



Financial Statements
June 30, 2023 and 2022

Feeding Washington

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Independent Auditor's Report

The Board of Directors
Feeding Washington
Spokane, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Feeding Washington, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Feeding Washington 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Feeding Washington 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 these 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 Feeding Washington's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Feeding Washington'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 Feeding Washington'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.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Spokane, Washington
January 9, 2024

Feeding Washington
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 1,493,804	\$ 1,141,681
Accounts receivable	2,131,585	1,358,784
Promises to give	-	40,000
Prepaid expense	11,711	-
Bin and lid supplies on hand	72,136	49,527
Total assets	\$ 3,709,236	\$ 2,589,992
Liabilities and Net Assets		
Accounts payable	\$ 1,577,146	\$ 832,348
Total liabilities	1,577,146	832,348
Net Assets		
Without donor restrictions	825,477	756,430
With donor restrictions	1,306,613	1,001,214
Total net assets	2,132,090	1,757,644
Total liabilities and net assets	\$ 3,709,236	\$ 2,589,992

Feeding Washington
Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Shared maintenance fees	\$ 658,401	\$ -	\$ 658,401	\$ 572,262	\$ -	\$ 572,262
Membership fees	400,000	-	400,000	191,200	-	191,200
Grants	3,150	1,516,463	1,519,613	-	2,343,501	2,343,501
Contributions	27,009	-	27,009	27,863	65,000	92,863
Net assets released from restrictions	1,211,064	(1,211,064)	-	2,144,897	(2,144,897)	-
Total revenue and support	2,299,624	305,399	2,605,023	2,936,222	263,604	3,199,826
Expenses						
Program services expense	1,895,423	-	1,895,423	2,627,606	-	2,627,606
Supporting services expense						
Management and general	335,154	-	335,154	364,775	-	364,775
Total expenses	2,230,577	-	2,230,577	2,992,381	-	2,992,381
Change in Net Assets	69,047	305,399	374,446	(56,159)	263,604	207,445
Net Assets, Beginning of Year	756,430	1,001,214	1,757,644	812,589	737,610	1,550,199
Net Assets, End of Year	\$ 825,477	\$ 1,306,613	\$ 2,132,090	\$ 756,430	\$ 1,001,214	\$ 1,757,644

Feeding Washington
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Management and General	Total
Salaries and Benefits	\$ 614,220	\$ 241,325	\$ 855,545
Contract Services	12,101	18,723	30,824
Rent	-	16,800	16,800
Operations	13,753	10,399	24,152
Miscellaneous	6,842	14,847	21,689
Professional Service Fees	2,324	30,959	33,283
Unreimbursed Pick and Pack Out Costs	1,150,744	-	1,150,744
Technology	63,644	-	63,644
Travel and Meetings	31,795	2,101	33,896
Total expenses included in the expense section on the statement of activities	<u>\$ 1,895,423</u>	<u>\$ 335,154</u>	<u>\$ 2,230,577</u>

Feeding Washington
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Management and General	Total
Salaries and Benefits	\$ 506,051	\$ 278,738	\$ 784,789
Contract Services	140	34,306	34,446
Rent	2,100	1,200	3,300
Operations	10,620	6,275	16,895
Miscellaneous	1,435	11,570	13,005
Professional Service Fees	94	28,225	28,319
Unreimbursed Pick and Pack Out Costs	2,040,804	-	2,040,804
Technology	52,240	-	52,240
Travel and Meetings	14,122	4,461	18,583
 Total expenses included in the expense section on the statement of activities	 <u>\$ 2,627,606</u>	 <u>\$ 364,775</u>	 <u>\$ 2,992,381</u>

Feeding Washington
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 374,446	\$ 207,445
Adjustments to reconcile change in net assets to net cash from operating activities		
Accounts receivable	(772,801)	(359,607)
Promises to give	40,000	(40,000)
Bin and lid supplies on hand	(22,609)	(1,749)
Prepaid expenses	(11,711)	10,336
Accounts payable	744,798	296,193
	352,123	112,618
Net Cash from Operating Activities		
Net Change in Cash	352,123	112,618
Cash, Beginning of Year	1,141,681	1,029,063
Cash, End of Year	\$ 1,493,804	\$ 1,141,681

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Feeding Washington (the Organization) is a nonprofit organization established in 2011 to facilitate the movement of fresh fruits and vegetables from Washington producers into the hands of those who need it most.

Along with their two members, Food Lifeline and Second Harvest, the Organization delivers healthy food to food banks and meal centers across the state of Washington to get fresh produce to the people who struggle with hunger.

The Organization rescues fresh fruits and vegetables each month from statewide farmers, packers and shippers. Because of the abundance of produce in the region and the generosity of its partners, the Organization is able to not only support hunger relief efforts in Washington but also to supply produce to the rest of the Feeding America food bank network across the country.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for pick and pack out fees. The opening balance of accounts receivable as of July 1, 2021 was \$999,177. The Organization determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. There was no allowance considered necessary at June 30, 2023 and 2022.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. There was no allowance at June 30, 2023 and 2022. All promises to give are expected to be collected within one year.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue from shared maintenance fees is recognized at a point in time when the products are transferred, and the services are provided. Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received for which the organization recognizes the revenue over the time of the membership period.

Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Agency Transactions

The Organization pays pick and pack out fees (PPO) to packers and then gets reimbursed the same PPO fees (plus a shared maintenance fee for non-members) from food banks receiving the produce. The Organization does not take possession of any goods therefore they function as an agent in the transaction and do not report any revenue for the transaction. The net amount retained or paid is listed as unreimbursed PPO costs on the statements of functional expenses. For the years ended June 30, 2023 and 2022, the total received PPO fees and reimbursements were \$15,846,487 and \$12,037,153, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, operations, and travel and meetings, which are allocated on the basis of estimates of time and effort. The remaining expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Income Taxes

The Organization is organized as a Washington nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Feeding Washington is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Feeding Washington is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that Feeding Washington is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by the Organization to be creditworthy. The Organization maintains its cash and cash equivalents in bank deposit accounts which may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. June 30, 2023 and 2022, the Organization had approximately \$1,465,000 and \$1,364,000, respectively, in excess of FDIC-insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates.

Recently Adopted Accounting Pronouncements

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The objective of ASC 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The adoption of the standard did not have a significant impact on the Organization.

Subsequent Events

The Organization has evaluated subsequent events through January 9, 2024, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial position date, comprise of the following:

	2023	2022
Cash	\$ 187,191	\$ 180,467
Accounts receivable	2,131,585	1,358,784
	\$ 2,318,776	\$ 1,539,251

Cash balances are typically available for general expenditure less amounts restricted by donors for specified purposes. As part of the Organization’s liquidity management, the practice of the board of directors is to maintain its cash balances throughout the year by adopting a break-even budget where cash expenses are equal to cash receipts for the year and the budget is monitored monthly by the board.

Note 3 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Subject to Expenditure for Specified Purpose		
Agri-Food Grant to support increase in food distribution	\$ 722,773	\$ 939,845
Feeding American Grant to support collaborative initiatives	153,840	35,000
Feeding America Grant to support new opportunities related to operations and sourcing	425,000	-
Feeding America grants to support various program costs	5,000	26,369
	\$ 1,306,613	\$ 1,001,214

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, were \$1,211,064 and \$2,144,897 for the years ended June 30, 2023 and 2022, respectively.

Note 4 - Leases

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less, for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization leases office space, under a short-term, month-to-month agreement. The short-term lease expense totaled \$16,800 and \$3,300 for the years ended June 30, 2023 and 2022, respectively.

Note 5 - Employee Benefits

The Organization sponsors a 403(b) retirement plan which covers substantially all employees who meet certain service requirements. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. Contribution expense for the years ended June 30, 2023 and 2022 was \$48,945 and \$37,322, respectively.