FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nourish Pierce County
Tacoma, Washington

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Nourish Pierce County and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nourish Pierce County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and asses the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Nourish Pierce County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude, whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nourish Pierce County's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

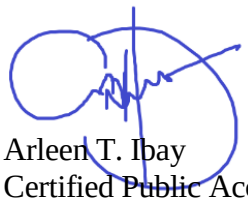
Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated June 20, 2024 on my consideration of Nourish Pierce County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nourish Pierce County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Nourish Pierce County's internal control over financial reporting and compliance.



Arleen T. Ibay
Certified Public Accountant
Lakewood, Washington

June 20, 2024

NOURISH PIERCE COUNTY
STATEMENTS OF FINANCIAL POSITION
Years Ended December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	2,002,391	1,810,910
Grants receivable	198,728	78,479
Contributions receivable	10,046	59,010
Food inventory	586,660	1,041,281
Supplies inventory	7,408	7,408
Gifts cards	30,675	23,896
Prepaid expenses	58,087	17,044
Total current assets	2,893,995	3,038,028
Property and equipment		
Land	650,000	-
Building	3,074,514	-
Leasehold improvements	494,516	492,865
Equipment	394,930	394,791
Vehicles	916,291	502,557
Total	5,530,251	1,390,213
Accumulated depreciation	(1,131,425)	(900,249)
In-progress	-	11,847
Property and equipment, net	4,398,826	501,811
Other assets		
Cash restricted for property and equipment	5,327	847,518
Investments	2,269,224	2,003,627
Right of use assets	498,885	657,918
Total other assets	2,773,436	3,509,063
TOTAL ASSETS	10,066,257	7,048,902
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	56,516	33,320
Accrued payroll	69,849	-
Current portion of long tem liabilities	235,898	150,140
Total current liabilities	362,263	183,460
Long-term liabilities		
Lease liabilities, net of current portion	348,313	498,463
Loan payable	2,194,956	-
Total long term liabilities	2,543,269	498,463
TOTAL LIABILITIES	2,905,532	681,923
Net assets		
Without donor restrictions	6,944,418	6,161,652
With donor restrictions	216,307	205,327
TOTAL NET ASSETS	7,160,725	6,366,979
TOTAL LIABILITIES AND NET ASSETS	10,066,257	7,048,902

See accompanying notes.

NOURISH PIERCE COUNTY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
MONETARY SUPPORT AND REVENUES						
Support:						
Grants - private	1,120,000	200,000	1,320,000	1,106,150	140,327	1,246,477
Grants - government	1,903,441	-	1,903,441	505,809	-	505,809
Contributions	1,076,593	-	1,076,593	1,318,870	65,000	1,383,870
Special Events, net of direct cost of $106,325 (2022 - $0)	119,234	-	119,234	84,124	-	84,124
Total support	4,219,268	200,000	4,419,268	3,014,953	205,327	3,220,280
Revenues:						
Earnings on investments	61,108	-	61,108	53,374	-	53,374
Gains and losses	205,861	-	205,861	(350,601)	-	(350,601)
Miscellaneous	8,404	-	8,404	2,084	-	2,084
Total revenues	275,373	-	275,373	(295,143)	-	(295,143)
Net assets released from restrictions	189,020	(189,020)	-	169,986	(169,986)	-
Total monetary support and revenues	4,683,661	10,980	4,694,641	2,889,796	35,341	2,925,137
IN-KIND SUPPORT						
Donated food	8,759,830	-	8,759,830	8,957,488	-	8,957,488
TOTAL SUPPORT AND REVENUES	13,443,491	10,980	13,454,471	11,847,284	35,341	11,882,625
EXPENSES						
Program services	11,531,459	-	11,531,459	11,647,728	-	11,647,728
Administrative services	761,615	-	761,615	558,330	-	558,330
Fundraising	367,651	-	367,651	195,880	-	195,880
TOTAL EXPENSES	12,660,725	-	12,660,725	12,401,938	-	12,401,938
CHANGE IN NET ASSETS	782,766	10,980	793,746	(554,654)	35,341	(519,313)
NET ASSETS, BEGINNING OF YEAR	6,161,652	205,327	6,366,979	6,716,306	169,986	6,886,292
NET ASSETS, END OF YEAR	6,944,418	216,307	7,160,725	6,161,652	205,327	6,366,979

See accompanying notes.

NOURISH PIERCE COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	2023				2022			
	Program Services	Administrative services	Fundraising	Total	Program Services	Administrative services	Fundraising	Total
Salaries	838,839	363,809	217,003	1,419,651	766,752	277,295	127,075	1,171,122
Payroll taxes	80,055	33,274	18,201	131,530	74,162	23,465	10,753	108,380
Employee benefits	140,051	46,206	33,320	219,577	146,391	38,647	20,774	205,812
Temporary staff	8,801	-	-	8,801	-	-	-	-
Total salaries and related expenses	1,067,746	443,289	268,524	1,779,559	987,305	339,407	158,602	1,485,314
Food purchased	645,359	-	-	645,359	488,329	1,942	-	490,271
Interest	139,811	-	-	139,811	-	-	-	-
Taxes- property	21,815	-	-	21,815	-	-	-	-
Other assistance	612	-	-	612	43,550	-	-	43,550
Vehicle expenses	68,571	1,190	-	69,761	68,477	53	-	68,530
Bank fees	-	14,752	5,718	20,470	-	18,363	2,555	20,918
Insurance	60,044	6,672	-	66,716	47,705	3,090	-	50,795
Occupancy	289,568	82,395	-	371,963	254,192	49,724	-	303,916
Postage	-	-	6,648	6,648	-	2,006	1,628	3,634
Printing	-	-	20,699	20,699	-	26,208	-	26,208
Professional services	250	167,880	16,830	184,960	2,168	48,903	8,500	59,571
Public relations	258	149	32,691	33,098	601	17,642	8,674	26,917
Repairs	25,684	-	-	25,684	12,812	69	-	12,881
Supplies	22,824	25,187	15,632	63,643	100,839	33,938	15,870	150,647
Telephone	17,686	13,065	-	30,751	20,798	12,505	-	33,303
Training	505	5,219	504	6,228	789	3,620	-	4,409
Travel	3,974	1,817	405	6,196	1,488	860	51	2,399
Depreciation	231,176	-	-	231,176	139,720	-	-	139,720
Total before donated food	2,595,883	761,615	367,651	3,725,149	2,168,773	558,330	195,880	2,922,983
Donated food distributed	8,935,576	-	-	8,935,576	9,478,955	-	-	9,478,955
TOTAL EXPENSES	11,531,459	761,615	367,651	12,660,725	11,647,728	558,330	195,880	12,401,938

See accompanying notes.

NOURISH PIERCE COUNTY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	2,391,940	3,045,363
Cash paid to suppliers and employees	(3,147,352)	(2,558,728)
Earnings on investments	61,108	53,374
Net cash provided (used) by operating activities	(694,304)	540,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(353,025)
Purchase of property and equipment	(1,178,191)	(59,965)
Net cash used by investing activities	(1,178,191)	(412,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan	(669,285)	-
Payment of interests on loans	(139,614)	-
Contributions received for property and equipment	2,030,684	96,327
Net cash provided by financing activities	1,221,785	96,327
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(650,710)	223,346
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	2,658,428	2,435,082
AT END OF YEAR	2,007,718	2,658,428
CASH, CASH EQUIVALENTS AND RESTRICTED CASH IN THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	2,002,391	1,810,910
Cash restricted for equipment	5,327	847,518
TOTAL	2,007,718	2,658,428
SUPPLEMENTAL DISCLOSURES		
NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of land and building		
Acquisition cost and expenses	3,706,893	-
Cash paid at closing	(756,893)	-
Loan incurred in the acquisition of land and building	2,950,000	-
Investments		
Unrealized gains (losses)	202,602	(350,601)

See accompanying notes.

NOURISH PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

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 reports information regarding its financial position and activities according to two classes of net assets that are based upon existence or absence of restrictions on use that are stipulated by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The unspent contributions are reported net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of property and equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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

Grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of credit history with donors having outstanding balances and current relationship with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Fair Value Disclosures

The fair value of financial instruments including cash and cash equivalents, accounts and pledges receivable, accounts payable and accrued expenses approximates the carrying values, principally because of the short maturity of those items. The fair value of notes approximates the carrying value, principally because of the maturity dates of the notes and the current terms applicable to each item.

Fair Value – Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Generally accepted accounting principles establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy described below gives the highest priority to inputs used in level 1 measurements and the lowest priority to level 3 measurements.

Level 1: Unadjusted quoted prices in active markets for identical securities.
Level 2: Observable prices that are based on inputs not quoted in active markets but are corroborated by market data.
Level 3: Significant unobservable inputs are used when little or no market data is available.

The Organization has no level 2 or level 3 investments at December 31, 2023 and 2022.

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 as follows:

Building	35 years
Leasehold improvements	20 years
Equipment	3 to 15 years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Support and Revenues with or without Donor Restrictions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

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.

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.

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.

Administrative Services

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 – FOOD INVENTORY

Food inventory at December 31, consist of:

	2023	2022
Purchased food, stated at cost	76,311	355,186
Donated food, stated at USDA cost	41,607	25,010
Donated food, stated at $2.16/lb. (2023); $1.82/lb. (2022)	468,742	661,085
Total	586,660	1,041,281

NOTE D – INVESTMENTS

Investments consist of accounts in pooled investments at a community foundation which reports to participants the fund balances at fair market values. The pooled investments are invested in marketable equity securities and mutual funds with readily determinable fair values considered to be Level 1 in the fair value hierarchy.

Investments activity for the years ended December 31 is reflected in the following table:

	2023	2022
Investments at beginning of year	2,003,627	2,001,202
Additional invested during the year	-	300,000
Interest and dividends, net	59,737	53,026
Realized gains	3,260	-
Unrealized gains (losses)	202,601	(350,601)
Investments at end of year	2,269,225	2,003,627

NOTE D – INVESTMENTS – (Continued)

The investments are exposed to various risk such as interest rate, market risk, and credit risk. Due to the level of risk associated with these investments and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in various risk factors will occur in the near term that could materially affect the Organization's investment account balances and the amounts reported in the accompanying financial statements.

NOTE E – LEASES

In 2022, the organization entered into two operating leases for warehouse space expiring in March 2027 and May 2027, respectively, and with no extension options. The lease liabilities are stated at the present value of future lease payments using a discount rate of 2% and 3%, which are the rate implicit in the lease agreements.

The right-of-use assets obtained in exchange of the lease liabilities is reported within other assets in the financial statements.

The maturities of lease liabilities as of December 31, 2023 were as follows:

Fiscal year ending December 31,	
2024	156,245
2025	160,029
2026	163,908
2027	53,125
Total	533,307
Less: Discount to present value	(34,855)
Present value of lease liabilities	498,452

Operating lease expenses of $159,032 and $107,884 were included in occupancy in the financial statements for the years ended December 31, 2023 and 2022, respectively.

NOTE F –NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, were available for the following specified purposes:

	2023	2022
Purchase of property and equipment	5,327	90,327
For general operations but not available until due	50,000	50,000
Culturally-relevant food	160,980	50,000
Certain food bank operations	-	15,000
	216,307	205,327

NOTE F –NET ASSETS WITH DONOR RESTRICTIONS – (Continued)

Net assets released from restrictions during the years ended December 31, were for:

	2023	2022
Lapsing of time restriction	50,000	130,000
Purchase of food	54,020	-
Purchase of equipment	85,000	39,986
	189,020	169,986

NOTE G – DONATED FOOD

The value of donated food from community contributions included as in-kind contributions were $7,868,798 and $7,947,619 for the years ended December 31, 2023 and 2022, respectively. The in-kind donations were valued at $1.82 per pound (January 2022 to June 2023) and $2.16 per pound (July 2023 to December 2023). The in-kind community contributions represent 54% and 67% of total support and revenues for the years ended December 31, 2023 and 2022, respectively.

The value of donated food from federally funded emergency food and assistance program included as in-kind contributions were $891,032 and $1,009,869 for the years ended December 31, 2023 and 2022, respectively. The value is based on pass-through entity's indicated costs which are based on prices established by U.S Department of Agriculture. The in-kind federal contributions represent 7% and 8% of total support and revenues for the years ended December 31, 2023 and 2022, respectively.

The Organization reports the fair value of donated food and grocery products over which it has control as in-kind food contributions, and shortly thereafter, as expense when distributed to clients. Nourish Pierce County received approximately 4,632,818 and 5,212,415 pounds of donated food during the years ended December 31, 2023 and 2022, respectively, and distributed approximately 4,773,272 and 5,765,551 pounds during the same period.

NOTE H – RETIREMENT PLAN

The Organization maintains a SIMPLE retirement plan under Section 408(p) of the Internal Revenue Code. Employees who meet eligibility requirements can contribute to the plan and receive matching contributions from the organization, up to 3% of gross wages. The employer contribution for the years ended December 31, 2023 and 2022 were $29,970 and $26,224, respectively.

NOTE I – COMMITMENTS AND NOTES PAYABLE

At December 31, 2022, Nourish Pierce County was in the process of purchasing real property for use as Lakes foodbank. The costs of appraisal and feasibility study in the amount of $ 11,847 was capitalized as property and equipment in progress, and the earnest money deposited and expected closing costs are reported within cash restricted for property and equipment in the financial statements. Nourish Pierce County approved a budget of $1.1M in renovation and equipment costs to complete the project.

NOTE I – COMMITMENTS AND NOTES PAYABLE – (Continued)

In 2023 Nourish Pierce County completed purchase of the property located in Lakewood, Washington and obtained a long-term loan to finance the purchase. The information on the long-term loan is as follows:

Date of the loan	January 23, 2023
Total amount of loan	$2,950,000
Interest rate	6%
Balance due at December 31, 2023	$2,280,715
Current portion	$85,759
Date of maturity	February 1, 2033

Future maturity of the loan payable falls due on December 31,

2024	85,759
2025	99,081
2026	105,192
2027	111,680
2028	118,567
Thereafter	1,760,436
Total	2,280,715

NOTE J – FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Financial assets at year-end:	2023	2022
Cash and cash equivalents	2,002,391	1,810,910
Restricted cash	5,327	847,518
Grants receivable	198,728	78,479
Contributions receivable	10,046	59,010
Investments	2,269,224	2,003,627
Total financial assets	4,485,716	4,799,544
Less: unavailable for general expenditures		
Reserved for purchase of real estate	-	757,191
Donor-restricted to purchase of equipment	5,327	90,327
Donor-restricted for certain food and food bank	160,980	65,000
Total not available	166,307	912,518
Financial assets available to meet cash needs for general expenditure	4,319,409	3,887,026

NOTE J – FINANCIAL ASSETS – (Continued)

Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in pooled investments at a community foundation.

NOTE K – CONDITIONAL PROMISE TO GIVE

A government grant received during the year contained a conditional promise to give of additional funds of up to $750,000 conditioned upon a 1-to-1 match if the Organization successfully fundraised above $1 million in its capital campaign. The conditional promised to give will expire on the December 31, 2026 unless sooner terminated by the terms of the grant.

NOTE L – CONCENTRATION OF RISKS

Credit risks
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, 2023 and 2022, the Organization's uninsured cash balances were $757,518 and $1,558,218, respectively.

Concentration of support
The Organization received 32% and 42% of its support from Emergency Food Network for the years ended December 31, 2023 and 2022, respectively. A substantial reduction in the level of this support, if it were to occur, would have a significant effect on the Organization.

NOTE M – RISK AND UNCERTAINTIES

While the World Health Organization has lifted the Public Health Emergency of International Concern concerning Covid-19 in May 2023, significant uncertainty remains regarding the effects of the recent pandemic subsequent to year-end. As of the date of issuance of these financial statements, the full impact of the pandemic to the Organization's financial position or operations is not known. The Organization is closely monitoring its operations, liquidity, capital and financial resources, and is actively working to minimize the current and future effects of this unprecedented situation.

NOTE M – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 20, 2024 the date the financial statements were available for issue. There are no material events that require disclosure.

NOTE J – FINANCIAL ASSETS – (Continued)

Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in pooled investments at a community foundation.

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Management has evaluated subsequent events through June 20, 2024 the date the financial statements were available for issue. There are no material events that require disclosure.

SUPPLEMENTARY INFORMATION

NOURISH PIERCE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Agency Name	CFDA Number	ID Number	Federal Expenditures
U.S. Department of Agriculture			
Pass-through Emergency Food Network			
Emergency Food Assistance Program - Food Distribution Cluster			
Commodities	10.569	unknown	874,435
Total U.S. Department of Agriculture			874,435
U.S. Department of Housing and Urban Development			
Pass-through from Pierce County			
Community Development Block Grant	14.218	SC-109603-1	32,771
Community Development Block Grant	14.218	SC-109603	25,000
Total U.S. Department of Housing and Urban Development			57,771
U.S. Department of the Treasury			
Pass-through Emergency Food Network			
Coronavirus State and Local Recovery Funds	21.027	unknown	217,599
Coronavirus State and Local Recovery Funds	21.027	unknown	37,883
Pass-through Harvest Against Hunger			
Coronavirus State and Local Recovery Funds	21.027	unknown	17,326
Pass-through City of Lakewood			
Coronavirus State and Local Recovery Funds	21.027	2022-99	1,250,000
Pass-through Washington State Department of Agriculture			
Coronavirus State and Local Recovery Funds	21.027	K4065	5,520
Total U.S. Department of Treasury			1,528,328
U.S. Department of Homeland Security			
Pass-through Associated Ministries			
Disaster Grants - Public Assistance	97.036	891400-054	7,500
Total U.S. Department of Homeland Security			7,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			2,468,034

See notes to schedule of expenditures of federal awards.

NOURISH PIERCE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Nourish Pierce County under programs of the federal government. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Nourish Pierce County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Nourish Pierce County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Identifying numbers – Pass-through entity identifying numbers are presented where available.

NOTE C – INDIRECT COSTS

Management has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOURISH PIERCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Nourish Pierce County (the Organization).

2. No material weaknesses and significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards.*

3. No instance of noncompliance material to the financial statements of the Organization, which is required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No material weaknesses and significant deficiencies in internal control over major federal awards programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unmodified opinion.

6. Audit findings that are required to be reported in accordance with 2 CFR sections 200.516(a) of the Uniform Guidance are reported in this schedule.

7. The program tested as major programs was: U.S. Department of Treasury, CFDA 21.027 Coronavirus State and Local Fiscal Recovery Funds

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Organization was determined to be a low-risk auditee.

B. FINDINGS- FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

NOURISH PIERCE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2023

2022-001 – Financial Statements Audit – Significant Deficiency in Internal Control

Summary: Internal control did not ensure the accuracy of recorded donated food.

Current status: No similar findings are noted in the current year

2022-002 – Financial Statements Audit – Payroll processing

Summary: Internal control did not ensure sufficient segregation of duties in payroll processing.

Current status: No similar finding was noted in the current year.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

ARLEEN T. IBAY
Certified Public Accountant

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Telephone: (253) 267-0800

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Nourish Pierce County
Tacoma, Washington

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Nourish Pierce County (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing my audit, I considered Nourish Pierce County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nourish Pierce County's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given this limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nourish Pierce County's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

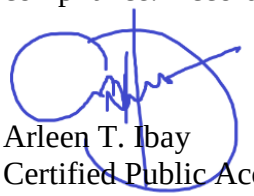
material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Nourish Pierce County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Nourish Pierce County's response to the finding identified in my audit and described in the accompanying schedule of findings and questioned costs. Nourish Pierce County's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Arleen T. Ibay
Certified Public Accountant
Lakewood, Washington

June 20, 2024

ARLEEN T. IBAY
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Nourish Pierce County
Tacoma, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited the Nourish Pierce County's (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Nourish Pierce County's major federal programs for the year ended December 31, 2023. Nourish Pierce County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Nourish Pierce County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Nourish Pierce County and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Nourish Pierce County's compliance with the compliance requirement referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Nourish Pierce County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objective is to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express and opinion on Nourish Pierce County's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nourish Pierce County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Nourish Pierce County's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of Nourish Pierce County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Nourish Pierce County's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I have identified during the audit.

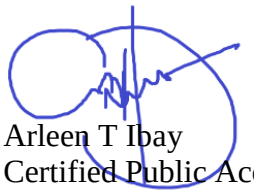
Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Arleen T Ibay
Certified Public Accountant
Lakewood, Washington

June 20, 2024