

**WHITE PONY EXPRESS**

Financial Statements

For the Year Ended December 31, 2015

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## **Independent Auditor's Report**

**To the Board of Directors  
White Pony Express  
Pleasant Hill, CA**

We have audited the accompanying financial statements of White Pony Express (WPE), which comprise the statements of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, 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 the 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.



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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WPE as of December 31, 2015, and the results of its changes in net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Clark Nuber PS*

Certified Public Accountants  
July 9, 2016

**WHITE PONY EXPRESS**

**Statement of Financial Position  
December 31, 2015**

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**Assets**

**Assets:**

Cash and cash equivalents	\$	270,497
Inventory		8,647
Prepaid expenses		12,972
Pledges and grants receivable		<u>32,868</u>

**Total Current Assets**

**324,984**

Vehicles, leasehold improvements and equipment, net		235,969
Deposits		<u>5,000</u>

**Total Assets**

**\$ 565,953**

**Liabilities and Net Assets**

**Liabilities:**

Accounts payable	\$	<u>11,250</u>
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**Total Liabilities**

**11,250**

**Net Assets:**

Unrestricted		518,518
Temporarily restricted		<u>36,185</u>

**Total Net Assets**

**554,703**

**Total Liabilities and Net Assets**

**\$ 565,953**

See accompanying notes.

WHITE PONY EXPRESS

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Operating Activities</b>			
<b>Revenue:</b>			
Cash contributions and pledges	\$ 295,569	\$ 173,860	\$ 469,429
Donated food, clothing and goods	3,193,538	2,028	3,195,566
Other in-kind donations	60,401		60,401
Other revenue	294		294
Net assets released from restrictions	143,991	(143,991)	
<b>Total Revenue</b>	<b>3,693,793</b>	<b>31,897</b>	<b>3,725,690</b>
<b>Expenses:</b>			
Program	3,504,892		3,504,892
General and administrative	66,534		66,534
Fundraising	12,180		12,180
<b>Total Expenses</b>	<b>3,583,606</b>		<b>3,583,606</b>
<b>Change in Net Assets Before Nonoperating Activities</b>	<b>110,187</b>	<b>31,897</b>	<b>142,084</b>
<b>Nonoperating Activities</b>			
Loss on sale of vehicle	(8,984)		(8,984)
<b>Change in Net Assets From Nonoperating Activities</b>	<b>(8,984)</b>		<b>(8,984)</b>
<b>Total Change in Net Assets</b>	<b>101,203</b>	<b>31,897</b>	<b>133,100</b>
Beginning of year net assets	417,315	4,288	421,603
<b>End of Year Net Assets</b>	<b>\$ 518,518</b>	<b>\$ 36,185</b>	<b>\$ 554,703</b>

See accompanying notes.

**WHITE PONY EXPRESS****Statement of Functional Expenses  
For the Year Ended December 31, 2015**

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	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Food distribution	\$ 2,625,066	\$ -	\$ -	\$ 2,625,066
Clothing distribution	637,116			637,116
Vehicle maintenance, repairs and rentals	56,826			56,826
Depreciation	54,041			54,041
Professional fees		47,463	4,620	52,083
Occupancy	41,728	1,152		42,880
Fuel and gasoline	30,067			30,067
Supplies and equipment	26,298			26,298
Information technology		11,254		11,254
Other expenses	7,209	3,930		11,139
Advertising and promotion	2,809		7,560	10,369
Insurance	6,864	742		7,606
Printing	6,160			6,160
White Pony Inn	5,132			5,132
Registration and license fees	4,868			4,868
Conferences, conventions, and meetings	708	815		1,523
Office expenses		1,178		1,178
<b>Total Expenses</b>	<b><u>\$ 3,504,892</u></b>	<b><u>\$ 66,534</u></b>	<b><u>\$ 12,180</u></b>	<b><u>\$ 3,583,606</u></b>

See accompanying notes.

**WHITE PONY EXPRESS**

**Statement of Cash Flows  
For the Year Ended December 31, 2015**

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**Cash Flows From Operating Activities:**

Change in net assets	\$ 133,100
Adjustments to reconcile change in net assets to net cash provided by operating activities-	
Depreciation	54,041
Loss on sale of vehicle	8,984
Changes in assets and liabilities:	
Inventory	71,455
Prepaid expenses	(12,972)
Pledges and grants receivable	47,455
Deposits	(5,000)
Accounts payable	11,250

**Net Cash Provided by Operating Activities** **308,313**

**Cash Flows From Investing Activities:**

Proceeds from sale of vehicle	16,580
Purchases of leasehold improvements and vehicles	(219,479)

**Net Cash Used in Investing Activities** **(202,899)**

**Net Change in Cash and Cash Equivalents** **105,414**

Cash and cash equivalents balance, beginning of year 165,083

**Cash and Cash Equivalents Balance, End of Year** **\$ 270,497**

See accompanying notes.



## WHITE PONY EXPRESS

### Notes to Financial Statements For the Year Ended December 31, 2015

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#### Note 1 - Description of Operations and Significant Accounting Policies

White Pony Express (WPE) relays food and goods to those in need in Contra Costa County, California. WPE was founded with the following mission: "To help eliminate hunger and poverty in Contra Costa County by delivering the abundance all around us to those in need." Its Services are provided free of charge, and its programs are operated 100% by volunteers.

WPE meets the needs of its beneficiaries through the following programs:

Food Rescue - WPE's Food Rescue program rescues high-quality surplus food, delivering it to nonprofit organizations serving those in need. WPE built a base of more than 400 volunteers (unaudited), partnered with more than 100 food donors (unaudited) and more than 60 nonprofit organizations (unaudited) through which WPE served more than 50,000 people (unaudited) in need. During the year ended December 31, 2015, WPE rescued and delivered 1,500,000 pounds (unaudited) of food valued at approximately \$2.6 million. WPE delivered enough food to provide nearly 1,250,000 meals (unaudited).

Free General Store - WPE's Free General Store program freely distributes new and gently used clothing, toys and books. To maximize its reach to those in need, WPE brings "Mobile Boutique" events to impoverished neighborhoods. WPE held 33 mobile Boutique events (unaudited), serving more than 8,000 people (unaudited). During the year ended December 31, 2015, WPE distributed approximately 100,000 items of clothing (unaudited) and 40,000 toys and books (unaudited) valued at approximately \$637,000.

White Pony Inn - White Pony Inn is a pilot program in which volunteers use professional skills, life experiences, and loving kindness for those facing homelessness. Personalized assistance provided includes WPE food and clothing, help in applying for social services benefits, locating affordable housing, finding employment, obtaining needed support for physical and mental health, or other needs.

WPE is a 501(c)(3) nonprofit organization incorporated in the State of California in 2014. WPE was originally founded by the Sufism Reoriented Church (the Church). In accordance with WPE's bylaws, the Church, through its representative, is the Designator of WPE and has been granted certain authorities to appoint and dismiss the members of WPE's board of directors. In addition, should WPE dissolve, its net assets shall be distributed to the Church. The Church also provides financial support in the form of contributions to WPE (Note 5). These financial statements include only the activity of WPE.

**Basis of Presentation** - WPE's financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WPE and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of WPE and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by WPE. WPE had no permanently restricted net assets at December 31, 2015.

## WHITE PONY EXPRESS

### Notes to Financial Statements For the Year Ended December 31, 2015

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#### Note 1 - Continued

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Revenue Recognition** - Contribution revenue is recognized in the period received or promised, including unconditional pledges, at fair value. Conditional pledges are recognized when the conditions on which they depend are substantially met.

**Donated Food, Clothing and Goods** - WPE recognizes donated food, clothing and goods as revenue at fair value when received and distributed. Food is generally distributed on the same day received and is valued at industry rates per pound distributed. Clothing and goods are generally distributed soon after receipt and are valued at industry rates per unit distributed. Donated food, clothing and goods are those items that are distributed to beneficiaries of the programs described above.

**Other In-Kind Donations** - Other in-kind donations are those resources used by WPE in fulfilling its mission and consist primarily of donated facilities rent, use of vehicles and professional services. Donated facilities and use of vehicles are valued at fair value based on current market rates for similar items in the same geographic area.

Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by WPE. Donated services are valued at fair value at the time provided.

Other in-kind donations consist of the following for the year ended December 31, 2015:

Facilities rent	\$	24,800
Use of vehicles		11,541
Professional services		<u>24,060</u>
	\$	<u><u>60,401</u></u>

Many individuals volunteer their time and perform a variety of tasks that assist WPE with its programs and administration. These services, which represent essentially the entire staff of WPE, are not recognized as contributions in the financial statements as they do not meet the recognition criteria described above.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, WPE considers all highly-liquid investments with original maturities of 90 days and less to be cash equivalents. Cash balances may at times exceed the limits insured by the Federal Deposit Insurance Corporation.

**Inventory** - Inventory consists principally of clothing held for distribution. WPE uses guidelines established by the Salvation Army and Goodwill Industries to value clothing donations. As food is distributed on the same day as it is collected, there is no food inventory on hand at December 31, 2015.

## WHITE PONY EXPRESS

### Notes to Financial Statements For the Year Ended December 31, 2015

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#### Note 1 - Continued

**Pledges and Grants Receivable** - Pledges and grants receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. All pledges and grants receivable at December 31, 2015, are expected to be paid within one year. Pledges receivable from two donors account for 99% of total pledges receivable at December 31, 2015. There were no conditional pledged at December 31, 2015.

**Vehicles, Leasehold Improvements and Equipment** - Vehicles, leasehold improvements and equipment are recorded at cost if purchased or fair value if contributed. WPE capitalizes all such acquisitions with a value greater than \$2,500. Vehicles, leasehold improvements and equipment are shown net of accumulated depreciation in the accompanying financial statements. Depreciation is computed using the straight-line method over the following estimated useful lives:

Vehicles	3 years
Equipment	5 years

Leasehold improvements are depreciated over the lesser of the lease term or the estimated useful life of the asset.

**Operating and Nonoperating Activities** - All activities of WPE are considered operating except for gains and losses on the disposals of assets.

**Federal Income Taxes** - WPE has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

**Advertising Expenses** - WPE recognizes advertising expenses at cost as incurred. Advertising expense totaled \$10,369 for the year ended December 31, 2015.

**Allocation of Functional Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** - WPE has evaluated subsequent events through July 9, 2016, the date which the financial statements were available to be issued.

**WHITE PONY EXPRESS**

**Notes to Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 - Vehicles, Leasehold Improvements and Equipment**

Vehicles, leasehold improvements and equipment consist of the following at December 31, 2015:

Vehicles	\$	263,974
Leasehold improvements		14,219
Equipment		<u>14,896</u>
		293,089
Less accumulated depreciation		<u>(57,120)</u>
	\$	<u><u>235,969</u></u>

**Note 3 - Temporary Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at December 31, 2015:

White Pony Inn	\$	13,685
Vehicles		<u>22,500</u>
	\$	<u><u>36,185</u></u>

Net assets released from restriction because their donor-restricted purpose had been met total \$143,991 for the year ended December 31, 2015.

**Note 4 - Commitments and Contingencies**

**Operating Leases** - WPE is obligated under the terms of an operating lease agreement for office space that expires October 31, 2020. Subsequent to year end, the lease was amended to include additional commercial warehouse space and extend the lease term to April 30, 2021, with increases in base rent each year. Total expense under the operating leases was \$18,080 for the year ended December 31, 2015.

Minimum future lease payments under operating leases are as follows:

For the Year Ending December 31,

2016	\$	93,605
2017		117,471
2018		123,345
2019		129,512
2020		135,987
Thereafter		<u>47,008</u>
	\$	<u><u>646,928</u></u>

**WHITE PONY EXPRESS**

**Notes to Financial Statements  
For the Year Ended December 31, 2015**

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**Note 5 - Related Party Transactions**

WPE received consulting services from a previous board member related to community outreach, public relations and communications activities. Consulting expense for these services total \$30,150 for the year ended December 31, 2015.

Contributions received from the Church (Note 1) total \$13,503 for the year ended December 31, 2015.