

**VASHON MAURY COMMUNITY FOOD BANK**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**



# VASHON MAURY COMMUNITY FOOD BANK

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Vashon Maury Community Food Bank as of December 31, 2018 and 2017, and the related statement of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an 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 reviews 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 reviews, 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.

*Barnett, Cole & Associates*

Barnett, Cole & Associates  
Vashon, Washington  
April 29, 2019

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 & 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current		
Cash and cash equivalents - unrestricted	\$ 134,013	\$ 180,726
Cash and cash equivalents - restricted	-	6,750
Certificates of deposit - board designated	50,000	150,824
Pledges receivable	13,111	25,686
Payroll advances	2,289	-
Prepaid expenses	8,378	24,626
Total current assets	207,791	388,612
Long-term		
Certificates of deposit - board designated	250,000	150,000
Property and equipment		
Cost	153,900	105,433
Accumulated depreciation	(103,000)	(94,722)
Total property and equipment (net)	50,900	10,711
Total assets	\$ 508,691	\$ 549,323
<b>LIABILITIES</b>		
Current		
Accounts payable and accruals	\$ 2,686	\$ 2,784
Wages and deductions payable	905	2,018
Total current liabilities	3,591	4,802
Total liabilities	3,591	4,802
<b>NET ASSETS</b>		
Unrestricted	154,200	231,486
Board designated	300,000	300,824
Net investment in property and equipment	50,900	10,711
Total unrestricted	505,100	543,021
Restricted by use	-	1,500
Total net assets	505,100	544,521
Total liabilities and net assets	\$ 508,691	\$ 549,323

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018 & 2017**

	2018			2017		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Revenues, gains, and other support:</b>						
Contributions:						
Gift in kind - food	\$ 705,558	\$ -	\$ 705,558	\$ 628,840	\$ -	\$ 628,840
Local individuals	158,401	694	159,095	212,940	500	213,440
Local businesses	24,697	-	24,697	21,116	-	21,116
Local non-profit organizations	6,170	-	6,170	8,528	-	8,528
Foundation grants	61,736	-	61,736	80,630	-	80,630
Governmental grants	13,775	-	13,775	14,143	1,000	15,143
Interest	5,440	-	5,440	2,687	-	2,687
Other	14,928	-	14,928	11,851	-	11,851
Net assets released from restrictions:						
Satisfaction of program restrictions:	2,194	(2,194)	-	6,250	(6,250)	-
Total revenues, gains, and other support:	992,899	(1,500)	991,399	986,985	(4,750)	982,235
<b>Expenses:</b>						
Program services	947,129		947,129	837,264		837,264
Management and general	56,155		56,155	54,635		54,635
Fundraising	27,537		27,537	24,427		24,427
Total expenses	1,030,821	-	1,030,821	916,326	-	916,326
<b>Change in net assets</b>	(37,922)	(1,500)	(39,422)	70,659	(4,750)	65,909
<b>Net assets at beginning of year</b>	543,021	1,500	544,521	472,362	6,250	478,612
<b>Net assets at end of year</b>	\$ 505,100	\$ -	\$ 505,100	\$ 543,021	\$ 1,500	\$ 544,521

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018 & 2017**

	<b>2018</b>	<b>2017</b>
Operating activities:		
Net income	\$ (39,422)	\$ 65,909
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	8,278	3,733
(Increase) decrease in:		
Pledges receivable	12,575	(4,518)
Prepaid expenses	16,248	(20,702)
Payroll advances	(2,289)	-
Increase (decrease) in:		
Accounts payable and accruals	(98)	1,941
Wages and deductions payable	(1,113)	1,425
Deferred revenue	-	(4,206)
	33,601	(22,327)
Net cash provided (used) by operating activities	(5,821)	43,582
Investing activities:		
Purchase of property and equipment	(48,466)	(5,762)
Disposal of equipment	-	2,261
Sale of certificates of deposit	150,824	47,588
Purchase of certificates of deposit	(150,000)	(150,000)
Net cash provided (used) by investing activities	(47,642)	(105,913)
Increase (decrease) in cash and cash equivalents	(53,463)	(62,331)
Cash and equivalents (deficiency):		
Beginning of period	187,476	249,807
End of period	\$ 134,013	\$ 187,476
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -
Gift in kind contributions	\$ 705,558	\$ 628,840

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**

1. Summary of Significant Accounting Policies

Nature of Operations

Vashon Maury Community Food Bank (the Food Bank) informally began its operations in the 1970's, serving the Vashon and Maury Island communities out of the basement of a local church. In December, 1991 the Food Bank was granted exemption from Federal Income Tax under Internal Revenue Code Section 501 (c)(3). The Food Bank is incorporated in the State of Washington.

In 2018, the Vashon Food Bank served 1 out of 7 households, and 1 out of every 9 people living on Vashon, providing needed groceries through 9,585 household visits and home deliveries. The Food Bank is the recipient of in-kind groceries and also purchases needed staples including eggs, soy/rice milk, meats, low sodium/sugar products, as well as essential items not covered by SNAP, including diapers, toilet paper, and personal hygiene supplies. Emergency bags were also provided to community organizations to have on hand.

To assist in providing highly nutritious foods, the Food Bank operates an on-site garden which produced over 1,000 pounds of fresh organic produce. The garden also provides a opportunity for community education and involvement.

Picnics in the Park served 5,200 free nutritious lunches to over 570 children and youth during the summer of 2018. This represents a 15% increase in served meals and underscores the important role that Picnics in the park fulfills in the community. Daily activities were provided at these lunches at Ober Park by volunteers and the Public Library.

Harvest for Vashon - A collaboration with Rotary First Harvest and the Vashon Food Access Partnership, Harvest for Vashon offers free gleaning of extra produce to community members and encourages residents to "grow-a-row" for customers of the Food Bank, further enhancing their access to locally grown fruits and vegetables.

The financial statements of the Food Bank have been prepared on the accrual basis and report information regarding its financial position and activities according to the following classes of net assets: unrestricted and restricted.

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations (restriction) that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grant revenue is recognized as the Food Bank fulfills its substantive eligibility requirements for entitlement to such revenue. Such requirements may include the expenditure of funds for specific program costs or revenue matching requirements.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in 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.

Estimates

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Food Bank considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables

Receivables consist primarily of pledges receivable and amounts due from various Food Banks and individuals. Pledges receivable are unconditional promises to give that are recognized as revenues and as assets, decreases of liabilities, or expenses depending on the form of benefits received, in the period pledged. All account balances are unsecured and are due in less than one year. Historically, pledges receivable have been fully collectible from the donor and management believes all pledges to be collectible in the current year, therefore they have made no provision for uncollectible pledges has been recognized.



**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Purchased property and equipment is capitalized at cost as well as all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the general ledger, and any resulting gain or loss is recognized in the period incurred. Management has established a capitalization policy whereby all property and equipment with a useful life of one year more and meets or exceeds \$1,000 is capitalized.

Depreciation of property and equipment is calculated using the straight line method over the estimated useful lives of the assets as follows:

Vehicles	3 - 5 years
Farm improvements	5 - 10 years
Office furniture and improvements	3 years

A half year's depreciation is taken in the year of acquisition and disposition. Maintenance and repairs are charged to operations as incurred.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation and reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor restrictions regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**

1. Summary of Significant Accounting Policies (continued)

Donated Food

The Food Bank calculated 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) at \$1.67 per pound for fiscal year 2018 and \$1.67 and \$1.73 per pound in 2017. This method was applied consistently during the fiscal year under review, and is not expected to be materially different from that determined using a more detailed measurement of the donation's fair value.

Expense Allocation

The costs of providing programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

Shipping and Handling Costs

Freight paid on purchases of merchandise related to the Food Bank's use if considered part of program or supporting expenses depending on the nature of the purchase.

Income Taxes / Uncertain Tax Positions

The Food Bank is a not-for-profit Food Bank that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, the Food Bank is not taxed on income derived from its exempt functions. Therefore, no provision has been made for income taxes in the accompanying financial statements. In addition, the Food Bank qualified for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Food Bank other than a private foundation under Section 509(a)(2).

The Food Bank has evaluated its tax positions for all open tax years, and management believes all tax positions would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the period ended December 31, 2018 and 2017.

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**

2. Cash and Cash Equivalents

The Food Bank maintains cash in two separate banking institutions, each of which are insured by the Federal Deposit Insurance Corporation up to \$250,000. For the period ended December 31, 2018 and 2017, the cash balances on hand were \$134,013 and \$187,476, respectively. The bank balances in these accounts at December 31, 2018 and 2017, were \$114,002 and \$183,600, respectively. As of December 31, 2018 and 2017, no balances exceeded the federal insurance limit in any one bank.

3. Property and Equipment are comprised of the following:

	2018	2017
Automobiles	\$ 42,928	\$ 42,928
Farm improvements	8,087	10,538
Office furniture and equipment	5,859	5,859
Food equipment	37,541	16,890
Leasehold improvements	33,799	29,218
Construction in progress	25,686	-
	<u>153,900</u>	<u>105,433</u>
Less: accumulated depreciation	(103,000)	(94,722)
	<u>\$ 50,900</u>	<u>\$ 10,711</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consists of the following as of December 31, 2018:

	Beginning Balance	Additions	Releases	Ending Balance
Temporarily restricted for use:				
Food purchases	\$ -	\$ 629	\$ (629)	\$ -
Summer meals program	-	65	(65)	-
Food bank farm	-	-	-	-
Service project	1,500	-	(1,500)	-
Client satisfaction survey	-	-	-	-
Promoting healthy foods	-	-	-	-
Information technology support	-	-	-	-
	<u>\$ 1,500</u>	<u>\$ 694</u>	<u>\$ (2,194)</u>	<u>\$ -</u>

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**

4. Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets consists of the following as of December 31, 2017:

	Beginning Balance	Additions	Releases	Ending Balance
Temporarily restricted for use:				
Food purchases	\$ 500	\$ -	\$ (500)	\$ -
Summer meals program	2,000	-	(2,000)	-
Food bank farm	-	-	-	-
Service project	250	1,500	(250)	1,500
Client satisfaction survey	-	1,000	(1,000)	-
Promoting healthy foods	2,500	-	(2,500)	-
Information technology support	1,000	-	(1,000)	-
	<u>\$ 6,250</u>	<u>\$ 2,500</u>	<u>\$ (7,250)</u>	<u>\$ 1,500</u>

5. Operating Lease Commitments

The Food Bank leases its office space, warehouse, and other improved and unimproved land at 10030 SW 210th Street, for \$1,150 due monthly as of December 31, 2018, with annual fixed increases. The 60 month lease was initiated on May 1, 2018, and expires on April 30, 2023, and provides for an optional month to month term upon expiration. The lease requires the Food Bank to pay all executory costs such as maintenance and insurance. Total lease cost for the year ended December 31, 2018 and 2017, was \$12,000 and \$10,696, respectively.

Future minimum lease payments are:

Year	Amount
2019	\$ 14,200
2020	15,200
2021	16,400
2022	17,600
2023	6,000
thereafter	-
	<u>\$ 69,400</u>

The Food Bank entered into a lease agreement on February 4, 2014, to use real property as a garden plot to grow food for community needs at no monthly cost. The Food Bank is required to maintain liability insurance for the duration of the lease term. The lease expires January 31, 2019.

**VASHON MAURY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 & 2017**

6. Food Distributed to the Community

The Food Bank distributes food that it has received from a variety of sources, including donated, purchased, and freshly grown food. In 2018, donated food is valued at \$1.67 per pound. In 2017, donated food is valued at \$1.73 for the months of January to June, and \$1.67 for the months of July to December. Although the Food Bank 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. Produce grown by the Food Bank is valued at \$4 per pound.

The number of pounds, value, and cost of distributed food is as follows for the year ended December 31, 2018:

	Pounds	Value	Cost
Donated	\$ 416,398	\$ 695,385	\$ 705,558
Purchased	27,895	32,874	46,584
Grown	950	3,800	-
Total	445,243	\$ 732,059	\$ 752,142

The number of pounds, value, and cost of distributed food is as follows for the year ended December 31, 2017:

	Pounds	Value	Cost
Donated	\$ 368,399	\$ 624,946	\$ 483,876
Purchased	25,112	42,691	42,691
Grown	-	-	-
Total	393,511	\$ 667,637	\$ 526,567

7. 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.

## Supplemental Information

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Program</u>				<u>Supporting Services</u>		
	<u>Food Distribution</u>	<u>Picnics in the Park</u>	<u>Garden</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 93,953	\$ 15,449	\$ 2,638	\$ 112,040	\$ 33,352	\$ 16,268	\$ 161,661
Employee benefits	6,848	312	156	7,316	2,285	1,038	10,639
Payroll taxes	8,528	1,402	239	10,170	3,027	1,477	14,674
Subtotal - personnel	<u>109,329</u>	<u>17,163</u>	<u>3,033</u>	<u>129,525</u>	<u>38,664</u>	<u>18,783</u>	<u>186,973</u>
Groceries distributed	741,267	10,875	-	752,142	-	-	752,142
Contracted & professional services	8,763	244	-	9,006	9,150	100	18,256
Rent	13,558	-	-	13,558	-	-	13,558
Occupancy	10,803	-	-	10,803	-	-	10,803
Depreciation	8,038	-	-	8,038	166	74	8,278
Supplies	2,579	1,742	24	4,345	1,950	70	6,365
Printing	3,222	214	-	3,435	30	2,589	6,054
Insurance	3,634	-	-	3,634	1,796	-	5,430
Advertising and promotion	246	137	-	383	250	4,324	4,957
Equipment rental & repair	4,296	-	-	4,296	57	-	4,352
Telephone	1,062	-	-	1,062	2,295	30	3,387
Travel and transportation	2,913	347	-	3,260	-	-	3,260
Volunteer and staff hospitality	2,453	35	-	2,488	322	-	2,810
Postage	656	-	-	656	300	629	1,585
Bank fees	47	-	-	47	72	938	1,058
Computer parts and supplies	-	-	-	-	831	-	831
Dues and memberships	450	-	-	450	270	-	720
	<u>913,317</u>	<u>30,755</u>	<u>3,058</u>	<u>947,129</u>	<u>56,155</u>	<u>27,537</u>	<u>1,030,821</u>
Total expenses	<u>\$ 913,317</u>	<u>\$ 30,755</u>	<u>\$ 3,058</u>	<u>\$ 947,129</u>	<u>\$ 56,155</u>	<u>\$ 27,537</u>	<u>\$ 1,030,821</u>

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Program</u>				<u>Supporting Services</u>		
	<u>Food Distribution</u>	<u>Picnics in the Park</u>	<u>Farm &amp; Garden</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 79,862	\$ 14,392	\$ 2,619	\$ 96,873	\$ 31,544	\$ 15,183	\$ 143,600
Employee benefits	4,288	405	405	5,098	2,430	1,080	8,608
Payroll taxes	9,711	511	511	10,733	3,069	1,364	15,166
Subtotal - personnel	<u>93,861</u>	<u>15,308</u>	<u>3,535</u>	<u>112,704</u>	<u>37,043</u>	<u>17,627</u>	<u>167,374</u>
Groceries distributed	657,975	13,194	270	671,439	-	-	671,439
Contracted & professional services	4,605	-	-	4,605	9,454	260	14,319
Rent	11,896	-	-	11,896	-	-	11,896
Occupancy	7,846	-	-	7,846	-	-	7,846
Insurance	5,088	-	-	5,088	1,796	-	6,884
Printing	3,783	687	-	4,470	560	1,348	6,378
Travel and transportation	6,132	228	-	6,360	-	-	6,360
Advertising and promotion	309	1,067	66	1,442	-	3,933	5,375
Depreciation	2,482	-	-	2,482	1,183	68	3,733
Office supplies	2,570	13	456	3,039	674	14	3,727
Telephone	1,062	-	-	1,062	2,316	5	3,383
Volunteer and staff hospitality	2,422	-	18	2,439	199	-	2,638
Postage	373	-	-	373	562	402	1,337
Dues and memberships	842	-	-	842	344	-	1,186
Equipment repair	1,531	-	355	1,176	-	-	1,176
Bank fees	-	-	-	-	50	766	816
Computer parts and supplies	-	-	-	-	254	4	258
Conferences	-	-	-	-	200	-	200
<b>Total expenses</b>	<u><u>\$ 802,777</u></u>	<u><u>\$ 30,497</u></u>	<u><u>\$ 3,990</u></u>	<u><u>\$ 837,264</u></u>	<u><u>\$ 54,635</u></u>	<u><u>\$ 24,427</u></u>	<u><u>\$ 916,326</u></u>