

**MANNA ON MAIN STREET
LANSDALE, PA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

MANNA ON MAIN STREET

Financial Statements

Year Ended September 30, 2015

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March 9, 2016

Board of Directors
Manna on Main Street
713 W. Main Street
Lansdale, PA 19446

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Manna on Main Street (a nonprofit organization) which comprise the Statement of Financial Position as of September 30, 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. Management is also responsible for 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 error or fraud.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manna on Main Street as of September 30, 2015, and the changes in its nets assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Hutchinson, Gillahan & Freeh, P.C.

March 9, 2016

FINANCIAL STATEMENTS

MANNA ON MAIN STREET
Statement of Financial Position
September 30, 2015

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	533,515	
Investments		54,034	
Inventory		71,767	
TOTAL CURRENT ASSETS		659,316	659,316

Fixed Assets, net of accumulated depreciation 176,023

OTHER ASSETS

Security Deposit	\$	850	
Gift Cards on Hand		15,521	
Prepaid Expenses		131	
TOTAL OTHER ASSETS		16,502	16,502

TOTAL ASSETS **\$ 851,841**

CURRENT LIABILITIES

Accounts Payable	\$	11,715	
Accrued Salaries		15,612	
TOTAL CURRENT LIABILITIES		27,327	27,327

LONG-TERM LIABILITIES -

NET ASSETS

Unrestricted			
Board Designated		59,225	
Undesignated		714,961	
Total Unrestricted		774,186	
Temporarily Restricted Net Assets		50,328	
TOTAL NET ASSETS		\$ 824,514	824,514

TOTAL LIABILITIES & NET ASSETS **\$ 851,841**

The accompanying notes form an integral part of these financial statements.

MANNA ON MAIN STREET
Statement of Activities
For the Year Ended September 30, 2015

<u>Revenue</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions	\$ 796,216	\$ 295,026	\$ -	\$ 1,091,242
Special events, net of expenses	112,678	-	-	112,678
In-Kind Contributions	997,722	-	-	997,722
Interest Income	1,372	-	-	1,372
Net Assets Released from Restriction	268,005	(268,005)	-	-
Total Revenue	<u>2,175,993</u>	<u>27,021</u>	<u>-</u>	<u>2,203,014</u>
 Expenses				
Program Services -				
Food, Financial & Education Services	1,887,569	-	-	1,887,569
Administrative	119,035	-	-	119,035
Fundraising	177,167	-	-	177,167
Total Expenses	<u>2,183,771</u>	<u>-</u>	<u>-</u>	<u>2,183,771</u>
Net Surplus (Deficit)	<u>\$ (7,778)</u>	<u>\$ 27,021</u>	<u>\$ -</u>	<u>\$ 19,243</u>
Net Assets, October 1, 2014	<u>781,964</u>	<u>23,307</u>	<u>-</u>	<u>805,271</u>
Net Assets, September 30, 2015	<u>\$ 774,186</u>	<u>\$ 50,328</u>	<u>\$ -</u>	<u>\$ 824,514</u>

The accompanying notes form an integral part of these financial statements.

MANNA ON MAIN STREET
Statement of Functional Expenses
For the Year Ended September 30, 2015

	Program Service (Food, Financial & Education Services)	Administrative	Fundraising	Total
Payroll	\$ 335,869	\$ 23,990	\$ 119,953	\$ 479,812
Payroll Taxes	33,332	2,381	11,904	47,617
Employee Benefits	36,438	9,787	7,735	53,960
Client Assistance	1,130,313	1,252	3,059	1,134,624
Depreciation	89,418	2,809	-	92,227
Dues & Fees	198	6,273	1,814	8,285
Fundraising	-	-	10,152	10,152
Insurance	400	7,769	-	8,169
Grant Expenses	150,000	-	-	150,000
Miscellaneous Expense	967	1,767	1,676	4,410
Newsletter Costs	-	2,577	7,878	10,455
Occupancy Expenses	22,562	6,495	2,050	31,107
Office Expense	347	8,978	1,083	10,408
Promotion & Marketing	-	80	1,683	1,763
Postage	3	1,459	3,612	5,074
Professional fees	4,201	19,710	-	23,911
Software Contracts and Technical Support	2,655	6,583	227	9,465
Rent	36,866	8,357	3,932	49,155
Repairs & Maintenance	14,942	3,415	-	18,357
Building Expenses - Capacity	21,153	1,501	-	22,654
Telephone	3,016	683	322	4,021
Workshops & Seminars	4,889	3,169	87	8,145
TOTALS	\$ 1,887,569	\$ 119,035	\$ 177,167	\$ 2,183,771

The accompanying notes form an integral part of these financial statements.

MANNA ON MAIN STREET
Statement of Cash Flows
For the Year Ended September 30, 2015

<u>NET CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$	19,243
Adjustment to reconcile change in Net Assets to Change in Net Cash from Operating Activities:		
Non Cash Expense - Depreciation		92,227
Increase in Inventory		(24,064)
Increase in Gift Cards on Hand		(10,555)
Decrease in Prepaid Expenses		1,862
Decrease in Accounts Payable		(823)
Increase in Accrued Salaries		3,370
		3,370
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	81,260
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Equipment and Furnishings		(3,093)
Funds Invested in CD's		(289)
		(3,382)
NET CASH USED BY INVESTING ACTIVITIES		(3,382)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of Debt		-
		-
NET CASH USED BY FINANCING ACTIVITIES		-
NET INCREASE (DECREASE) IN CASH		77,878
BEGINNING CASH BALANCE		455,637
		455,637
ENDING CASH BALANCE	\$	533,515
		533,515

The accompanying notes form an integral part of these financial statements.

MANNA ON MAIN STREET
Notes To Financial Statements
Fiscal Year Ended September 30, 2015

Note 1 – Nature of Operations

Manna on Main Street serves individuals and families experiencing food insecurity in the North Penn region of Montgomery County, Pennsylvania by providing food, fulfilling social service and education needs, and conducting community outreach.

Manna's soup kitchen provides hot meals seven days a week and is open to anyone who is hungry. The food pantry services the elderly, working poor and needy families living in the North Penn region and is open each weekday. Emergency financial aid is provided to qualified individuals living in the North Penn region facing an unexpected financial difficulty. Counseling, referrals for services not provided by Manna, and education opportunities are offered to help lift individuals up beyond hunger to self-sustaining opportunities.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

Financial accounting standards require the Organization 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) based on the existence or absence of donor-imposed restrictions. At the time these statements were prepared there were no permanent donor-imposed restrictions. As such these statements reflect only unrestricted and temporarily restricted net assets and no prior year reclassification was necessary.

Also, in accordance with financial accounting standards, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cash

Cash includes cash and cash equivalents on deposit with financial institutions as well as on hand.

Fixed Assets

All acquisitions of property and equipment in excess of \$1,000 are capitalized. Purchased equipment is stated at cost and depreciated on the straight line and declining balance methods over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the books and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred and costs of significant replacements and improvements are capitalized and depreciated over the following estimated useful lives.

MANNA ON MAIN STREET
Notes To Financial Statements
Fiscal Year Ended September 30, 2015

<u>Classification</u>	<u>Years</u>
Office Equipment	5-10
Kitchen Equipment	7-10
Leasehold Improvements	20
Automobile	5

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509 (a) of the Internal Revenue code. There was no unrelated business taxable income for the year ended September 30, 2015. The Organization has reviewed the tax positions for each of the open tax years and has concluded that there are no uncertain tax positions that would require recognition in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Significant estimates used in preparing these financial statements included the following:

Depreciation expense for the year ended September 30, 2015 was \$92,227.

In-Kind Contributions – Management’s estimates of the value of the in-kind contributions for food received and disbursed is based on a detailed calculation of the pounds of food provided to clients and other local food pantries. This is assigned a value based on published per pound food values as determined for the organization’s service area.

Board Designated Assets

The board originally designated net assets to create a Capacity Building Fund of \$100,000 to expand services to support Manna’s clients and the Organization’s commitment to North Penn Commons. The designated funds continue to support Manna’s ongoing capacity building efforts. As of September 30, 2015 the remaining balance of unexpended board designated funds was \$59,225. Manna’s ongoing efforts with North Penn Commons are detailed in note 14.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or a 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.

MANNA ON MAIN STREET
Notes To Financial Statements
Fiscal Year Ended September 30, 2015

Contributed Services

Contributed services are only recorded when the services provided require specialized skills. Manna generally pays for services requiring specific expertise therefore no amounts have been reflected in the financial statements for donated professional services. However, while many individuals volunteer their time and perform a variety of tasks that assist Manna in performing its exempt function, these services do not meet the recognition criteria and have not been recorded in these financial statements.

Functional Expense Allocation

Expenses are charged to program services, administrative and fundraising based on the direct function of the expenditures or an allocation.

Note 3 – Cash and Cash Equivalents

Cash and Cash Equivalents are presented in the financial statements to represent the aggregate of cash funds on hand, as well as time and demand deposits held at financial institutions.

At September 30, 2015, cash and cash equivalents consist of:

	Unrestricted	Board Designated	Temporarily Restricted	Permanently Restricted
Cash in Banks	\$ 474,090	\$ 59,225	\$ -	\$ -
Petty Cash	200	-	-	-
Total Cash per Financial Statements	\$ 474,290	\$ 59,225	\$ -	\$ -

All funds listed above are on deposit with federally insured institutions. At times throughout the year the National Penn Bank checking account exceeded the \$250,000 insured limit. As of September 30, 2015 the bank account balances exceeded the insured limit by \$283,031. Manna has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

All highly liquid investments with a maturity of less than three months, when purchased, are considered cash equivalents.

Note 4 – Investment

Cost and market values of the investments are segregated by net asset category as follows:

	2015		
	Cost	Fair Market Value	Carrying Value
Unrestricted	\$ 54,034	\$ 54,034	\$ 54,034
Temporarily Restricted	-	-	-
Permanently Restricted	-	-	-
TOTAL	\$ 54,034	\$ 54,034	\$ 54,034

MANNA ON MAIN STREET
Notes To Financial Statements
Fiscal Year Ended September 30, 2015

Investments are comprised of the following:

	2015		
	Cost	Fair Market Value	Carrying Value
Certificates of Deposit	\$ 54,034	\$ 54,034	\$ 54,034
TOTAL	\$ 54,034	\$ 54,034	\$ 54,034

The following schedule summarizes the investment return and it's classification in the statement of Support, Revenue and Expense:

	September 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest	274	-	-	274
TOTAL	\$ 274	\$ -	\$ -	\$ 274

The certificates bear interest at rates ranging from 0.2% to 1.0% with maturities from 9 months to 3 years.

Manna placed its certificates of deposit with a different federally insured financial institution than the cash deposits. The certificates of deposit do not exceed the FDIC insured limits.

Note 5 - Inventory

A physical inventory was taken at year end and the value was determined based on weight and an average published price of \$1.70 per pound.

Note 6 – Fixed Assets

A summary of fixed assets as of September 30, 2015, consists of the following:

	2015
Office Equipment	\$ 24,983
Kitchen Equipment	136,440
Leasehold Improvements	357,520
Automobile	7,029
	525,972
Less: Accumulated Depreciation	(349,949)
TOTAL	\$ 176,023

Note 7 – Line of Credit

Manna has a line of credit with a borrowing limit of \$50,000 and bearing interest at 5.25%. The line is secured by certificates of deposit held at Uninvest Bank.

MANNA ON MAIN STREET
Notes To Financial Statements
Fiscal Year Ended September 30, 2015

There were no outstanding borrowings at September 30, 2015.

Note 8 – Restricted Net Position

The following temporarily restricted net assets existed at September 30, 2015:

Unexpended Grant Funds:	
Fourjay Grant	\$ 42,000
TCFS Grant	8,328
TOTAL	\$ 50,328

Note 9 – Donated Facilities and Materials

Donations of food and other items valued at approximately \$997,722 have been recorded in the statement of activities under contributions for the year ended September 30, 2015.

The value of food donations is determined through the use of calculated estimates. Generally, four times per year data is collected over a two week time period to determine the average weight of groceries distributed from the food pantry per household (based on household size). Records are maintained every day of the number of households fed. Each household distribution is valued using the average per household weight multiplied by a publically published per pound price of \$1.70 for the 2014-15 fiscal year.

Note 10 – Employee Benefit Plan

Manna maintains a 403(b) plan for its employees. Employees may contribute a percentage of their salary subject to Internal Revenue Service limits.

Note 11 – Operating Lease

Manna entered into a five year lease on November 17, 2011 for office and facility space to run its operations. During the initial lease term, payments of \$3,800 are due monthly for the first three years and \$4,000 for the remaining two years. The lease may be renewed for additional two year terms. If the lease is terminated before forty-eight months there is a cancellation fee.

Future minimum payments on the non-cancellable operating lease at September 30, 2015 are as follows:

Fiscal Year Ended	Amount
2016	\$ 48,000
2017	4,000
TOTAL	\$ 52,000

Total rent expense for the year ended September 30, 2015 was \$47,800.

MANNA ON MAIN STREET
Notes To Financial Statements
Fiscal Year Ended September 30, 2015

Note 12 – Fair Value Measurements

Fair values of Non-Current Investments measured on a recurring basis at September 30, 2015 are as follows:

	Fair Value Measurements at September 30, 2015 Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Certificates of Deposit	\$ 54,034	\$ 54,034	\$ -	\$ -
TOTALS	\$ 54,034	\$ 54,034	\$ -	\$ -

Fair values for Non-Current investments are determined by reference to quoted market prices and other relevant information generated by market transactions, as noted in Level 1. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset. Level 3 inputs are unobservable inputs used to measure fair value to the extent that observable inputs are not available.

Note 13 - Concentration of Credit Risk

The organization maintains several bank accounts and CD's at commercial banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All of the bank accounts were fully covered by FDIC Insurance at September 30, 2015 except as noted in Note 3.

Note 14 – Joint Venture

Manna continues to be bound by a joint venture agreement to jointly develop, construct and operate a co-located community facility. The project is called North Penn Commons (formerly known as the Lansdale Collaboration Project) and the parties of the agreement are Advanced Living Management & Development Inc., a Pennsylvania nonprofit corporation located at 1292 Allentown Road, Lansdale, PA 19446, Manna On Main Street, a Pennsylvania nonprofit corporation located at 713 West Main Street, Lansdale, PA 19446, the North Penn YMCA, a Pennsylvania nonprofit corporation located at 2506 N. Broad Street, Suite 208, Colmar, PA 18915 and The PEAK Center, a Pennsylvania nonprofit corporation having an address at 1292 Allentown Road, Suite A, Lansdale, PA 19446.

As part of the joint venture, Manna entered into a fundraising agreement where the parties work with an independent consulting firm to develop and conduct a joint fundraising strategy for a \$6 million capital campaign. The campaign counsel expenses are paid by HealthSpark Foundation, formerly the North Penn Community Health Foundation; and campaign expenses and fees for the donor-advised fund are paid from the campaign funds. Most contributions to the campaign are collected and held in a donor advised fund.

MANNA ON MAIN STREET
Notes To Financial Statements
Fiscal Year Ended September 30, 2015

Note 15 – Special Events

During the current fiscal year, the Organization held several special events. In 2015, the support received and expenses paid for these events were as follows:

	<u>Amount</u>
Support	\$ 118,191
Expenses	<u>5,513</u>
Net Support	<u>\$ 112,678</u>

Note 16 – Subsequent Events

Subsequent to the fiscal year presented, monetary theft was discovered at the organization. The amounts identified are immaterial in relation to the financial statements taken as a whole. The organization is working with outside counsel as well as financial institutions to resolve the issue and full recovery is expected. The theft was detected in a timely manner due to internal controls in place at the organization. These controls were designed to ensure that there is a reasonable possibility that a material misstatement of the entity's financial statements will be prevented, or will be detected and corrected on a timely basis.

Management has evaluated events through the date the financial statements were available to be issued which was March 9, 2016.