

**VASHON MAURY COMMUNITY FOOD BANK**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020 & 2019**



# VASHON MAURY COMMUNITY FOOD BANK

## TABLE OF CONTENTS

ACCOUNTANTS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 11
SUPPLEMENTARY INFORMATION	
Statement of Functional Expenses - 2019	13
Statement of Functional Expenses - 2018	14

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Vashon Maury Community Food Bank (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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'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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

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 accordance with accounting principles generally accepted in the United States of America.

*Barnett, Cole & Associates*

Barnett, Cole & Associates  
Seattle, Washington  
December 21, 2021

**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019**

	2020	2019
<b>ASSETS</b>		
Current		
Cash and cash equivalents - unrestricted	\$ 517,401	\$ 140,505
Certificates of deposit - board designated	700,110	100,000
Pledges receivable	9,089	12,765
Payroll advances	-	1,260
Prepaid expenses	1,737	3,915
Total current assets	1,228,338	258,445
Long-term		
Certificates of deposit - board designated	150,000	150,000
Property and equipment		
Cost	165,062	150,058
Accumulated depreciation	(118,873)	(106,253)
Total property and equipment (net)	46,189	43,805
Total assets	\$ 1,424,527	\$ 452,250
<b>LIABILITIES</b>		
Current		
Accounts payable and accruals	\$ 3,137	\$ 6,262
Wages and deductions payable	3,747	688
Total current liabilities	6,884	6,950
Total liabilities	6,884	6,950
<b>NET ASSETS</b>		
Unrestricted	521,344	151,495
Restricted	-	-
Board designated	850,110	250,000
Net investment in property and equipment	46,189	43,805
Total net assets	1,417,643	445,300
Total liabilities and net assets	\$ 1,424,527	\$ 452,250



**VASHON MAURY COMMUNITY FOOD BANK**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020 & 2019**

	2020	2019
Operating activities:		
Net income	\$ 972,343	\$ (59,800)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	12,620	9,723
(Increase) decrease in:		
Pledges receivable	3,676	346
Prepaid expenses	2,178	4,463
Payroll advances	1,260	1,029
Increase (decrease) in:		
Accounts payable and accruals	(3,125)	3,576
Wages and deductions payable	3,059	(217)
	992,011	(40,880)
Net cash provided (used) by operating activities		
Investing activities:		
Purchase of property and equipment	(15,005)	(4,245)
Disposal of equipment	-	1,617
Sale of certificates of deposit	150,000	150,000
Purchase of certificates of deposit	(750,110)	(100,000)
	(615,115)	(47,642)
Net cash provided (used) by investing activities		
Increase (decrease) in cash and cash equivalents	376,895	6,492
Cash and equivalents (deficiency):		
Beginning of period	140,505	134,013
	\$ 517,400	\$ 140,505
End of period		
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -
Gift in kind contributions	\$ 1,754,292	\$ 705,558

VASHON MAURY COMMUNITY FOOD BANK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

**NOTE 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 2020, the Vashon Food Bank adapted all of its programming to fall in line with recommendations from public health authorities about how to reduce the spread of COVID-19. What was in-person grocery store shopping turned into onsite order and curbside pickup, and the existing Home Delivery program expanded by over 500% from a pre-2020 weekly average of 30 households to a mid-2020 peak of 175 households. Our much-loved kids' summer meal program, Picnics in the Park, adapted from communal sack lunches for kids and teens in a public park to Picnics to Go!, lunch pick up at the local high school or one of a dozen satellite drop spots served by a school bus. In 2020, the Vashon Food Bank provided 12,494 full grocery services to 1563 households made up of 3,249 individuals and provided 9,276 free lunches to kids and adults over the summer.

The approximate 1,000% increase in contributions from community groups is attributable to a new basic needs funding program, called the COVID Response Fund, established by a local emergency response group called Vashon Be Prepared ("VBP"). In 2020, the Vashon Food Bank received over \$65,000 from VBP. In mid-2020, the Vashon Food Bank received, as an unrestricted donation, a piece of real property that was formerly occupied by a landscaping business called DIG. The food bank's Board of Directors made the decision to sell the property, netting over \$700,000 and is further disclosed in Note 7.

The Vashon Food Bank has broad and deep support from the local community, and issues of food security are more prevalent in the national consciousness than ever before. Management expects future revenue streams in most categories to be more likely than not significantly lower than 2020, but are expected to increase as compared to pre-2020. This is with the exception of contributions from VBP, which has paused fundraising, and excluding the one-time net gain from the sale of donated property.

Basis of Accounting

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 THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

**NOTE 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 THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

Expenditures for property and equipment are capitalized at cost as well as all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of fixed 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 greater than one year and the initial costs exceeds \$1,000 are 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 restricted net assets to unrestricted net assets at that time.

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) \$1.75 per pound for fiscal year 2020 and \$1.67 and 1.75 per pound for fiscal year 2019. 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.

VASHON MAURY COMMUNITY FOOD BANK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 / Accounting for 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 a 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, 2020 and 2019.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The Food Bank maintains cash in three separate banking institutions, each of which are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes they have very low risk of loss with regards to the amounts held in the cash accounts.

VASHON MAURY COMMUNITY FOOD BANK  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

**NOTE 3 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net comprise the following as of:

	2020	2019
Automobiles	\$ 46,928	\$ 46,928
Farm improvements	-	-
Office furniture and equipment	7,290	5,859
Food equipment	47,615	37,541
Leasehold improvements	57,035	57,035
Construction in progress	6,194	2,695
Property and equipment	165,062	150,058
Less: accumulated depreciation	(118,873)	(106,253)
Property and equipment, net	\$ 46,189	\$ 43,805

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

In 2020, the Food Bank did not receive any restricted grants or charitable contributions that were restricted by time or use. The balance of restricted net assets was \$0 as of December 31, 2020 and 2019, respectively.

**NOTE 5 - OPERATING LEASES**

The Food Bank leases its office space, warehouse, and other improved and unimproved land at 10030 SW 210th Street, for \$1,200 due monthly as of December 31, 2020, 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, 2020 and 2019, was \$14,000 and \$13,000, respectively.

Future required minimum payments under the terms of the lease are as follows:

Year	Amount
2021	16,400
2022	17,600
2023	6,000
thereafter	-

VASHON MAURY COMMUNITY FOOD BANK  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

**NOTE 5 - OPERATING LEASES (Continued)**

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 expired January 31, 2020.

**NOTE 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 2020, donated food is valued at \$1.75 per pound. In 2019, donated food is valued at \$1.67 per pound for the months from January to June and \$1.75 for the months from July to December. Although the Food Bank can generally purchase many food items at a discounted rate, 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, 2020:

	Pounds	Value	Cost
Donated	594,955	\$ 1,041,172	\$ 1,041,172
Purchased	36,525	\$ 63,918	\$ 63,918
Grown	1,200	5,400	N/A
Total	632,680	\$ 1,110,490	\$ 1,105,090

The number of pounds, value, and cost of distributed food is as follows for the year ended December 31, 2019:

	Pounds	Value	Cost
Donated	560,304	\$ 960,321	\$ 960,321
Purchased	6,084	10,431	37,813
Grown	476	1,905	-
Total	566,864	\$ 972,657	\$ 998,134

**NOTE 7 - CONCENTRATIONS - OTHER DONATIONS - REAL PROPERTY**

In mid-2020, the Food Bank received an unrestricted donation of a piece of real property from a company named DIG. The Food Bank sold the real property for over \$700,000 as is reported as other income in the Statement of Activities. Management does not expect to receive donations of this kind in the near future. This represented 28% of its total support for the year ended December 31, 2020.

VASHON MAURY COMMUNITY FOOD BANK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

**NOTE 8 - SUBSEQUENT EVENTS**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Management has evaluated all other subsequent events through December 31, 2021, the date these financial statements were available to be issued. Management has informed us there were no other material subsequent events which require disclosure for the year ended December 31, 2020 as of December 31, 2021.

## Supplemental Information

**VASHON MAURY COMMUNITY FOOD BANK**  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2020

	Program				Supporting Services		Total
	Food Distribution	Picnics in the Park	Farm & Garden	Total Program	Management and General	Fundraising	
Salaries and wages	178,361	8,000	3,440	189,801	32,217	-	222,018
Employee benefits	24,669	-	-	24,669	-	-	24,669
Payroll taxes	16,834	654	400	17,887	2,690	-	20,577
Subtotal - personnel	219,864	8,654	3,840	232,358	34,907	-	267,264
Groceries distributed	1,009,298	18,534	-	1,027,832	95,207	-	1,123,039
Contracted & professional services	4,353	779	-	5,132	16,813	300	22,245
Rent	21,646	5,875	-	27,521	-	-	27,521
Occupancy	10,438	-	-	10,438	4,452	-	14,890
Insurance	-	-	-	-	10,996	-	10,996
Printing	1,346	-	-	1,346	756	4,478	6,579
Travel and transportation	8,381	-	-	8,381	-	-	8,381
Advertising and promotion	163	164	-	327	595	40	962
Depreciation	11,501	-	-	11,501	1,046	74	12,620
Office supplies	1,362	-	-	1,362	4,011	-	5,372
Operating supplies	8,882	-	622	9,504	-	355	9,859
Telephone	-	-	-	-	-	-	-
Volunteer and staff hospitality	294	-	-	294	282	-	576
Postage	326	-	-	326	1,646	-	1,972
Dues and memberships	320	40	-	360	405	-	765
Equipment repair	9,910	-	-	9,910	3,433	-	13,343
Bank fees	4,152	-	-	4,152	48	5	4,205
Computer parts and supplies	-	-	-	-	1,818	-	1,818
Bad debt expense	-	-	-	-	-	-	-
Conferences	-	-	-	-	(250)	-	(250)
<b>Total expenses</b>	<b>\$ 1,312,235</b>	<b>\$ 34,046</b>	<b>\$ 4,462</b>	<b>\$ 1,350,743</b>	<b>\$ 176,165</b>	<b>\$ 5,251</b>	<b>\$ 1,532,159</b>

**VASHON MAURY COMMUNITY FOOD BANK**  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019

	Program				Supporting Services		Total	
	Food Distribution	Picnics in the Park	Farm & Garden	Child Hunger	Total Program	Management and General		Fundraising
Salaries and wages	99,923	14,060	2,939	-	116,922	38,077	18,556	173,555
Employee benefits	13,394	270	135	-	13,798	1,977	899	16,674
Payroll taxes	9,625	1,354	283	-	11,262	3,668	1,787	16,717
Subtotal - personnel	122,942	15,683	3,356	-	141,982	43,722	21,241	206,945
Groceries distributed	965,321	7,364	-	836	973,521	24,614	-	998,134
Contracted & professional services	7,946	1,292	326	-	9,564	36,834	300	46,698
Rent	15,404	-	-	-	15,404	-	-	15,404
Occupancy	7,761	-	-	-	7,761	-	-	7,796
Insurance	9,894	-	-	-	9,894	535	-	10,429
Printing	10,136	-	92	-	10,228	-	-	10,228
Travel and transportation	577	-	-	-	577	14,990	-	15,567
Advertising and promotion	496	-	-	-	496	70	2,190	2,756
Depreciation	2,708	-	-	-	2,708	6,941	74	9,723
Office supplies	1,131	-	-	-	1,131	2,547	-	3,678
Telephone	1,600	10	55	-	1,665	34	15	1,714
Volunteer and staff hospitality	-	-	-	-	-	-	-	-
Postage	104	-	-	-	104	570	650	1,324
Dues and memberships	3,020	643	352	-	4,014	2,716	293	7,023
Equipment repair	-	-	-	-	-	657	-	657
Bank fees	0	1	-	-	2	0	1,162	1,164
Computer parts and supplies	178	-	-	-	178	223	-	401
Bad debt expense	-	-	-	-	-	-	-	-
Conferences	497	256	-	-	753	257	5,921	6,931
<b>Total expenses</b>	<b>\$ 1,149,715</b>	<b>\$ 25,250</b>	<b>\$ 4,181</b>	<b>\$ 836</b>	<b>\$ 1,179,982</b>	<b>\$ 134,745</b>	<b>\$ 35,110</b>	<b>\$ 1,349,837</b>