

**VASHON MAURY COMMUNITY FOOD BANK**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT ACCOUNTANTS'  
REVIEW REPORT**

**DECEMBER 31, 2014 AND 2013**



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Vashon Maury Community Food Bank  
Vashon, Washington

We have reviewed the accompanying statements of financial position of Vashon Maury Community Food Bank (the Organization) as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Jones & Associates LLC, CPAs*

Jones & Associates LLC, CPAs  
June 19, 2015

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 317,811	\$ 298,338
Investments	100,000	100,210
Receivables	22,984	35,821
Prepays and other	2,477	2,256
Total current assets	443,272	436,625
INVESTMENTS, long-term	100,000	49,746
PROPERTY AND EQUIPMENT, net	10,959	5,806
	\$ 554,231	\$ 492,177
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 6,970	\$ 17,305
Total current liabilities	6,970	17,305
<b>NET ASSETS</b>		
Undesignated available for general activities	298,449	309,673
Board designated reserve	200,000	100,000
Expended on property and equipment	10,959	5,806
Total unrestricted net assets	509,408	415,479
Temporarily restricted	37,853	59,393
	547,261	474,872
	\$ 554,231	\$ 492,177

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Donated food	\$ 424,101	\$ -	\$ 424,101
Community contributions	246,458	5,800	252,258
Grants	13,182	14,583	27,765
Government grants	10,913	-	10,913
Business contributions	8,116	-	8,116
Investment income and other	1,106	-	1,106
	<u>703,876</u>	<u>20,383</u>	<u>724,259</u>
Net asset releases:			
Satisfaction of program requirements	27,340	(27,340)	-
Satisfaction of time restrictions	14,583	(14,583)	-
	<u>41,923</u>	<u>(41,923)</u>	<u>-</u>
 Total support and revenue	 <u>745,799</u>	 <u>(21,540)</u>	 <u>724,259</u>
<b>EXPENSES</b>			
Program	591,149	-	591,149
Management and general	40,730	-	40,730
Fundraising	19,991	-	19,991
Total expenses	<u>651,870</u>	<u>-</u>	<u>651,870</u>
 CHANGE IN NET ASSETS	 93,929	 (21,540)	 72,389
<b>NET ASSETS</b>			
Beginning of the year	<u>415,479</u>	<u>59,393</u>	<u>474,872</u>
End of the year	<u>\$ 509,408</u>	<u>\$ 37,853</u>	<u>\$ 547,261</u>

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Donated food	\$ 398,878	\$ -	\$ 398,878
Community contributions	170,299	14,810	185,109
Grants	23,511	44,583	68,094
Government grants	10,580	-	10,580
Business contributions	9,359	-	9,359
Investment income and other	562	-	562
	<u>613,189</u>	<u>59,393</u>	<u>672,582</u>
Net asset releases:			
Satisfaction of program requirements	10,000	(10,000)	-
Satisfaction of time restrictions	16,833	(16,833)	-
	<u>26,833</u>	<u>(26,833)</u>	<u>-</u>
 Total support and revenue	 <u>640,022</u>	 <u>32,560</u>	 <u>672,582</u>
<b>EXPENSES</b>			
Program	546,247	-	546,247
Management and general	45,736	-	45,736
Fundraising	23,853	-	23,853
Total expenses	<u>615,836</u>	<u>-</u>	<u>615,836</u>
 CHANGE IN NET ASSETS	 24,186	 32,560	 56,746
<b>NET ASSETS</b>			
Beginning of the year	<u>391,293</u>	<u>26,833</u>	<u>418,126</u>
End of the year	<u>\$ 415,479</u>	<u>\$ 59,393</u>	<u>\$ 474,872</u>

**VASHON MAURY COMMUNITY FOOD BANK  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014**

	Program	Support Services		Total
		Management and General	Fundraising	
Executive Director compensation	\$ 25,780	\$ 19,924	\$ 13,200	\$ 58,904
Other salaries and wages	45,917	-	-	45,917
Employee benefits	3,184	2,109	1,791	7,084
Payroll taxes	6,614	2,054	1,080	9,748
Total salaries and related	81,495	24,087	16,071	121,653
Donated food	424,101	-	-	424,101
Groceries	33,113	-	-	33,113
Occupancy	21,317	1,598	529	23,444
Contract services	5,148	9,588	-	14,736
Transportation	7,317	82	72	7,471
Insurance	4,369	1,758	-	6,127
Other	2,057	1,755	1,515	5,327
Printing	3,164	-	1,464	4,628
Telephone	3,396	252	216	3,864
Supplies	2,884	314	50	3,248
Depreciation	2,788	72	74	2,934
Bad debt	-	1,224	-	1,224
	<u>\$ 591,149</u>	<u>\$ 40,730</u>	<u>\$ 19,991</u>	<u>\$ 651,870</u>

**VASHON MAURY COMMUNITY FOOD BANK  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013**

	Support Services			Total
	Program	Management and General	Fundraising	
Executive Director compensation	\$ 20,421	\$ 20,421	\$ 17,503	\$ 58,345
Other salaries and wages	39,136	611	-	39,747
Employee benefits	1,614	1,345	1,153	4,112
Payroll taxes	5,989	4,274	1,298	11,561
Total salaries and related	67,160	26,651	19,954	113,765
Donated food	398,878	-	-	398,878
Groceries	36,412	-	-	36,412
Occupancy	16,796	1,859	719	19,374
Contract services	-	11,057	45	11,102
Transportation	7,116	99	-	7,215
Insurance	4,368	1,674	-	6,042
Other	3,610	1,824	1,548	6,982
Printing	2,880	832	838	4,550
Telephone	3,218	252	215	3,685
Supplies	2,939	210	14	3,163
Depreciation	2,870	1,278	520	4,668
	<u>\$ 546,247</u>	<u>\$ 45,736</u>	<u>\$ 23,853</u>	<u>\$ 615,836</u>

**VASHON MAURY COMMUNITY FOOD BANK  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions and grants	\$ 310,699	\$ 294,273
Cash received from investment income and other	1,106	562
Cash paid to employees and suppliers	(234,201)	(200,004)
	77,604	94,831
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(50,044)	(49,991)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	19,473	44,840
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	298,338	253,498
End of the year	\$ 317,811	\$ 298,338



**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities** – From its start in the 1970’s in a church basement, and achieving official 501c(3) status in 1991, the Vashon Maury Community Food Bank (the Organization or the Food Bank) is an organization that works in partnership with the community to provide, without judgment, food, food programs and other related services to those in need on Vashon and Maury Islands in the State of Washington.

In 2014, the Vashon Maury Community Food Bank served nearly 15% of Vashon Island’s population with needed groceries. The Food Bank provided food for approximately 224,534 meals to our community through weekly distribution and home delivery programs. The Food Bank offered an average minimum of 60 pounds worth of assorted groceries each week (which approximates 3-4 very full packed bags of food), including a wide variety of cereals, proteins, fruits and vegetables and dairy. This includes refrigerated and frozen items as well as fresh produce.

As part of the Organization’s efforts to provide highly nutritious foods, the Food Bank has continued efforts to grow fresh produce. This year the Food Bank’s harvests were much more limited than in the past few years with the movement of the farm to a new location and related infrastructure improvements. The Food Bank purchases a number of staples regularly such as milk, milk alternatives (soy and rice milk), eggs, peanut butter, tuna, and non-food necessities such as toilet paper, feminine hygiene products and diapers which are not covered by food stamps at all. On top of that, the Food Bank purchases many items to fill in the gaps in donations, including canned beans, fruit, brown rice, soups, and meats.

In 2014, the Food Bank launched a brand new program to help feed children during the summer months when school is out. This program, Picnics in the Park, served 1,049 meals to children in Ober Park while partnering with the library and many volunteers to offer activities. Picnics in the Park served an average of 33 meals per day. Because of its success, this program will continue in 2015.

**Basis of Accounting and Presentation** – The financial statements of the Organization have been prepared on the accrual basis and reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2014 and 2013, the Organization had no permanently restricted net assets.

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Organization considers all checking and savings accounts, money market accounts, and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

**Investments** – Investments consist of certificates of deposit. Certificates of deposit are recorded at cost plus accrued interest which approximates fair value and have maturities ranging from June 2015 through January 2017.

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)**

**Receivables** – Receivables consist primarily of pledges receivable and amounts due from various organizations and individuals. Pledges receivable are unconditional promises to give that are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. All account balances are unsecured and are due in less than one year. No allowance for bad debts has been established by management based on the Organization’s historical experience in the collection of balances due.

**Property and Equipment** – Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over a period of three to five years. The Organization follows a policy whereby it capitalizes purchases of property and equipment if the value is \$1,000 or more and has a useful life of greater than one year.

**Revenue Recognition** – Contributions and grants are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of donor’s restrictions. When a restriction expires, that is when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. It is the Organization’s policy to recognize restricted contributions in the unrestricted net asset class if the restrictions have been met in the same year.

**Donated Goods** – The Organization calculates food donations based on the number of pounds of food received and distributed. The dollar value per pound of food is established by the State of Washington, Emergency Food Assistance Program (EFAP). This valuation was \$1.50 per pound through June 30, 2013 and increased to \$1.66 per pound effective July 1, 2013. This method was applied consistently and the estimated fair value is not expected to be materially different from that determined using a more detailed measurement of the donation’s fair value.

**Donated Services** – The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. For the years ended December 31, 2014 and 2013, the Organization recognized \$1,190 and \$130, respectively, of services meeting these requirements. The Food Bank also relies on a strong network of dedicated volunteers. The value of these volunteers is not recorded in the accompanying financial statements, as it does not meet the criteria for recognition.

**Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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 revenues and expenses. Actual results could differ from those estimates.

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies** (continued)

**Income Tax Status** – Vashon Maury Community Food Bank is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization files information and tax returns in the U.S. federal jurisdiction, and state and local jurisdictions. The Organization is subject to U.S. federal, state and local examinations by tax authorities for the current year and certain prior years based on applicable laws and regulations.

**Subsequent Events** – Subsequent events were evaluated through the date of the independent accountants' review report, which is the date the financial statements were available to be issued.

**Note 2 – Cash Flow Information**

The following reconciles the change in net assets to net cash provided (used) by operating activities for the years ended December 31:

	2014	2013
Change in net assets	\$ 72,389	\$ 56,746
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,934	4,668
Change in:		
Receivables	12,837	21,261
Prepays and other	(221)	(84)
Accounts payable and accrued expenses	(10,335)	12,240
	\$ 77,604	\$ 94,831

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 3 – Property and Equipment**

Property and equipment are as follows at December 31:

	2014	2013
Facilities and equipment	\$ 46,403	\$ 46,403
Vehicles	42,928	42,928
Farm improvements	8,087	-
	<u>97,418</u>	<u>89,331</u>
Less: accumulated depreciation	(86,459)	(83,525)
	<u>\$ 10,959</u>	<u>\$ 5,806</u>

**Note 4 – Board Designated Unrestricted Net Assets**

The Organization’s Board of Directors has designated certain otherwise unrestricted net assets as follows at December 31:

	2014	2013
Capital improvements and facilities reserve	\$ 100,000	\$ 100,000
Operating reserve	100,000	-
	<u>\$ 200,000</u>	<u>\$ 100,000</u>

**Note 5 – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at December 31:

	2014	2013
Food Bank Farm	\$ 19,694	\$ 32,000
Summer meals program	2,975	11,210
Food purchases	500	1,600
Other	101	-
Restricted for future period	14,583	14,583
	<u>\$ 37,853</u>	<u>\$ 59,393</u>

**Note 6 – Revenue Concentration**

Donated food contributions from three suppliers represented 40% of total support and revenue for both of the years ended December 31, 2014 and 2013.

**VASHON MAURY COMMUNITY FOOD BANK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

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**Note 7 – Operating Lease**

The Food Bank leases its facilities under an operating lease. The lease expires on April 30, 2018. The lease requires the Organization to pay all executory costs such as maintenance and insurance. Total lease costs for the years ending December 31, 2014 and 2013 were \$9,792 and \$9,252, respectively. The following is a schedule by years of future minimum lease payments for this lease for the years ending December 31:

2015		\$	10,086
2016			10,388
2017			10,700
2018			3,602
			34,776
		\$	34,776

Additionally, one acre of land is provided by a donor for the operation of the Organization’s farm. No in-kind contribution or rent expense has been recognized in the financials as the amount is not considered significant to the financial statements as a whole.

The Food Bank was granted a license to use real property to operate a food bank garden from February 2014 through January 2019. There is no cost to the Organization for this license. The current farm is in the process of being relocated to the new farm on two acres in the center of the town of Vashon. No in-kind contribution or rent expense has been recognized in the financial statements as the new farm was not operational during 2014.

**Note 8 – Food Distributed to the Community**

The Organization distributes food that it has received from a variety of sources, included donated and purchased food, and fresh produce grown by the Food Bank. Donated food is valued as described in Note 1 above, at \$1.50 to \$1.66 per pound. Although the Organization can generally purchase many food items at discounted rates, the value of the purchased food to the community is considered to be the same as donated food. Grown produce is valued at \$4 per pound to reflect its higher value as fresh, locally grown produce.

The number of pounds, value and cost of distributed food is as follows for the year ended December 31, 2014:

	Pounds		Value		Cost
Donated	255,483	\$	424,101	\$	424,101
Purchased	31,168		51,739		33,113
Grown	741		2,963		-
	287,392	\$	478,803	\$	457,214
			478,803		457,214

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 8 – Food Distributed to the Community** (continued)

The number of pounds, value and cost of distributed food is as follows for the year ended December 31, 2013:

	Pounds		Value		Cost
Donated	252,901	\$	398,878	\$	398,878
Purchased	38,411		61,620		36,411
Grown	2,192		8,766		-
	293,504	\$	469,264	\$	435,289