

**THE FOOD BANK @ ST. MARY'S**

Financial Statements  
June 30, 2023 and 2022

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## 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, 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 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, 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**

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 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.

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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  
January 5, 2024

## THE FOOD BANK @ ST. MARY'S

### STATEMENTS OF FINANCIAL POSITION June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 846,659	\$ 944,736
Contributions and grants receivable	70,269	44,854
Food inventory	310,734	267,136
Prepaid expenses	<u>5,739</u>	<u>-</u>
Total current assets	1,233,401	1,256,726
Property and Equipment, net	<u>341,821</u>	<u>399,266</u>
Total assets	<u><u>\$ 1,575,222</u></u>	<u><u>\$ 1,655,992</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 14,178	\$ 14,357
Accrued payroll liabilities	22,156	58,536
Deferred revenue	<u>8,250</u>	<u>-</u>
Total liabilities	44,584	72,893
Net Assets		
Without donor restrictions	1,525,138	1,583,099
With donor restrictions	<u>5,500</u>	<u>-</u>
Total net assets	1,530,638	1,583,099
Total liabilities and net assets	<u><u>\$ 1,575,222</u></u>	<u><u>\$ 1,655,992</u></u>

*See accompanying notes to financial statements.*

**THE FOOD BANK @ ST. MARY'S**

STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Donated food	\$ 4,395,515	\$ -	\$ 4,395,515	\$ 5,790,499	\$ -	\$ 5,790,499
Contributions	294,503	5,500	300,003	500,355	-	500,355
Government grants	432,240	-	432,240	337,955	-	337,955
Donated services and use of facilities	88,699	-	88,699	86,750	-	86,750
Special events	-	-	-	118,546	-	118,546
Special events - direct benefit to donor	-	-	-	(24,737)	-	(24,737)
Interest and other income	10,357	-	10,357	4,190	-	4,190
Total support and revenue	5,221,314	5,500	5,226,814	6,813,558	-	6,813,558
Expenses						
Program services	5,067,575	-	5,067,575	6,683,543	-	6,683,543
Management and general	140,256	-	140,256	156,096	-	156,096
Fundraising	71,444	-	71,444	79,610	-	79,610
Total expenses	5,279,275	-	5,279,275	6,919,249	-	6,919,249
<b>Change in net assets</b>	<b>(57,961)</b>	<b>5,500</b>	<b>(52,461)</b>	<b>(105,691)</b>	<b>-</b>	<b>(105,691)</b>
Net Assets , beginning of year	1,583,099	-	1,583,099	1,688,790	-	1,688,790
Net Assets , end of year	\$ 1,525,138	\$ 5,500	\$ 1,530,638	\$ 1,583,099	\$ -	\$ 1,583,099

*See accompanying notes to financial statements.*

**THE FOOD BANK @ ST. MARY'S**

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Food distribution	\$ 4,351,917	\$ -	\$ -	\$ 4,351,917	\$ 5,959,823	\$ -	\$ -	\$ 5,959,823
Payroll, taxes and benefits	321,012	65,559	65,560	452,131	377,295	77,053	77,053	531,401
Food and other supplies	142,599	-	-	142,599	91,991	-	-	91,991
Donated use of facilities	69,398	17,350	-	86,748	69,400	17,350	-	86,750
Depreciation	57,445	-	-	57,445	59,856	-	-	59,856
Insurance	32,468	8,117	-	40,585	21,687	5,422	-	27,109
Equipment	34,463	4,174	-	38,637	30,341	6,433	-	36,774
Utilities	23,843	5,961	-	29,804	23,324	5,831	-	29,155
Contracted services	-	27,648	-	27,648	-	29,855	-	29,855
Vehicle	17,348	-	-	17,348	14,507	-	-	14,507
Building maintenance	10,440	-	-	10,440	13,440	-	-	13,440
Office and other	1,065	3,601	3,601	8,267	1,022	2,111	2,557	5,690
Merchant card fees	-	4,297	-	4,297	-	4,867	-	4,867
Membership Fees	-	1,906	2,283	4,189	-	1,360	-	1,360
Telephone	1,643	1,643	-	3,286	1,614	1,614	-	3,228
Donated goods	1,951	-	-	1,951	-	-	-	-
Volunteer retention	1,908	-	-	1,908	2,443	-	-	2,443
Advertising	75	-	-	75	-	-	-	-
Event food and entertainment	-	-	-	-	-	-	24,737	24,737
Rent	-	-	-	-	16,800	4,200	-	21,000
	<u>5,067,575</u>	<u>140,256</u>	<u>71,444</u>	<u>5,279,275</u>	<u>6,683,543</u>	<u>156,096</u>	<u>104,347</u>	<u>6,943,986</u>
Less: Special events - direct benefit to donors	-	-	-	-	-	-	(24,737)	(24,737)
	<u>\$ 5,067,575</u>	<u>\$ 140,256</u>	<u>\$ 71,444</u>	<u>\$ 5,279,275</u>	<u>\$ 6,683,543</u>	<u>\$ 156,096</u>	<u>\$ 79,610</u>	<u>\$ 6,919,249</u>

*See accompanying notes to financial statements.*

## THE FOOD BANK @ ST. MARY'S

### STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (52,461)	\$ (105,691)
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Depreciation	57,445	59,856
Changes in operating assets and liabilities:		
Contributions and grants receivable	(25,415)	64,547
Food inventory	(43,598)	169,324
Prepaid expenses	(5,739)	5,000
Accounts payable and accrued expenses	(179)	(27,927)
Accrued payroll liabilities	(36,380)	12,801
Deferred revenue	8,250	(10,000)
<b>Net cash flows from operating activities and change in cash and cash equivalents</b>	<b>(98,077)</b>	<b>167,910</b>
Cash and Cash Equivalents, beginning of the year	944,736	776,826
Cash and Cash Equivalents, end of the year	\$ 846,659	\$ 944,736

*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 hunger relief services available to all people living in the city of Seattle. The Organization is a non-profit organization and was incorporated in May 1996.

St. Mary's Church ceased operations and merged with St. Therese on July 1, 2022. The Organization continues its current operations as a ministry of St. Therese 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, mobile food bank, school programs, and walk-in distributions and the Organization serves approximately 2,300 households per week.

As a ministry of St. Therese Church (the Church), the Organization runs its programs and administrative activities on the Church's property including the use of buildings, furniture, and equipment at no cost. The Organization is responsible for all monthly operating expenses including utilities, telephone, internet, insurance, and other expenses.

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. This amount is recorded under donated services and use of space on the statements of activity.

#### *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 EFB are reported in each of the following two classes: without donor restrictions and with donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations that will be met either by actions of EFB or the passage of time. As of June 30, 2023, there was \$5,500 of net assets with donor restrictions for the purpose of a kitchen remodel. At June 30, 2022, there were no net assets with donor restrictions.

#### *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.

# THE FOOD BANK @ ST. MARY'S

## NOTES TO FINANCIAL STATEMENTS

### *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, 2023 or 2022. As of June 30, 2023 and 2022, 72% and 96% of contributions and grants receivable were due from one government agency, respectively.

### *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 for the years ended June 30, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Building and improvements	\$ 430,765	\$ 430,765
Vehicles	252,377	252,377
Equipment	<u>69,541</u>	<u>69,541</u>
	752,683	752,683
Less: accumulated depreciation	<u>(410,862)</u>	<u>(353,417)</u>
	<u>\$ 341,821</u>	<u>\$ 399,266</u>

### *Revenue Recognition and Deferred Revenue*

Contributions and grants (including those received from government agencies or 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, 2023, the Organization has conditional awards of approximately \$137,000 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.

# THE FOOD BANK @ ST. MARY'S

## NOTES TO FINANCIAL STATEMENTS

Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended June 30, 2023 and 2022, no such adjustments were made.

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.

Support from two government agencies represented 59% and 40% of total contributions and government grants during the years ending June 30, 2023 and 2022, respectively.

### *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, insurance, 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 January 5, 2024.

### **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, 2023 and 2022, available to meet cash needs for general expenditures within one year of the statement of financial position date.

	2023	2022
Cash and cash equivalents	\$ 846,659	\$ 944,736
Contributions and grants receivable	70,269	44,854
	<u>\$ 916,928</u>	<u>\$ 989,590</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, 2023 and 2022, the Organization funded the Plan with 6% of eligible wages totaling \$20,527 and \$18,012.