of recording lease payments at actual cost at the time the lease payments are due is not materially different from the results that would have been obtained under the straight-line method.

**Income tax status**

The Pantry is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law and has been granted status as a publicly supported organization under Section 501(a)(1). The Pantry did not earn any unrelated business income during the fiscal year ended March 31, 2020. The Pantry's Form 990, Return of Organization Exempt from Income Tax, for the years ended 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**Recent accounting pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") which had an effective date for private entities beginning for reporting periods after December 15, 2018. In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02") which had an effective date for private entities beginning for reporting periods after December 15, 2019. In June 2020, the FASB issued ASU No. 2020-05 ("ASU 2020-05"), *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which provides for the elective deferrals of the effective dates of Topic 606 and Topic 842 for certain entities. The Pantry has elected to apply the deferrals provided by ASU 2020-05 and therefore expects to adopt (i) Topic 606 for annual reporting periods beginning after December 15, 2019 retrospectively with a cumulative effect transition adjustment to opening net assets as of the beginning of the period that includes the initial adoption of the standard; and (ii) Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis. The Pantry is currently evaluating the potential impacts of adopting Topic 606 and Topic 842 on its financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash* ("ASU 2016-18"), to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. ASU 2016-18 also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash and restricted cash between the statement of financial position and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended March 31, 2020, however, there were no changes to the beginning or ending cash and restricted cash balances for 2019 and 2018.

In June 2018, the FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Pantry has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

**Reclassifications**

Certain reclassifications have been made to the prior year balances to conform to the current year presentation.

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**Note 3 - Availability and liquidity**

The following represents the Pantry's financial assets at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash	\$ 1,628,747	\$ 1,618,430
Restricted cash	107,000	170,347
Promises to give - current	-	17,333
	<u>1,735,747</u>	<u>1,806,110</u>
Less amounts not available to be used within one year		
Board-designated net assets	<u>(107,000)</u>	<u>(87,000)</u>
Financial assets not available to be used within one year	<u>(107,000)</u>	<u>(87,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,628,747</u>	<u>\$ 1,719,110</u>

**Liquidity management**

The Pantry maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Pantry continuously reviews current obligations to ensure the adequacy of financial assets available to liquidate in the event of an unforeseen circumstance.

As more fully described in Note 11, the Pantry has a committed line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need.

**Note 4 - Comparative financial information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset classes. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Pantry's financial statements for the year ended March 31, 2019, from which the summarized information was derived. The Pantry's financial statements for the year ended March 31, 2019, dated August 23, 2019, expressed an unmodified opinion on those statements.

**Note 5 - Restricted cash**

Restricted cash consists of the following as of March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash held in checking account designated by the Board for specific purpose (Note 9)	\$ 107,000	\$ 87,000
Van escrow	-	40,000
Warehouse escrow	-	43,347
	<u>\$ 107,000</u>	<u>\$ 170,347</u>

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**Note 6 - Capital campaign and promises to give**

On January 27, 2015, the Pantry purchased a building in Lakeview for \$1,000,000, which serves as its main operating food pantry and office space. The Pantry also made rehabilitation improvements to the building. The Pantry completed the improvements and occupied the new space in June 2016. The Pantry conducted a capital campaign to call for contributions to fund the purchase and rehabilitation of its new facility. As a result, the Pantry has received various promises to give payable over multiple years. The promises to give are recorded at net present value using a discount rate of 5%. During the year ended March 31, 2020, the Pantry wrote off the remaining promises to give in the net amount of \$17,333. The net present value of the total promises to give as of March 31, 2020 and 2019 was \$0 and \$17,333, respectively.

**Note 7 - Loan payable**

The Pantry secured a loan from IFF in the amount of \$1,500,000 to cover any rehabilitation costs of the new facility not covered by contributions. The Pantry entered into a loan agreement with IFF, dated January 27, 2015, for a principal sum of \$1,500,000, of which \$854,146 was drawn upon prior to the year ended March 31, 2019. No future draws on the loan are available. The loan bears interest at 5.375% per annum. Principal and interest are payable in monthly installments of \$10,423, beginning on May 1, 2017, modified to monthly installments of principal and interest of \$3,440 beginning October 1, 2018, and continue through the first recalculation date, at which time the interest rate will be adjusted according to the note. The loan matures on January 27, 2030, at which time all unpaid principal and interest is due. The loan is secured by the building. As of March 31, 2020 and 2019, the balance on the loan is \$112,588 and \$146,812, respectively.

Aggregate maturities of long-term debt are as follows:

March 31, 2021	\$	36,110
2022		38,099
2023		<u>38,379</u>
Total	\$	<u>112,588</u>

**Note 8 - Net assets with donor restrictions**

During the years ended March 31, 2020 and 2019, the Pantry received contributions and grants of \$786,837 and \$221,771, respectively. These contributions and grants were restricted for specific purposes.

As of March 31, 2020 and 2019, there were net assets with donor restrictions of \$0 and \$83,347, respectively.

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**Note 9 - Board-designated net assets**

Unrestricted net assets have been designated for a specific purpose, and certain assets have been set aside accordingly as follows at March 31, 2020 and 2019:

	2020	2019
Restricted cash	\$ 107,000	\$ 87,000

**Note 10 - Lease commitments**

The Pantry operated at a location in West Lakeview Chicago, where the Pantry entered into an operating lease agreement through July 31, 2019. The lease provided for monthly rent payments of \$1,089 through June 30, 2017, \$1,143 through June 30, 2018 and \$1,200 through July 31, 2019. The lease was not renewed by the Pantry.

On November 28, 2018, the Pantry entered into an operating lease agreement for additional warehouse space in the Ravenswood neighborhood in Chicago, Illinois. The lease term commenced on December 1, 2018 and concludes on November 30, 2024. The lease provides for monthly rent payments of \$10,323, increasing annually. As part of the lease agreement, the Pantry is entitled to an abatement of rent payments for the first five months of the lease.

Future minimum lease payments for the ensuing fiscal years are as follows:

March 31, 2021	\$ 128,040
2022	131,240
2023	134,474
2024	137,812
Thereafter	93,389
Total	\$ 624,955

**Note 11 - Line of credit**

On April 4, 2012, the Pantry opened a line of credit in the amount of \$100,000 with PNC Bank, NA. The line of credit bore interest at a variable rate equal to the prime rate plus 4.5%. The line of credit renewed annually in May. The Pantry closed the line of credit with PNC Bank, NA, and on May 21, 2020, the Pantry opened a line of credit with BMO Harris Bank N.A., in the amount of \$500,000, which bears interest at a variable rate equal to the prime rate plus .1%. The Pantry has never drawn on the line of credit and only has it for emergency cash flow purposes.

**Note 12 - In-kind donations**

During the years ended March 31, 2020 and 2019, the Pantry received \$5,638,797 and \$3,597,704, respectively, in food donations. The food was recorded at fair value and recognized as a contribution when received.

**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**Note 13 - Concentration of revenue**

During the year ended March 31, 2020, approximately 57% of all food donations were received from five entities: Imperfect Produce, SNAP 36, Greater Chicago Food Depository, Tyson, and Green City Markets.

During the year ended March 31, 2019, approximately 74% of all food donations were received from five entities: Costco, Trader Joe's, Whole Foods, Testa Produce, and Greater Chicago Food Depository.

**Note 14 - Concentration of credit risk**

The Pantry maintains its cash balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Pantry has not experienced losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at March 31, 2020.

**Note 15 - Subsequent events**

Events that occur after the financial position date but before the financial statements have been issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial position date require disclosure in the accompanying notes. The Pantry evaluated subsequent events through January 19, 2021, the date the financial statements were available to be issued, and concluded that other than the subsequent events discussed below that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

The spread of a novel strain of coronavirus ("COVID-19") has caused significant business disruptions on the entire globe beginning in the first quarter of 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain. The extent of any effects these disruptions may have on the operations and financial performance of the Pantry will depend on future developments, including possible impacts on the operations of the business, which cannot be determined.

As discussed in Note 11, the Pantry opened a line of credit with BMO Harris Bank N.A. on May 21, 2020 in the amount of \$500,000.

In connection with the pandemic and the increase in donations to the Pantry, a lease was signed June 25, 2020 for temporary space at 2718 W Roscoe in Chicago, Illinois. The lease was extended and shall end September 30, 2021. Rent per month at the temporary space is \$3,000.



**The Lakeview Pantry**  
**(An Illinois Not-For-Profit Corporation)**

**Notes to Financial Statements**  
**March 31, 2020 and 2019**

During April 2020, in connection with COVID-19, the Pantry received \$280,918 through the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP"), with an interest of 1%. No interest payment is required on the loan for the ten months following the date of the loan; however, interest shall continue to accrue during those first ten months and shall be paid in equal monthly installments during the remaining twelve months of the loan. Payments for the principal and interest on the unpaid principal balance shall be made monthly on the eleventh month from the date of the loan through the twenty-fourth month from the date of the loan. The PPP is a loan designated program to provide a direct incentive for small businesses to keep their workers on the payroll. Under the PPP, the SBA will forgive loans if certain conditions are met by the debtor. Management plans to apply for full forgiveness of the PPP loan since all proceeds were used for qualifying expenses.

**Note 16 - Qualified Opinion for the fiscal year ending March 31, 2020**

In March 2020, the Centers for Disease Control and Prevention declared a global pandemic due to the novel coronavirus ("COVID-19"). This declaration, which coincided with the end of Lakeview Pantry's fiscal year on March 31, 2020, resulted in citywide stay at home orders and unprecedented increased client demand for Lakeview Pantry's services. This increased demand required reallocation of available staffing and resources, adoption of new social distancing procedures and other hygiene protocols at a time of limited availability and shortages of personal protection equipment.

This situation and measures put in place as a result of the COVID-19 pandemic placed material limitations on the ability of Lakeview Pantry's staff to conduct a physical inventory count; therefore, Lakeview Pantry was unable to conduct a physical inventory count process as of March 31, 2020. Lakeview Pantry prioritized the health and safety of its staff and volunteers, and focused its efforts and strained resources on maintaining programmatic quality and the materially expanded needs of its community and clients.

The auditors, CohnReznick, were aware of the unique circumstances and challenges being addressed, and the reasons for which Lakeview Pantry could not complete a physical inventory count. This situation was not unique to Lakeview Pantry and affected other companies during the COVID-19 pandemic. Due to their inability to conduct a physical inventory observation, and their inability to confirm by alternative means the inventory quantities held at March 31, 2020, the auditors were unable to determine whether any adjustments might have been necessary in respect to inventory, and the elements of the statement of activities, functional expenses, and cash flows relating to inventory. The auditors were therefore unable to issue an unqualified opinion on Lakeview Pantry's FY20 financial statements.

For the purposes of these financial statements, management has estimated the value of inventory on hand on March 31, 2020 to be approximately \$325,000. This is based upon the pounds of inventory estimated on hand at year end considering the utilization of the total storage capacity of our various facilities, an assumption of the standard pounds per square foot of utilized storage space, and an estimated value of inventory per pound. While our auditors were unable to substantiate this amount, for reasons further articulated in the audited financial statements, management considers this estimate to be materially accurate in the context of the overall financial statements.