

MARIE WILKINSON FOOD PANTRY, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2018

MARIE WILKINSON FOOD PANTRY, INC.

Year Ended December 31, 2018

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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 statements of financial position as of December 31, 2018 and 2017, 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 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, 2018 and 2017, 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.

Wieland & Company, Inc.

Batavia, Illinois
August 2, 2019

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 61,936	\$ 125,604
Unconditional Promises to Give	28,000	5,500
Food Inventory	91,000	97,656
Prepaid Expenses	8,611	3,604
	<u>189,547</u>	<u>232,364</u>
<u>TOTAL CURRENT ASSETS</u>	189,547	232,364
 <u>PROPERTY AND EQUIPMENT</u>		
Land and Improvements	260,860	148,982
Building and Improvements	367,250	367,250
Warehouse Equipment	55,764	53,419
Office Equipment	4,094	3,973
Vehicles	33,543	30,043
	<u>721,511</u>	<u>603,667</u>
Less Accumulated Depreciation	<u>(169,401)</u>	<u>(136,120)</u>
	<u>552,110</u>	<u>467,547</u>
<u>NET PROPERTY AND EQUIPMENT</u>	552,110	467,547
	<u>TOTAL ASSETS \$ 741,657</u>	<u>\$ 699,911</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 4,617	\$ 1,317
Accrued Interest	-	323
Accrued Real Estate Taxes	518	518
Current Portion of Mortgage Note Payable	-	94,964
	<u>5,135</u>	<u>97,122</u>
<u>TOTAL CURRENT LIABILITIES</u>	5,135	97,122
	<u>TOTAL LIABILITIES</u>	<u>97,122</u>
 <u>NET ASSETS</u>		
Without Donor Restrictions	<u>736,522</u>	<u>602,789</u>
	<u>TOTAL LIABILITIES AND NET ASSETS \$ 741,657</u>	<u>\$ 699,911</u>

See Accompanying Notes to Financial Statements.

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>SUPPORT AND REVENUES (ALL WITHOUT DONOR RESTRICTIONS)</u>		
Governmental Grants	\$ 2,500	\$ 10,000
Equipment Grant	120,544	-
Cash Contributions	167,065	132,657
Special Events, Net	57,100	(3,371)
Interest Income	318	328
Other	98	-
In Kind Donations		
Food	1,365,841	1,297,564
Facility	12,600	11,100
Other	1,075	1,711
	<u>1,727,141</u>	<u>1,449,989</u>
<u>TOTAL SUPPORT AND REVENUES</u>	<u>1,727,141</u>	<u>1,449,989</u>
<u>EXPENSES</u>		
Program Services	1,486,095	1,381,171
Supporting Services		
General and Administrative	48,226	36,951
Fundraising	28,047	21,047
	<u>1,562,368</u>	<u>1,439,169</u>
<u>TOTAL EXPENSES</u>	<u>1,562,368</u>	<u>1,439,169</u>
<u>INCREASE IN NET ASSETS FROM OPERATIONS</u>	<u>164,773</u>	<u>10,820</u>
LOSS FROM FIRE	<u>(31,040)</u>	<u>-</u>
<u>INCREASE IN NET ASSETS</u>	<u>133,733</u>	<u>10,820</u>
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>602,789</u>	<u>591,969</u>
<u>NET ASSETS, END OF YEAR</u> \$	<u><u>736,522</u></u>	<u><u>602,789</u></u>

See Accompanying Notes to Financial Statements.

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2018 and 2017

	Year Ended December 31, 2018			
	Support Services			Total 2018 Expenses
	Program Services	General and Administrative	Fundraising	
Accounting	\$ —	\$ 3,300	\$ —	\$ 3,300
Advertising and Promotion	7,806	—	6,387	14,193
Contracted Management	44,100	18,375	11,025	73,500
Depreciation	24,961	4,992	3,328	33,281
Facilities				
Rentals	9,450	1,890	1,260	12,600
Utilities	6,419	1,284	856	8,559
Food Costs	1,373,099	—	—	1,373,099
Insurance	3,700	740	493	4,933
Interest	1,716	343	229	2,288
Legal Fees	—	2,600	—	2,600
Maintenance	3,701	8,883	2,221	14,805
Miscellaneous	483	1,159	290	1,932
Printing and Postage	873	2,096	524	3,493
Security	638	128	85	851
Supplies				
Office and Operating	276	662	166	1,104
Telephone and Internet	736	147	98	981
Vehicles	6,986	1,397	932	9,315
Volunteers	1,151	230	153	1,534
	<u>\$ 1,486,095</u>	<u>\$ 48,226</u>	<u>\$ 28,047</u>	<u>\$ 1,562,368</u>

(Continued)

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2018 and 2017

	Year Ended December 31, 2017			
	Program Services	Support Services		Total 2017 Expenses
		General and Administrative	Fundraising	
Accounting	\$ -	\$ 3,000	\$ -	\$ 3,000
Advertising and Promotion	4,342	-	3,552	7,894
Contracted Management	35,190	14,663	8,797	58,650
Depreciation	18,151	3,630	2,420	24,201
Facilities				
Rentals	8,325	1,665	1,110	11,100
Utilities	7,347	1,469	980	9,796
Food Costs	1,290,766	-	-	1,290,766
Insurance	2,762	552	367	3,681
Interest	2,965	593	395	3,953
Legal Fees	-	75	-	75
Maintenance	1,733	4,159	1,040	6,932
Miscellaneous	912	2,188	546	3,646
Printing and Postage	1,031	2,474	619	4,124
Supplies				
Office and Operating	434	1,040	260	1,734
Telephone and Internet	629	126	84	839
Vehicles	4,564	913	608	6,085
Volunteers	2,020	404	269	2,693
	<u>\$ 1,381,171</u>	<u>\$ 36,951</u>	<u>\$ 21,047</u>	<u>\$ 1,439,169</u>

See Accompanying Notes to Financial Statements

MARIE WILKINSON FOOD PANTRY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in Net Assets	\$ 133,733	\$ 10,820
Net Cash Provided By Operating Activities:		
Depreciation	33,281	24,201
Loss from Fire	31,040	-
Decrease (Increase) in Assets:		
Unconditional Promises to Give	(22,500)	860
Food Inventory	(17,104)	(28,533)
Prepaid Expenses	(5,007)	(118)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	3,300	561
Accrued Interest	(323)	22
Accrued Real Estate Taxes	-	(894)
	<u>156,420</u>	<u>6,919</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	156,420	6,919
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Payments for Property and Equipment	(130,124)	(18,943)
Insurance Recovery Payment from Fire Loss	5,000	-
	<u>(125,124)</u>	<u>(18,943)</u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	(125,124)	(18,943)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal Payments on Mortgage Note	(94,964)	(3,289)
	<u>(94,964)</u>	<u>(3,289)</u>
<u>NET CASH USED IN FINANCING ACTIVITIES</u>	(94,964)	(3,289)
<u>NET DECREASE IN CASH</u>	(63,668)	(15,313)
<u>CASH AT BEGINNING OF YEAR</u>	<u>125,604</u>	<u>140,917</u>
	<u>CASH AT END OF YEAR</u> \$ <u>61,936</u>	<u>\$ 125,604</u>
<u>SUPPLEMENTARY DISCLOSURES</u>		
Cash Paid for Interest Expense	\$ <u>2,611</u>	\$ <u>4,233</u>

See Accompanying Notes to Financial Statements.

MARIE WILKINSON FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 two classes of net assets: without donor restrictions and with donor restrictions. At December 31, 2018 and 2017, there were no net assets with donor restrictions; all assets are classified as net assets without donor restrictions.

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, 2018 and 2017, 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities. Restricted contributions are reported as increases in assets without donor restrictions if the restrictions expire in the fiscal year in which the contribution is recognized. Promises to give are recognized as support when any condition 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, 2018 and 2017.

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, 2018 and 2017.

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, 2018

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 \$33,281 and \$24,201 during the years ended December 31, 2018 and 2017, 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, 2018.

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, 2018.

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, 2018, 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, 2018

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 \$5,973 and \$11,338 during the years ended December 31, 2018 and 2017, 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 August 2, 2019, the date on which the financial statements were available to be issued.

NOTE C – IN KIND CONTRIBUTIONS

Food

During the years ended December 31, 2018 and 2017, respectively, the Organization distributed over 814,000 and 841,000 pounds of food to individuals and families it serves. During the years ended December 31, 2018 and 2017, respectively, approximately 749,700 and 723,000 pounds were donated to the Organization by area businesses and institutions. During 2018 and 2017, respectively, food donations are valued at an estimated fair value of \$1.68 and \$1.73 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 of \$900 per month until October 2017. Beginning November 1, 2017, the Organization moved its east side pantry to East Aurora High School. The space consists of approximately 1,400 square feet. The value of the facilities are \$9 per square foot or \$12,600 annually.

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, 2018

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. During 2017, the Organization razed the house and is in the process of constructing additional parking space on the lot. Consequently the acquisition and land preparation 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 was subject to renewal on June 1, 2018 and the loan term was extended until March of 2019. A mortgage on its facility at 834 Highland Avenue in Aurora is pledged as collateral. During the year ended December 31, 2018, the loan was paid in full.

NOTE E – FIRE LOSS

On June 5, 2018, a garage owned by the Organization suffered fire damage. Below is an analysis of the loss:

Food Inventory	\$ (23,760)
Building	(12,280)
Total Loss from Fire	<u>(36,040)</u>
Insurance Recovery Payment from Fire Loss	5,000
Net Loss from Fire	<u><u>\$ (31,040)</u></u>

NOTE F – ADOPTION OF NEW ACCOUNTING POLICIES

In 2018, the Organization retroactively adopted the requirements in ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, to present net assets in two classifications: net assets without donor restrictions and net assets with donor restrictions, and to provide additional and revised informative disclosures. Net assets were previously reported on the balance sheet in three classifications as follows:

	2017
NET ASSETS	
Unrestricted	602,789
Temporarily Restricted	-
Permanently Restricted	-
	<u>602,789</u>

Comparatively, net assets are currently reported on the balance sheet in two classifications as follows:

	2017
NET ASSETS	
Without donor restrictions	602,789
With donor restrictions	-
	<u>602,789</u>

In 2018, the Organization prospectively adopted the requirements in ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to account for proper classification of unconditional and conditional contributions.

MARIE WILKINSON FOOD PANTRY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

NOTE G – LIQUIDITY OF ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization maintains financial assets on hand to meet a minimum of five months of normal operating expense.

Financial assets at year-end of \$89,936 consist of cash of \$61,936 and unconditional promises to give of \$28,000. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year.