

**THE RIVER FOOD PANTRY, INC.**

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 16, 2018

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**THE RIVER FOOD PANTRY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash	\$ 375,742	\$ 381,625
Unemployment reserve fund	6,843	6,843
Prepaid expenses	14,729	4,168
Promises to give	23,654	29,818
Equipment and leasehold improvements - net	173,895	135,977
<b>Total assets</b>	<b>\$ 594,863</b>	<b>\$ 558,431</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 12,405	\$ 12,375
Payroll liabilities	2,018	3,814
<b>Total liabilities</b>	<b>14,423</b>	<b>16,189</b>
<b>NET ASSETS</b>		
Unrestricted	580,440	542,242
<b>Total liabilities and net assets</b>	<b>\$ 594,863</b>	<b>\$ 558,431</b>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2017 and 2016

	2017	2016
<b>SUPPORT AND REVENUE</b>		
Donated materials and services	\$ 4,619,744	\$ 4,118,403
Contributions	1,038,370	817,308
Special event income	19,635	14,215
Fundraising income	882	9,979
Bakery income	-	16,858
Less cost of goods sold	-	(3,956)
Interest income	664	873
Other income	379	8,214
	<u>5,679,674</u>	<u>4,981,894</u>
<b>EXPENSES</b>		
Program services		
Food Pantry	5,425,598	4,762,446
Bakery	-	23,355
Management and general	124,380	82,105
Fundraising	91,498	88,222
	<u>5,641,476</u>	<u>4,956,128</u>
<b>Change in net assets</b>	38,198	25,766
Net assets - beginning of year	<u>542,242</u>	<u>516,476</u>
<b>Net assets - end of year</b>	<u><u>\$ 580,440</u></u>	<u><u>\$ 542,242</u></u>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2017

	2017			
	Food Pantry	Management and General	Fundraising	Total
Food pantry	\$ 3,881,631	\$ -	\$ -	\$ 3,881,631
Clothing	894,149	-	-	894,149
Depreciation	20,276	467	467	21,210
Rent	48,670	1,120	1,120	50,910
Personnel	471,928	61,319	71,353	604,600
Utilities	26,215	603	603	27,421
Travel	4,517	416	683	5,616
Vehicles	12,606	1,161	1,906	15,673
Repairs and maintenance	17,523	403	403	18,329
Professional fees	-	53,223	-	53,223
Office and program supplies	20,024	762	1,134	21,920
Telephone	4,244	391	642	5,277
Insurance	11,252	1,036	1,701	13,989
Printing and postage	5,512	508	834	6,854
Marketing and promotion	-	-	10,652	10,652
Miscellaneous	7,051	2,971	-	10,022
<b>Total expenses</b>	<b>\$ 5,425,598</b>	<b>\$ 124,380</b>	<b>\$ 91,498</b>	<b>\$ 5,641,476</b>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2016

	2016				
	Food Pantry	Bakery	Management and General	Fundraising	Total
Food pantry	\$ 3,427,064	\$ -	\$ -	\$ -	\$ 3,427,064
Clothing	826,988	-	-	-	826,988
Depreciation	18,745	-	431	431	19,607
Rent	47,284	3,563	1,088	1,088	53,023
Personnel	340,845	15,060	42,257	71,358	469,520
Utilities	28,756	-	662	662	30,080
Travel	1,999	-	240	426	2,665
Vehicles	14,156	446	1,739	2,981	19,322
Repairs and maintenance	18,795	-	432	432	19,659
Professional fees	-	2,848	31,362	-	34,210
Office and program supplies	14,900	4,940	525	620	20,985
Telephone	3,296	-	395	703	4,394
Insurance	7,853	419	942	1,257	10,471
Printing and postage	5,250	-	630	1,120	7,000
Marketing and promotion	-	35	-	7,144	7,179
Miscellaneous	6,515	-	1,402	-	7,917
<b>Total expenses</b>	<b>4,762,446</b>	<b>27,311</b>	<b>82,105</b>	<b>88,222</b>	<b>4,960,084</b>
Less expenses included with support and revenue on the statements of activities	-	(3,956)	-	-	(3,956)
<b>Total expenses included in the expenses section on the statements of activities</b>	<b>\$ 4,762,446</b>	<b>\$ 23,355</b>	<b>\$ 82,105</b>	<b>\$ 88,222</b>	<b>\$ 4,956,128</b>

See accompanying notes.

**THE RIVER FOOD PANTRY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 38,198	\$ 25,766
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(6,000)	(8,000)
Depreciation	21,210	19,607
Gain on the sale of equipment	-	(293)
(Increase) decrease in assets		
Accounts receivable	-	12,126
Prepaid expenses	(10,561)	7,702
Promises to give	6,164	(14,135)
Increase (decrease) in liabilities		
Accounts payable	30	(4,043)
Deferred revenue	-	(1,500)
Payroll liabilities	(1,796)	2,092
<b>Net cash flows from operating activities</b>	<b>47,245</b>	<b>39,322</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(59,128)	(8,083)
Proceeds from sale of equipment	-	730
<b>Net cash flows from investing activities</b>	<b>(59,128)</b>	<b>(7,353)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for investment in equipment	6,000	8,000
<b>Change in cash</b>	<b>(5,883)</b>	<b>39,969</b>
Cash - beginning of year	381,625	341,656
<b>Cash - end of year</b>	<b>\$ 375,742</b>	<b>\$ 381,625</b>

See accompanying notes.



**THE RIVER FOOD PANTRY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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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, 2017 and 2016

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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.

**Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Pantry. Many individuals volunteer their time and perform a variety of tasks that assist the Pantry with programs throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met that are valued at approximately \$152,000.

**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. The Northside Planning Council in March 2016 took over the operations of the bakery and training program to continue helping those unemployed in our community gain the experience and skills to secure employment and earn a living wage.

**Income Tax Status**

The Pantry is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**THE RIVER FOOD PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management’s Review**

Management has evaluated subsequent events through March 16, 2018 the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Pantry maintains cash balances at several financial institution located in Madison, Wisconsin. The Federal Deposit Insurance Corporation or National Credit Union Administration insures accounts at the institutions up to \$250,000. The Pantry had uninsured cash balances at December 31, 2017 of approximately \$136,000.

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 \$6,843 available. The Pantry has two separate checking accounts to comply with this requirement.

NOTE 4 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Leasehold improvements	\$ 184,130	\$ 184,130
Equipment	188,216	174,828
Vehicles	139,570	93,830
Website	8,400	8,400
Equipment and leasehold improvements	520,316	461,188
Less accumulated depreciation	346,421	325,211
Equipment and leasehold improvements - net	\$ 173,895	\$ 135,977

NOTE 5 – OPERATING LEASES

The Pantry leases food pantry and office space under an operating lease that expires October 2019 and requires monthly payments of \$4,127 with annual increases of 3%. The Pantry has a month-to-month storage space lease that requires monthly payments of \$95. Rent expense for 2017 and 2016 was \$50,910 and \$53,023. Future minimum payments for the years ended December 31, 2018 and 2019 are \$51,263 and \$43,782.

**THE RIVER FOOD PANTRY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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**NOTE 7 – DONATED MATERIALS AND SERVICES**

In 2017 and 2016, the donated food was valued at \$1.73 and \$1.70 per pound. In 2017 and 2016, the donated clothing was valued at \$5.25 per pound. The Pantry's donated materials for 2017 and 2016 consisted of the following:

	2017	2016
Food	\$ 3,705,514	\$ 3,272,004
Clothing	894,149	826,988
Miscellaneous	4,813	1,174
Donated materials	\$ 4,604,475	\$ 4,100,166

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

	Food Pantry	Management and General	Fundraising	2017 Total
Building maintenance	\$ 8,861	\$ 204	\$ 204	\$ 9,269
Band performances	6,000	-	-	6,000
	\$ 14,861	\$ 204	\$ 204	\$ 15,269

  

	Food Pantry	Management and General	Fundraising	2016 Total
Building maintenance	\$ 7,984	\$ 184	\$ 184	\$ 8,352
Band performances	6,000	-	-	6,000
Equipment repairs	3,715	85	85	3,885
	\$ 17,699	\$ 269	\$ 269	\$ 18,237