

**THE RIVER FOOD PANTRY, INC.**

FINANCIAL STATEMENTS

December 31, 2014 and 2013

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The River Food Pantry, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of The River Food Pantry, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, 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 The River Food Pantry, Inc. as of December 31, 2014 and 2013, 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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
March 31, 2015

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**THE RIVER FOOD PANTRY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2014 and 2013

	2014	2013
<b>ASSETS</b>		
Cash	\$ 375,030	\$ 385,757
Unemployment reserve fund	3,683	3,683
Accounts receivable	4,303	-
Prepaid expenses	6,788	5,150
Promises to give	35,847	16,779
Equipment and leasehold improvements - net	130,662	119,911
<b>Total assets</b>	<b>\$ 556,313</b>	<b>\$ 531,280</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 10,459	\$ 11,118
Deferred revenue	1,500	-
<b>Total liabilities</b>	<b>11,959</b>	<b>11,118</b>
<b>NET ASSETS</b>		
Unrestricted	499,354	520,162
Temporarily restricted	45,000	-
<b>Total net assets</b>	<b>544,354</b>	<b>520,162</b>
<b>Total liabilities and net assets</b>	<b>\$ 556,313</b>	<b>\$ 531,280</b>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2014 and 2013

	2014	2013
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Donated materials and services	\$ 3,179,017	2,285,237
Other contributions	641,550	577,677
Fundraising income	13,239	14,941
Interest income	751	931
Bakery income	33,720	-
Less: cost of goods sold	(11,903)	-
Special event income	6,600	6,420
Grant income	25,119	-
<b>Total unrestricted support and revenue</b>	<b>3,888,093</b>	<b>2,885,206</b>
<b>EXPENSES</b>		
Program services		
Food Pantry	3,707,320	2,745,921
Bakery	82,745	-
Management and general	49,095	46,109
Fundraising	69,741	40,207
<b>Total expenses</b>	<b>3,908,901</b>	<b>2,832,237</b>
Net assets released from restrictions	-	8,000
Change in unrestricted net assets	(20,808)	60,969
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	45,000	-
Net assets released from restrictions	-	(8,000)
Change in temporarily restricted net assets	45,000	(8,000)
<b>Change in net assets</b>	<b>24,192</b>	<b>52,969</b>
Net assets - beginning of year	520,162	467,193
<b>Net assets - end of year</b>	<b>\$ 544,354</b>	<b>\$ 520,162</b>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2014

	2014				
	Food Pantry	Bakery	Management and General	Fundraising	Total
Food pantry	\$ 2,613,128	\$ -	\$ -	\$ -	\$ 2,613,128
Clothing	713,370	-	-	-	713,370
Depreciation	23,691	-	545	545	24,781
Rent	45,544	18,800	1,048	1,048	66,440
Personnel	235,304	28,072	34,998	44,543	342,917
Utilities	28,285	-	651	651	29,587
Travel	2,431	-	357	453	3,241
Vehicles	13,415	-	1,968	2,504	17,887
Repairs and maintenance	5,559	-	128	128	5,815
Professional fees	-	25,939	5,500	554	31,993
Kitchen supplies	3,651	20,027	535	683	24,896
Office supplies	3,991	-	585	745	5,321
Telephone	3,626	-	532	677	4,835
Insurance	5,275	-	774	984	7,033
Printing	1,423	-	209	265	1,897
Training	-	1,810	-	-	1,810
Promotion	-	-	-	14,351	14,351
Miscellaneous	8,627	-	1,265	1,610	11,502
<b>Total expenses</b>	<b>3,707,320</b>	<b>94,648</b>	<b>49,095</b>	<b>69,741</b>	<b>3,920,804</b>
Less expenses included with support and revenue on the statements of activities	-	(11,903)	-	-	(11,903)
<b>Total expenses included in the expense section on the statements of activities</b>	<b>\$ 3,707,320</b>	<b>\$ 82,745</b>	<b>\$ 49,095</b>	<b>\$ 69,741</b>	<b>\$ 3,908,901</b>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2013

	2013				
	Food Pantry	Bakery	Management and General	Fundraising	Total
Food pantry	\$ 1,760,977	\$ -	\$ -	\$ -	\$ 1,760,977
Clothing	687,456	-	-	-	687,456
Depreciation	20,294	-	468	467	21,229
Rent	45,458	-	1,046	1,046	47,550
Personnel	142,655	-	27,296	23,018	192,969
Utilities	26,691	-	614	614	27,919
Travel	2,169	-	415	350	2,934
Vehicles	10,633	-	2,035	1,716	14,384
Repairs and maintenance	11,706	-	269	269	12,244
Professional fees	-	-	8,157	524	8,681
Kitchen supplies	11,409	-	791	667	12,867
Office supplies	5,775	-	1,105	932	7,812
Telephone	2,962	-	567	478	4,007
Insurance	5,400	-	1,033	871	7,304
Printing	-	-	659	3,998	4,657
Miscellaneous	12,336	-	1,654	5,257	19,247
<b>Total expenses</b>	<b>\$ 2,745,921</b>	<b>\$ -</b>	<b>\$ 46,109</b>	<b>\$ 40,207</b>	<b>\$ 2,832,237</b>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 24,192	\$ 52,969
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(43,000)	(15,000)
Depreciation	24,781	21,229
Loss on the disposal of equipment	-	4,392
(Increase) decrease in assets		
Unemployment reserve fund	-	(1,278)
Accounts receivable	(4,303)	10,222
Prepaid expenses	(1,638)	(738)
Promises to give	(19,068)	(8,779)
Increase (decrease) in liabilities		
Accounts payable	(659)	2,103
Deferred revenue	1,500	(2,975)
<b>Net cash flows from operating activities</b>	<b>(18,195)</b>	<b>62,145</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(35,532)	(30,189)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for investment in equipment	43,000	15,000
<b>Change in cash</b>	<b>(10,727)</b>	<b>46,956</b>
Cash - beginning of year	385,757	338,801
<b>Cash - end of year</b>	<b>\$ 375,030</b>	<b>\$ 385,757</b>

See accompanying notes.



**THE RIVER FOOD PANTRY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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The River Food Pantry, Inc. (Pantry) is a non-profit, volunteer-driven, faith-based project that provides food; hot, nutritious meals; and clothing to those in need. The Pantry treats those served with respect and builds them up through hope and encouragement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

The Pantry is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained by the Pantry in perpetuity.

**Accounts Receivable**

The Pantry considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If receivables become uncollectible, they will be charged to operations when that determination is made.

**Promises to Give**

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determines the promises will not be collected. All promises to give are receivable in less than one year.

**Equipment and Leasehold Improvements**

Purchases of equipment and leasehold improvements in excess of \$1,000 are recorded at cost. Donations of equipment and leasehold improvements are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method.

**THE RIVER FOOD PANTRY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions that are restricted by the donor are reported as increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services are included in the accompanying financial statements:

*Food Pantry*—The Pantry provides a message of mercy and hope to those in need by providing food; hot, nutritious meals; and clothing to those in need.

*Bakery*—The Pantry brings hope of self-sufficiency and encouragement to the underemployed, unemployed and incarcerated by providing job training, mentoring and job placement into baking related positions.

**Income Tax Status**

The Pantry is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Pantry's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Pantry is no longer subject to such examinations for tax years before 2011.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through March 31, 2015 the date which the financial statements were available to be issued.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**THE RIVER FOOD PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

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**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Pantry maintains cash balances at one financial institution located in Madison, Wisconsin. The National Credit Union Administration insures accounts at the institution up to \$250,000. The Pantry had uninsured cash balances of \$134,080 and \$147,347 at December 31, 2014 and 2013.

**NOTE 3 – UNEMPLOYMENT RESERVE FUND**

The Pantry has elected the reimbursement method to finance the cost of unemployment compensation benefits. Under this method, unemployment compensation expense is charged to operations when paid or when the amount of claims can be reasonably estimated. In order to guarantee payment of eligible benefits, the Treasurer of the Wisconsin Unemployment Reserve Fund requires the Pantry to have a reserve totaling \$3,683 available. The Pantry has a separate checking account to comply with this requirement

**NOTE 4 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements at December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 184,130	\$ 184,130
Equipment	132,482	132,482
Vehicles	89,830	54,298
Website	<u>8,400</u>	<u>8,400</u>
Equipment and leasehold improvements	414,842	379,310
Less accumulated depreciation	<u>284,180</u>	<u>259,399</u>
Equipment and leasehold improvements - net	<u>\$ 130,662</u>	<u>\$ 119,911</u>

**NOTE 5 – NET ASSETS**

Temporarily restricted net assets at December 31, 2014 and 2013 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 20,000	\$ -
Bakery program	<u>25,000</u>	<u>-</u>
Temporarily restricted net assets	<u>\$ 45,000</u>	<u>\$ -</u>

**THE RIVER FOOD PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

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**NOTE 6 – OPERATING LEASES**

The Pantry leases food pantry and office space under a noncancelable operating lease that expires October 2017 and requires monthly payments of \$3,890. The Pantry has a month-to-month storage space lease that requires monthly payments of \$75. The Pantry has a month-to-month lease for the bakery where the rent is billed in the subsequent month based on the hours used.

Rent expense was \$66,440 and \$47,550 for 2014 and 2013. Future minimum lease payments for 2015, 2016, and 2017 are \$46,913, \$48,320, and \$41,269.

**NOTE 7 – DONATED MATERIALS AND SERVICES**

The Pantry recorded the following donated materials for 2014 and 2013:

	2014	2013
Food	\$ 2,447,127	\$ 1,583,218
Clothing	713,370	687,456
Miscellaneous	12	6,639
Donated materials	\$ 3,160,509	\$ 2,277,313

The value of donated services included as contributions in the financial statements and the corresponding programs and activities for which the services were used are as follows:

	2014			
	Food Pantry	Bakery	Management and General	Fundraising
Building maintenance	\$ 2,730	\$ -	\$ 63	\$ 63
Bakery consulting	-	7,000	-	-
Marketing consulting	-	-	-	3,252
Band performances	5,400	-	-	-
	\$ 8,130	\$ 7,000	\$ 63	\$ 3,315
Total donated services	\$ 18,508			

**THE RIVER FOOD PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

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NOTE 7 – DONATED MATERIALS AND SERVICES (continued)

	2013			
	Food Pantry	Bakery	Management and General	Fundraising
Building maintenance	\$ 2,412	\$ -	\$ 56	\$ 56
Band performances	5,400	-	-	-
	\$ 7,812	\$ -	\$ 56	\$ 56
Total donated services	\$ 7,924			

NOTE 8 – RELATED PARTY TRANSACTIONS

The Pantry paid Martee Mikalson, a board member, \$7,018 and \$2,954 for consulting services for 2014 and 2013 for baking training.