



FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

NOURISH PIERCE COUNTY

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INDEPENDENT AUDITOR'S REPORT

April 9, 2018

To the Board of Directors
Nourish Pierce County
Tacoma, Washington

I have audited the accompanying financial statements of Nourish Pierce County (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nourish Pierce County as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Mary Jane Dubbs
Certified Public Accountant
University Place, Washington

NOURISH PIERCE COUNTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	886,360	1,413,866
Grants receivable	11,783	22,224
Contributions receivable	94,068	227,638
Food inventory	638,941	437,366
Prepaid expenses	<u>7,250</u>	<u>4,250</u>
Total current assets	1,638,402	2,105,344
Property and equipment		
Leasehold improvements	469,213	469,213
Equipment	120,578	102,932
Vehicles	254,038	189,038
Less: accumulated depreciation	<u>(410,566)</u>	<u>(370,099)</u>
Total property and equipment	433,263	391,084
Other assets		
Cash restricted to investment in property & equipment	262,367	-
Investments	<u>445,986</u>	<u>-</u>
Total other assets	<u>708,353</u>	<u>-</u>
TOTAL ASSETS	<u><u>2,780,018</u></u>	<u><u>2,496,428</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	12,091	13,503
Accrued liabilities	<u>22,478</u>	<u>1,803</u>
Total liabilities	34,569	15,306
Net assets		
Unrestricted	2,412,582	2,481,122
Temporarily restricted	<u>332,867</u>	<u>-</u>
Total net assets	<u>2,745,449</u>	<u>2,481,122</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>2,780,018</u></u>	<u><u>2,496,428</u></u>

NOURISH PIERCE COUNTY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2017 and 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND OTHER REVENUES						
Support:						
Grants - private	305,498	140,000	445,498	308,335	-	308,335
Grants - government	136,936		136,936	220,356	-	220,356
Contributions	703,256	192,867	896,123	1,293,706	-	1,293,706
Special Events, net of cost of \$84,339 (2016 - \$84,370)	93,175	-	93,175	85,097	-	85,097
In-kind food contributions	10,051,097	-	10,051,097	10,585,744	-	10,585,744
Revenue:						
Earnings on investments	9,555	-	9,555	4,371	-	4,371
TOTAL REVENUES	11,299,517	332,867	11,632,384	12,497,609	-	12,497,609
EXPENSES						
Program services	10,914,503	-	10,914,503	11,667,238	-	11,667,238
Administrative services	257,407	-	257,407	201,450	-	201,450
Fundraising	196,147	-	196,147	125,740	-	125,740
TOTAL EXPENSES	11,368,057	-	11,368,057	11,994,428	-	11,994,428
CHANGES IN NET ASSETS	(68,540)	332,867	264,327	503,181	-	503,181
NET ASSETS, BEGINNING OF YEAR	2,481,122	-	2,481,122	1,977,941	-	1,977,941
NET ASSETS, END OF YEAR	2,412,582	332,867	2,745,449	2,481,122	-	2,481,122

NOURISH PIERCE COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2017 and 2016

	2017				2016			
	Program	Supporting Services		Total	Program	Supporting Services		Total
	Services	Administrative	Fundraising		Services	Administrative	Fundraising	
Food	10,169,968	-	-	10,169,968	11,040,438	-	-	11,040,438
Vehicle expenses	44,738	-	-	44,738	30,912	-	-	30,912
Salaries	402,368	78,775	124,308	605,451	334,420	86,721	70,888	492,029
Payroll taxes	38,813	7,599	11,991	58,403	36,697	6,933	6,127	49,757
Employee benefits	68,426	13,284	20,551	102,261	57,442	12,810	7,279	77,531
Professional services	3,970	80,856	-	84,826	15,692	21,019	-	36,711
Public relations	46	12,470	10,228	22,744	1,796	-	19,236	21,032
Occupancy	91,235	24,457	-	115,692	37,734	21,778	-	59,512
Insurance	14,070	1,200	-	15,270	12,715	1,200	-	13,915
Telephone	10,692	10,009	-	20,701	11,492	7,272	-	18,764
Supplies	13,804	8,414	12,106	34,324	12,606	12,319	-	24,925
Printing	15	-	9,646	9,661	3,879	-	16,657	20,536
Postage	-	-	6,445	6,445	1,643	-	3,594	5,237
Travel	2,070	1,033	-	3,103	3,408	1,192	-	4,600
Training	85	5,070	-	5,155	-	13,829	-	13,829
Repairs	12,346	846	-	13,192	9,296	747	-	10,043
Miscellaneous	1,390	13,394	872	15,656	1,725	15,630	1,959	19,314
Depreciation	40,467	-	-	40,467	55,343	-	-	55,343
TOTAL EXPENSES	10,914,503	257,407	196,147	11,368,057	11,667,238	201,450	125,740	11,994,428

NOURISH PIERCE COUNTY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	1,431,768	1,721,470
Cash paid to suppliers and employees	(1,512,830)	(1,254,819)
Earnings on investments	9,555	4,371
	<u>(71,507)</u>	<u>471,022</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(445,986)	-
Cash held for investment in property & equipment	(262,367)	-
Purchase of vehicles	(65,000)	-
Purchase of equipment	(17,646)	(50,630)
	<u>(790,999)</u>	<u>(50,630)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for acquisition of fixed assets	335,000	46,432
	<u>335,000</u>	<u>46,432</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(527,506)	466,824
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,413,866	947,042
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>886,360</u>	<u>1,413,866</u>
RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	264,327	503,181
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	40,467	55,343
Contributions received for acquisition of fixed assets	(335,000)	(46,432)
Non cash operations		
Donated food received	(10,051,097)	(10,585,745)
Donated food distributed	9,903,127	10,723,660
(Increase) decrease in:		
Grants receivable	10,441	3,563
Contributions receivable	133,570	(188,570)
Purchased food inventory	(53,605)	(1,575)
Prepaid expenses	(3,000)	2,156
Increase (Decrease) in:		
Accounts payable	(1,412)	6,626
Accrued expenses	20,675	(1,185)
	<u>(71,507)</u>	<u>471,022</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(71,507)</u>	<u>471,022</u>

NOURISH PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of the Organization

Nourish Pierce County formerly known as FISH Food Banks of Pierce County (“the Organization”) was incorporated in November 1982 under the laws of the State of Washington. This report reflects the financial activities of a central office and eight food banks under the direction of a board of directors.

Nature of Activities

The Organization provides food at no cost to recipients. Food is donated to the food banks or purchased with cash donations and grants. A central office provides administrative, community relations and fundraising services for all the food banks.

Basis of Accounting

The financial statements of the Organization have been prepared according to accounting principles generally accepted in the United States of America on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the obligation is incurred, regardless of related cash flow timing.

Basis of Presentation

The Organization is required to report 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. The Organization has no permanently restricted assets.

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.

Fair Value Disclosures

The fair value of financial instruments including cash and cash equivalents, receivable and accounts payable approximates the carrying values, principally because of the short maturity of those items.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents.

Grants and Contributions Receivable

The Organization expects all receivables to be realized in one year, and fully collectible; accordingly, no allowance for doubtful accounts is provided.

Inventories

Food inventories from in-kind donations are stated at an industry standard of \$1.67 and \$1.73 dollars per pound for the years ended December 31, 2017 and 2016, respectively.

NOURISH PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers providing services throughout the years were not recognized as contributions in the financial statement since the recognition criteria were not met.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from five to twenty years.

Restricted and Unrestricted Support and Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

Functional Expenses

Directly identifiable expenses are charged to program services or supporting services. Expenses related to more than one function are charged to program services and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the program.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization had no unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. In addition, the Organization qualifies for charitable contribution deduction and has been classified as an organization other than a private foundation.

The Organization's federal information returns are subject to possible examination by the taxing authorities until the expiration of related statutes of limitations on those tax returns, which is generally three years.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOURISH PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following programs and supporting services are included in the accompanying financial statements:

Program Services

Operation of several food banks for the collection and distribution of food to individuals and families throughout Pierce County.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

NOTE C – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in several financial institutions located in Tacoma, Washington which from time to time may exceed federally insured limits. The Organization had not incurred any losses for such uninsured balances. At December 31, 2017 and 2016, the Organization's uninsured cash balances were \$266,624 and \$248,254 respectively.

NOTE D – CONCENTRATION OF SUPPORT

The Organization received 49% and 59% of its support from Emergency Food Network for the years ended December 31, 2017 and 2016, respectively. A substantial reduction in the level of this support, if it were to occur, would have a significant effect on the Organization.

NOTE E – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$355,474 and \$611,704 at December 31, 2017 and 2016, respectively, are included in cash and cash equivalents in the accompanying financial statements. The certificates bear interest ranging from 0.60% to 1.05% at December 31, 2017 and 2016. The certificates have maturities of fifteen to forty-nine months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE F – INVESTMENTS

Investments are maintained in a local community foundation. Investments in marketable securities with readily determinable fair values are stated at fair value.

NOURISH PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 were available for:

Purchase of equipment	262,367
Future periods	<u>70,500</u>
	<u>332,867</u>

NOTE H – RETIREMENT PLAN

The Organization maintains a retirement plan under Section 408(p) of the Internal Revenue Code. Under the SIMPLE plan, the company matches up to 3% of their wages. The employer contribution for the years ended December 31, 2017 and 2016 were \$16,328 and \$13,609, respectively.

NOTE I – OPERATING LEASE

The Organization has a non-cancellable operating lease for office space expiring in July 2018. The lease requires payment of \$1,900 monthly increasing at 5% every year.

The Organization has a non-cancellable operating lease for warehouse space expiring in May 2018. The lease requires monthly payment of \$5,500.

Remaining future payments under the lease agreements will fall due in year ending December 31, 2018 in the amount of \$42,163.

Included in occupancy are rent expenses of \$85,047 and \$39,656 for the years ended December 31, 2017 and 2016, respectively.

NOTE J – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, the Organization purchased a mobile trailer for \$65,000 from a board member, a related party.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 9, 2018, the date the financial statements were available for issue, and determined that no events have occurred subsequent to the statement of financial position date that would require adjustment to, or disclosure in, the financial statements.