

THE FOOD BANK @ ST. MARY'S

Financial Statements
June 30, 2022 and 2021

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Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Food Bank @ St. Mary's
Seattle, Washington

Opinion

We have audited the accompanying financial statements of The Food Bank @ St. Mary's (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Bank @ St. Mary's as of June 30, 2022 and 2021, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Food Bank @ St. Mary's and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Food Bank @ St. Mary'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

Our 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 our 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

Amanda O'Rourke, CPA
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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 The Food Bank @ St. Mary'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Food Bank @ St. Mary's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Greenwood Ohlund

Seattle, Washington
November 3, 2022

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 944,736	\$ 776,826
Contributions and grants receivable	44,854	109,401
Food inventory	267,136	436,460
Prepaid expenses	-	5,000
Total current assets	1,256,726	1,327,687
Property and Equipment, net	399,266	459,122
Total assets	\$ 1,655,992	\$ 1,786,809
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 14,357	\$ 42,284
Accrued payroll liabilities	58,536	45,735
Deferred revenue	-	10,000
Total liabilities	72,893	98,019
Net Assets without Donor Restrictions	1,583,099	1,688,790
Total liabilities and net assets	\$ 1,655,992	\$ 1,786,809

See accompanying notes to financial statements.

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2022 and 2021

	2022	2021
Support and Revenue		
Donated food	\$ 5,790,499	\$ 5,687,260
Contributions	500,355	574,288
Government grants	337,955	646,794
Special events	118,546	163,110
Special events - direct benefit to donor	(24,737)	(33,601)
Donated use of facilities	86,750	-
Interest and other income	4,190	29,968
	6,813,558	7,067,819
 Expenses		
Program services	6,683,543	6,319,655
Management and general	156,096	121,514
Fundraising	79,610	71,435
	6,919,249	6,512,604
	(105,691)	555,215
 Net Assets without Donor Restrictions, beginning of year	1,688,790	1,133,575
Net Assets without Donor Restrictions, end of year	\$ 1,583,099	\$ 1,688,790

See accompanying notes to financial statements.

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Food distribution	\$ 5,959,823	\$ -	\$ -	\$ 5,959,823	\$ 5,588,140	\$ -	\$ -	\$ 5,588,140
Payroll, taxes and benefits	377,295	77,053	77,053	531,401	333,222	67,929	67,929	469,080
Food and other supplies	91,991	-	-	91,991	205,721	-	-	205,721
Donated use of facilities	69,400	17,350	-	86,750	-	-	-	-
Depreciation	59,856	-	-	59,856	50,857	1,102	-	51,959
Equipment	30,341	6,433	-	36,774	27,912	8,559	-	36,471
Contracted services	-	29,855	-	29,855	-	14,251	-	14,251
Utilities	23,324	5,831	-	29,155	23,633	5,908	-	29,541
Insurance	21,687	5,422	-	27,109	19,515	4,879	-	24,394
Event food and entertainment	-	-	24,737	24,737	-	-	33,601	33,601
Rent	16,800	4,200	-	21,000	33,600	8,400	-	42,000
Vehicle	14,507	-	-	14,507	12,668	-	-	12,668
Building maintenance	13,440	-	-	13,440	17,370	-	-	17,370
Office and other	1,022	2,111	2,557	5,690	1,619	3,506	3,506	8,631
Merchant card fees	-	4,867	-	4,867	-	3,703	-	3,703
Telephone	1,614	1,614	-	3,228	857	857	-	1,714
Volunteer retention	2,443	-	-	2,443	1,527	-	-	1,527
Board meetings	-	1,360	-	1,360	-	2,420	-	2,420
Storage	-	-	-	-	3,000	-	-	3,000
Advertising	-	-	-	-	14	-	-	14
	<u>6,683,543</u>	<u>156,096</u>	<u>104,347</u>	<u>6,943,986</u>	<u>6,319,655</u>	<u>121,514</u>	<u>105,036</u>	<u>6,546,205</u>
Less: Special events - direct benefit to donors	-	-	(24,737)	(24,737)	-	-	(33,601)	(33,601)
	<u>\$ 6,683,543</u>	<u>\$ 156,096</u>	<u>\$ 79,610</u>	<u>\$ 6,919,249</u>	<u>\$ 6,319,655</u>	<u>\$ 121,514</u>	<u>\$ 71,435</u>	<u>\$ 6,512,604</u>

See accompanying notes to financial statements.

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (105,691)	\$ 555,215
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Depreciation	59,856	51,959
Forgiveness of Paycheck Protection Program loan	-	(57,500)
Changes in operating assets and liabilities:		
Contributions and grants receivable	64,547	(5,220)
Food inventory	169,324	(99,120)
Prepaid expenses	5,000	15,841
Accounts payable and accrued expenses	(27,927)	34,234
Accrued payroll liabilities	12,801	24,606
Deferred revenue	(10,000)	5,000
	167,910	525,015
Net cash flows from operating activities	167,910	525,015
Cash Flows from Investing Activity		
Purchases of property and equipment	-	(128,649)
	-	(128,649)
Net change in cash and cash equivalents	167,910	396,366
Cash and Cash Equivalents, beginning of the year	776,826	380,460
Cash and Cash Equivalents, end of the year	\$ 944,736	\$ 776,826

See accompanying notes to financial statements.

THE FOOD BANK @ ST. MARY'S

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

The Food Bank @ St. Mary's (the Organization) began in the 1940's as a neighborhood food pantry operated by St. Mary's Church offering emergency food assistance to families in need. By 1963, it was recognized as a food bank with regular hours and year-round service available to all people living in the city of Seattle. The Organization is a non-profit organization and was incorporated in May 1996. It continues to operate as one of the social ministries of St. Mary's Catholic Church and is funded through food and cash donations from individuals, private organizations, businesses, local government grants and other charitable organizations in the community, as well as volunteers who donate their time to provide services. Food is distributed through home delivery and walk-in programs and the Organization serves approximately 2,100 households per week.

As a ministry of St. Mary's Church (the Church), the Organization runs its programs and administrative activities on the Church's property under a month-to-month agreement, including the use of buildings, furniture and equipment. The Organization is also responsible for its allocable share of monthly operating expenses including utilities, telephone, internet, insurance and other expenses. During the years ended June 30, 2022 and 2021, the Organization incurred rent in the amount of \$21,000 and \$42,000, respectively, and reimbursed the Church for its share of monthly allocable expenses totaling \$33,383 and \$34,460, respectively.

The Church provides additional warehouse and office space to the Organization free of charge. As a result, the Organization recognizes an in-kind rent contribution (reported as donated use of facilities on the statement of activities) on an annual basis based on the estimated fair value of the lease, using market comparable square-footage rates.

Although there are transactions between the Church and the Organization, all financial activity is presented independent from one another. In addition, the Church and the Organization have separate, independent boards of directors with exception to two shared members. Accordingly, the entities are not consolidated.

Effective July 1, 2022, St. Mary's Church ceased operations and was merged into St. Therese Catholic Church. This change is not expected to have a financial impact on the Organization, and the Organization will continue its current operations as a ministry of St. Therese Catholic Church.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are reported in each of the following two classes: without donor restrictions and with donor restrictions. For the years ended June 30, 2022 and 2021, there were no net assets with donor restrictions and therefore this classification of net assets is not presented. Contributions with donor restrictions in which the restriction is met within the same year as the contribution is earned are recorded as net assets without donor restrictions.

THE FOOD BANK @ ST. MARY'S

NOTES TO FINANCIAL STATEMENTS

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. Actual results could differ from the estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents are defined as any short term, highly liquid instruments with original maturities of three months or less. At times, the Organization maintains amounts on deposit in banks in excess of the federally insured limits.

Contributions and Grants Receivable

Contributions and grants receivable from donors are stated at net realizable value. The Organization uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is generally written off against the allowance. Management does not believe any allowance is necessary at June 30, 2022 or 2021. As of June 30, 2022 and 2021, 96% and 98% of government grants and contracts receivable were due from one government agency.

Food Inventory and Donated Food

Food inventory consists entirely of undistributed donated food that will be provided to persons in need. Inventory is stated at the lower of cost or net realizable value. 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 per pound and \$1.75 per pound for the years ended June 30, 2022 and 2021, respectively.

Property and Equipment

Property and equipment is stated at cost, if purchased, or at fair value if donated. All purchases or donations greater than \$10,000 with a useful life of one year or longer are capitalized. Depreciation is computed on property and equipment on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years. Property and equipment consist of the following at June 30:

	2022	2021
Building and improvements	\$ 430,765	\$ 430,765
Vehicles	252,377	252,377
Equipment	69,541	76,869
	752,683	760,011
Less: accumulated depreciation	(353,417)	(300,889)
	<u>\$ 399,266</u>	<u>\$ 459,122</u>

THE FOOD BANK @ ST. MARY'S

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition and Deferred Revenue

Contributions and grants (including those received at special events) are recorded when unconditionally pledged as with or without donor restrictions, depending on the existence and/or 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. As of June 30, 2022, the Organization has conditional awards of approximately \$133,000 outstanding from government agencies contingent upon continued activities relating to various projects. Revenue from these conditional awards is contingent upon incurring certain qualified expenditures under the grant agreements.

Deferred revenue represents revenue received in advance for the Organization's annual Harvest Dinner fundraising event. Proceeds for this event are considered conditional and will be recognized in the period the event takes place.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain expenses are attributed 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 donated use of facilities and rent, which are allocated on a percentage of space benefitting the function, as well as payroll, taxes and benefits, equipment, and other, which are allocated on the basis of estimates of time and effort.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was November 3, 2022.

Note 2 – Liquidity and Availability of Resources

The Organization strives to maintain liquid financial assets sufficient to cover 60 days of general expenditures. Financial assets in excess of daily cash requirements are invested in savings and money market accounts.

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, available to meet cash needs for general expenditures within one year of the statement of financial position date.

	2022	2021
Cash and cash equivalents	\$ 944,736	\$ 776,826
Contributions and grants receivable	44,854	109,401
	<u>\$ 989,590</u>	<u>\$ 886,227</u>

THE FOOD BANK @ ST. MARY'S

NOTES TO FINANCIAL STATEMENTS

Note 3 – Retirement Plan

The Organization funds a retirement plan for eligible employees through the Archdiocese of Seattle (the Plan). Eligibility is based upon years of service. The Plan has a graduated vesting plan whereby employees are 100% vested after seven years of participation. For the years ended June 30, 2022 and 2021, the Organization funded the Plan with 6% of eligible wages totaling \$18,012 and \$14,055.