

VASHON MAURY COMMUNITY FOOD BANK

Reviewed Financial Statements

December 31, 2022

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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 financial statements of Vashon Maury Community Food Bank (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements 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 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.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Greenwood Ohlund

Seattle, Washington
April 28, 2023

VASHON MAURY COMMUNITY FOOD BANK

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$	575,714
Board designated investments		769,364
Prepaid expenses		<u>172</u>

Total current assets 1,345,250

Property and Equipment, net 179,698

Total assets \$ 1,524,948

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses \$ 24,056

Net Assets Without Donor Restrictions 1,500,892

Total liabilities and net assets \$ 1,524,948

See independent accountant's review report and accompanying notes to financial statements.

VASHON MAURY COMMUNITY FOOD BANK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

Support and Revenue	
Donated food	\$ 718,897
Contributions	552,558
Government grants	41,489
Interest and dividends	5,781
Loss on disposal of property and equipment	<u>(15,085)</u>
Total support and revenue	1,303,640
Expenses	
Program services	1,250,135
Management and general	63,799
Fundraising	<u>109,178</u>
Total expenses	<u>1,423,112</u>
Change in net assets without donor restrictions	(119,472)
Net Assets Without Donor Restrictions, beginning of year	<u>1,620,364</u>
Net Assets Without Donor Restrictions, end of year	<u>\$ 1,500,892</u>

See independent accountant's review report and accompanying notes to financial statements.

VASHON MAURY COMMUNITY FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
In-kind food donations	\$ 718,897	\$ -	\$ -	\$ 718,897
Payroll, taxes and benefits	267,425	40,975	66,333	374,733
Professional Fees	58,047	12,143	32,164	102,354
Food purchases	83,457	-	-	83,457
Occupancy	49,846	10,681	10,681	71,208
Depreciation	14,865	-	-	14,865
Insurance	14,625	-	-	14,625
Operating supplies	12,125	-	-	12,125
Office expenses	11,174	-	-	11,174
Travel	6,113	-	-	6,113
Information technology	5,827	-	-	5,827
Bank charges	4,796	-	-	4,796
Advertising and promotion	2,264	-	-	2,264
Conferences, conventions, and meet	630	-	-	630
Other	44	-	-	44
Total expenses	<u>\$ 1,250,135</u>	<u>\$ 63,799</u>	<u>\$ 109,178</u>	<u>\$ 1,423,112</u>

See independent accountant's review report and accompanying notes to financial statements.

VASHON MAURY COMMUNITY FOOD BANK

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in net assets	\$ (119,472)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Loss on disposal of property and equipment	15,085
Depreciation	14,865
Changes in operating assets and liabilities:	
Contributions receivable	17,817
Prepaid expenses	172
Accounts payable and accrued expenses	23,647
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Net cash flows from operating activities	(47,886)
Cash Flows from Investing Activities	
Proceeds from sales of investments	246,051
Purchase of property and equipment	(160,822)
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Net cash flows from operating activities	85,229
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Net change in cash and cash equivalents	37,343
Cash and Cash Equivalents, beginning of the year	538,371
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Cash and Cash Equivalents, end of the year	<u>\$ 575,714</u>

See independent accountant's review report and accompanying notes to financial statements.

VASHON MAURY COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Vashon Maury Community Food Bank (the Organization) formally began its operations in the 1970's, serving the Vashon and Maury Island communities in Washington State. The Organization's mission is to work in partnership with its community to increase island food security and connect people to the supporting resources they need to thrive.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. There are no net assets with donor restrictions, and therefore, this classification of net assets is not presented.

The Board of Directors has designated certain net assets without donor restrictions for the following purposes at December 31, 2022:

Capital reserves	\$	604,375
Operating reserves		<u>164,989</u>
	\$	<u><u>769,364</u></u>

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with banks.

Board Designated Investments

Investments include cash equivalents that are associated with board designated investment accounts, as well as certificates of deposits, which are valued at cost, plus accrued interest. Investments consist of the following at December 31, 2022:

Cash equivalents	\$	264,989
Certificates of deposit		<u>504,375</u>
	\$	<u><u>769,364</u></u>

VASHON MAURY COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

The Organization capitalizes assets with a cost greater than \$1,000 and a useful life greater than one year. Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair value when received. Depreciation is computed using the straight-line method based on estimated useful lives of the vehicle or equipment, ranging from three to ten years.

Property and equipment consist of the following at December 31, 2022:

Vehicle	\$	75,409
Equipment		<u>49,384</u>
		124,793
Accumulated depreciation		<u>(30,707)</u>
		94,086
Construction in progress - new facility		<u>85,612</u>
	\$	<u><u>179,698</u></u>

In 2022, the Organization entered into a contingent lease (see Note 3) for a new facility. In association with this contingent lease, the Organization has begun architectural and design plans for renovation of the new facility and recognized those costs as construction in progress at December 31, 2022. At December 31, 2022, the Organization has outstanding architectural and design commitments of approximately \$550,000.

Revenue Recognition

Contributions and grants (including those from government agencies) are recorded when unconditionally pledged as without donor restrictions and with donor restrictions, depending on the existence and nature of any donor restrictions. Conditional promises to give, that is, those with a measurable performance or barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Revenue from government grants is subject to audit, which could result in adjustments to revenue. These adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the year ended December 31, 2022, no significant adjustments were made.

The Organization records the value of donated food as a contribution at the time the food is donated since the Organization has discretion in deciding the disposition of the donated food. Cost is estimated based on the fair value for donated goods at the time of donation, which is recognized based on the dollar value per pound of food established by the State of Washington, Emergency Food Assistance Program. The valuation was \$1.82 during the year ended December 31, 2022.

During the year ended December 31, 2022, the organization received donations of food from three donors representing 43% of total support and revenue.

VASHON MAURY COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain expenses are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include payroll, taxes and benefits and professional fees, which are allocated on the basis of estimates of time and effort, and occupancy, which is allocated based on estimates of use of space.

Donated Services

Volunteers have donated substantial amounts of their time to the Organization's programs. In accordance with accounting principles generally accepted in the United States of America, such amounts are not valued unless the services create or enhance a non-financial asset (e.g., property, plant, and equipment) or unless they would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was April 28, 2023.

Note 2 – Liquidity and Availability of Resources

The Organization maintains liquid financial assets, in the form of cash and cash equivalents and investments, sufficient to cover at least one year of general expenditures. Financial assets available for general expenditure within the next year consist of cash and cash equivalents of \$575,714 and investments of \$769,364 at December 31, 2022.

Note 3 – Operating Lease and Contingent Lease

The Organization maintains a lease for existing facility space with a remaining term through May 1, 2023, requiring monthly payments of \$1,500.

In September 2022, the Organization entered into a contingent lease for the use of a new facility. The contingent lease will not commence until the Organization secures permitting and necessary financing for renovations. Due to these contingencies, management believes there is a reasonable likelihood that these contingencies will not be met, and these contingencies have yet to be met. The Organization is able to terminate the lease with 90 days' notice within the first two years of executing the contingent lease agreement. After two years, or commencement of the lease (whichever comes first), the Organization has 120 days' notice to terminate the lease.

VASHON MAURY COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

Should the contingencies be met, and the lease commence, the lease term will be 30 years, and monthly rent will range between \$1,750 and \$2,000 in the first two years, increasing by the Consumer Price Index, at a maximum annual increase of 3%. However, these increases are limited to the first 10-year term of the lease, at which time, every 10 years the rent will reset to the fair value of rent paid for similar sites on Vashon Island, Washington. After the 10-year reset, the annual increase will occur in the manner described for the first 10-year term. The Organization will also have two successive 10-year options to extend the lease, for a maximum potential term of 50 years.