

MARIE WILKINSON FOOD PANTRY, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2016

MARIE WILKINSON FOOD PANTRY, INC.

Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marie Wilkinson Food Pantry, Inc.

We have audited the accompanying financial statements of Marie Wilkinson Food Pantry, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marie Wilkinson Food Pantry, Inc. as of December 31, 2016, 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.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Report on Summarized Comparative Information

We have previously audited the Marie Wilkinson Food Pantry, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wieland & Company, Inc.

Batavia, Illinois
July 20, 2017

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 140,917	\$ 88,133
Unconditional Promises to Give	6,360	5,160
Food Inventory	69,123	68,677
Prepaid Expenses	<u>3,486</u>	<u>4,113</u>
<u>TOTAL CURRENT ASSETS</u>	219,886	166,083
<u>PROPERTY AND EQUIPMENT</u>		
Land and Improvements	133,430	72,050
Building and Improvements	367,250	367,250
Warehouse Equipment	50,801	36,812
Office Equipment	3,200	3,200
Vehicles	<u>30,043</u>	<u>30,043</u>
	584,724	509,355
Less Accumulated Depreciation	<u>(111,919)</u>	<u>(88,797)</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>472,805</u>	<u>420,558</u>
<u>TOTAL ASSETS</u>	<u>\$ 692,691</u>	<u>\$ 586,641</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 756	\$ 836
Accrued Interest	301	-
Accrued Real Estate Taxes	1,412	-
Current Portion of Mortgage Note Payable	<u>3,323</u>	<u>-</u>
<u>TOTAL CURRENT LIABILITIES</u>	5,792	836
<u>LONG-TERM LIABILITIES</u>		
Mortgage Note Payable, Less Current Portion	<u>94,930</u>	<u>-</u>
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>94,930</u>	<u>-</u>
<u>TOTAL LIABILITIES</u>	100,722	836
<u>NET ASSETS</u>		
Unrestricted	<u>591,969</u>	<u>585,805</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 692,691</u>	<u>\$ 586,641</u>

See Accompanying Notes to Financial Statements.

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>SUPPORT AND REVENUES (ALL UNRESTRICTED)</u>		
Governmental Grants	\$ 14,991	\$ 28,850
Cash Contributions	116,325	116,230
Special Events, Net	14,408	4,024
Interest Income	74	-
Loss on Dispositions of Fixed Assets	-	(1,236)
In Kind Donations		
Food	1,118,519	1,181,355
Facility	10,800	10,800
Other	6,125	890
	<u>1,281,242</u>	<u>1,340,913</u>
<u>TOTAL SUPPORT AND REVENUES</u>	<u>1,281,242</u>	<u>1,340,913</u>
<u>EXPENSES</u>		
Program Services	1,217,342	1,249,256
Supporting Services		
General and Administrative	36,468	22,125
Fundraising	21,268	11,722
	<u>1,275,078</u>	<u>1,283,103</u>
<u>TOTAL EXPENSES</u>	<u>1,275,078</u>	<u>1,283,103</u>
<u>INCREASE IN NET ASSETS</u>	<u>6,164</u>	<u>57,810</u>
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>585,805</u>	<u>527,995</u>
<u>NET ASSETS, END OF YEAR</u> \$	<u><u>591,969</u></u>	<u><u>585,805</u></u>

See Accompanying Notes to Financial Statements.

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	Year Ended December 31, 2016				Total 2015 Expenses
	Program Services	Support Services		Total 2016 Expenses	
		General and Administrative	Fundraising		
Accounting	\$ -	\$ 3,000	\$ -	\$ 3,000	\$ 1,050
Advertising and Promotion	6,422	-	5,255	11,677	-
Contracted Management	27,300	11,375	6,825	45,500	36,000
Depreciation	17,342	3,468	2,312	23,122	20,371
Facilities					
Rentals	8,100	1,620	1,080	10,800	10,800
Utilities	8,156	1,631	1,087	10,874	10,658
Food Costs	1,132,314	-	-	1,132,314	1,183,840
Insurance	3,845	769	513	5,127	3,624
Interest	2,066	413	276	2,755	-
Legal Fees	-	538	-	538	-
Maintenance	1,645	3,949	986	6,580	1,705
Miscellaneous	1,432	3,437	859	5,728	1,582
Printing and Postage	371	892	224	1,487	1,661
Security	985	197	131	1,313	1,231
Supplies					
Office and Operating	1,732	4,156	1,038	6,926	1,946
Warehouse	517	-	-	517	2,412
Telephone and Internet	881	176	118	1,175	1,151
Vehicles	2,114	423	282	2,819	3,355
Volunteers	2,120	424	282	2,826	1,717
	<u>\$ 1,217,342</u>	<u>\$ 36,468</u>	<u>\$ 21,268</u>	<u>\$ 1,275,078</u>	<u>\$ 1,283,103</u>

See Accompanying Notes to Financial Statements.

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in Net Assets	\$ 6,164	\$ 57,810
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	23,122	20,371
Loss on Dispositions of Fixed Assets	-	1,236
Decrease (Increase) in Assets:		
Unconditional Promises to Give	(1,200)	(5,160)
Food Inventory	(446)	(9,841)
Prepaid Expenses	627	(510)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(80)	232
Accrued Interest	301	-
Accrued Real Estate Taxes	1,412	-
	<u>29,900</u>	<u>64,138</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Payments for Property and Equipment	(75,369)	(44,445)
Cash Proceeds from Sale of Equipment	-	2,000
	<u>(75,369)</u>	<u>(42,445)</u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>		
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Cash Proceeds from Mortgage Note	100,000	-
Principal Payments on Mortgage Note	(1,747)	-
	<u>98,253</u>	<u>-</u>
<u>NET CASH PROVIDED BY FINANCING ACTIVITIES</u>		
<u>NET INCREASE IN CASH</u>	52,784	21,693
<u>CASH AT BEGINNING OF YEAR</u>	<u>88,133</u>	<u>66,440</u>
	<u><u>CASH AT END OF YEAR</u></u> \$	<u><u>140,917</u></u> \$
	<u><u>140,917</u></u>	<u><u>88,133</u></u>
<u>SUPPLEMENTARY DISCLOSURES</u>		
Cash Paid for Interest Expense	\$ 2,453	\$ -

See Accompanying Notes to Financial Statements.

MARIE WILKINSON FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A - NATURE OF ACTIVITIES

The Marie Wilkinson Food Pantry, Inc. (The Organization) is an Illinois not-for-profit corporation. The mission of the Organization is to serve the nutritional needs of children, the elderly, low income residents, and the disabled in the Kane County area. The Organization operates two pantries in Aurora, Illinois.

The Organization is supported primarily by food donations from area grocery stores, the Northern Illinois Food Bank and other businesses and institutions. Cash grants and donations are provided by the City of Aurora, Kane County, area churches and numerous businesses, individuals, foundations and not-for-profit organizations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements report the assets, liabilities, revenues and expenses of the Organization using the accrual basis of accounting. The Organization reports information regarding its financial position, activities, grants and contributions received, if any, according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. At December 31, 2016 and 2015, there were no temporarily or permanently restricted net assets; all assets are classified as unrestricted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2016 and 2015, there were no cash equivalents.

Revenue Recognition

Grants, gifts and member contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor 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 in the statement of activities. Restricted contributions are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contribution is recognized. Promises to give are recognized as support when any conditions on which they depend are substantially met. Management provides for uncollectible promises to give using the allowance method. However an allowance was not warranted at December 31, 2016 and 2015.

In-Kind Contributions of Goods and Services

Contributions of food and other noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Food Inventory

Food inventory on hand is valued at cost or its estimated fair value at the time of donation.

MARIE WILKINSON FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalization and Depreciation

The land, buildings and other purchased improvements and equipment are recorded at cost and capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is provided for using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Estimated Life</u>
Land Improvements	5 – 15 years
Building and Improvements	39 years
Warehouse Equipment	7 years
Office Equipment	5 – 7 years
Vehicles	7 years

Depreciation expense totaled \$23,122 and \$20,371 during the years ended December 31, 2016 and 2015, respectively.

Impairment

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There have been no impairment losses recognized through December 31, 2016.

Income Taxes

The Organization is tax exempt under Internal Revenue Code Section 501(c)(3). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There were no taxes incurred for unrelated business activities during the year ended December 31, 2016.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of December 31, 2016, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services are summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated among the programs and supporting services benefited.

MARIE WILKINSON FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Events

Special events revenue is stated net of the direct costs of providing donor benefits of \$8,398 and \$4,036 during the years ended December 31, 2016 and 2015, respectively.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review

The Organization has evaluated subsequent events through July 20, 2017, the date on which the financial statements were available to be issued.

NOTE C – IN KIND CONTRIBUTIONS

Food

During the years ended December 31, 2016 and 2015, respectively, the Organization distributed over 729,000 and 713,000 pounds of food to individuals and families it serves. During the years ended December 31, 2016 and 2015, respectively, approximately 674,000 and 711,000 pounds were donated to the Organization by area businesses and institutions. Food donations are valued at an estimated fair value of \$1.66 per pound.

Facilities

Beginning in 2015, the Organization opened an east side Aurora pantry in rent-free facilities consisting of approximately 1,800 square feet. The value of the donated facilities of \$6 per square foot or \$10,800 annually is recorded as an in-kind contribution and corresponding rent expense during 2016 and 2015.

Volunteers

The Organization is able to operate through the countless hours provided by numerous unpaid volunteers. No amounts have been recognized in the financial statements for the value of such volunteer efforts because the criteria for recognition under accounting principles generally accepted in the United States of America have not been met.

MARIE WILKINSON FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2016

NOTE D – LAND PURCHASE AND MORTGAGE NOTE PAYABLE

On May 31, 2016, the Organization closed on the purchase of a house and lot adjacent to its west side facility for a cost of \$60,000. The Organization intends to raze the house and construct additional parking space on the lot. Consequently the acquisition is included in “land and improvements” on the accompanying statement of financial position. In connection with the purchase, the Organization obtained a loan of \$100,000 from Northstar Credit Union to fund the purchase and anticipated improvements. The loan requires monthly payments of \$600 including interest at an annual rate of 4.0% beginning July 1, 2016. The agreement is subject to renewal on June 1, 2018. A mortgage on its facility at 834 Highland Avenue in Aurora is pledged as collateral.

Future annual maturities of the mortgage are as follows at December 31, 2016:

2017	\$ 3,323
2018	<u>94,930</u>
	<u>\$ 98,253</u>