



Financial Statements  
June 30, 2020 and 2019

# Feeding Washington

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## Independent Auditor's Report

The Board of Directors  
Feeding Washington  
Spokane, Washington

### Report on the Financial Statements

We have audited the accompanying financial statements of Feeding Washington, a non-profit organization, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding Washington as of June 30, 2020 and 2019, 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.

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

Spokane, Washington  
December 8, 2020

Feeding Washington  
Statements of Financial Position  
June 30, 2020 and 2019

	2020	2019
<b>Assets</b>		
Cash	\$ 480,278	\$ 453,117
Accounts receivable	518,086	350,425
Bin and lid supplies on hand	39,334	50,876
Prepaid expenses	20,668	42,518
Total assets	\$ 1,058,366	\$ 896,936
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 287,711	\$ 304,439
Total liabilities	287,711	304,439
<b>Net Assets</b>		
Without donor restrictions	645,655	502,497
With donor restrictions	125,000	90,000
Total net assets	770,655	592,497
Total liabilities and net assets	\$ 1,058,366	\$ 896,936

Feeding Washington  
Statements of Activities  
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Shared maintenance fees	\$ 468,758	\$ -	\$ 468,758	\$ 360,493	\$ -	\$ 360,493
Membership fees	80,000	-	80,000	40,000	-	40,000
Grants	125,000	125,000	250,000	150,000	121,000	271,000
Contributions	11,283	-	11,283	5,005	-	5,005
Net assets released from restrictions	90,000	(90,000)	-	31,000	(31,000)	-
Total revenue and support	<u>775,041</u>	<u>35,000</u>	<u>810,041</u>	<u>586,498</u>	<u>90,000</u>	<u>676,498</u>
Expenses						
Program services expense	319,701	-	319,701	274,015	-	274,015
Supporting services expense						
Management and general	<u>312,182</u>	<u>-</u>	<u>312,182</u>	<u>199,496</u>	<u>-</u>	<u>199,496</u>
Total expenses	<u>631,883</u>	<u>-</u>	<u>631,883</u>	<u>473,511</u>	<u>-</u>	<u>473,511</u>
Change in Net Assets	143,158	35,000	178,158	112,987	90,000	202,987
Net Assets, Beginning of Year	<u>502,497</u>	<u>90,000</u>	<u>592,497</u>	<u>389,510</u>	<u>-</u>	<u>389,510</u>
Net Assets, End of Year	<u>\$ 645,655</u>	<u>\$ 125,000</u>	<u>\$ 770,655</u>	<u>\$ 502,497</u>	<u>\$ 90,000</u>	<u>\$ 592,497</u>

Feeding Washington  
Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services	Management and General	Total
Salaries and benefits	\$ 278,066	\$ 117,762	395,828
Contract services	-	13,810	13,810
Facilities and equipment	-	101	101
Member cost reimbursement	-	76,339	76,339
Rent	-	10,800	10,800
Operations	3,033	2,513	5,546
Miscellaneous	-	10,350	10,350
Professional service fees	-	24,259	24,259
Unreimbursed pick and pack out costs	34,305	-	34,305
Technology	-	26,685	26,685
Travel and meetings	4,297	29,563	33,860
Total expenses included in the the expense section on the statement of activities	<u>\$ 319,701</u>	<u>\$ 312,182</u>	<u>\$ 631,883</u>

Feeding Washington  
Statement of Functional Expenses  
Year Ended June 30, 2019

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	Program Services	Management and General	Total
Salaries and benefits	\$ 263,334	\$ 116,732	380,066
Contract services	-	15,761	15,761
Facilities and equipment	-	592	592
Member cost reimbursement	-	276	276
Rent	-	10,800	10,800
Operations	3,461	1,506	4,967
Miscellaneous	-	10,583	10,583
Professional service fees	-	23,894	23,894
Unreimbursed pick and pack out costs	2,269	-	2,269
Travel and meetings	4,951	19,352	24,303
 Total expenses included in the the expense section on the statement of activities	 \$ 274,015	 \$ 199,496	 \$ 473,511

Feeding Washington  
Statements of Cash Flows  
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 178,158	\$ 202,987
Adjustments to reconcile change in net assets to net cash from operating activities		
Accounts receivable	(167,661)	(102,195)
Bin and lid supplies on hand	11,542	26,417
Prepaid expenses	21,850	(35,018)
Accounts payable	(16,728)	130,154
	27,161	222,345
Net Cash from Operating Activities	27,161	222,345
Net Change in Cash	27,161	222,345
Cash, Beginning of Year	453,117	230,772
Cash, End of Year	\$ 480,278	\$ 453,117

## **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. Feeding Washington 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, 2020 and 2019.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed 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 is recognized when earned. 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 are not recognized until the conditions on which they depend have been substantially met. Membership fees are recognized in the period that the benefit occurs.

### **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, 2020 and 2019, the total received PPO fees and reimbursements was \$5,533,292 and \$4,396,800, 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, 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**

Feeding Washington is organized as a Washington nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under 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 that each entity 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 consolidated 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. At times, amounts on deposit may exceed 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.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**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:

	2020	2019
Cash	\$ 355,278	\$ 363,117
Accounts receivable	518,086	350,425
	\$ 873,364	\$ 713,542

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:

	2020	2019
Subject to Expenditure for Specified Purpose		
Service Insights Grant - Link to Feed Project	\$ 100,000	\$ 90,000
COVID Network Support Grant	25,000	-
	\$ 125,000	\$ 90,000

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of the passage of time or other events specified by the donors were \$90,000 and \$31,000 for the years ended June 30, 2020 and 2019, respectively.

**Note 4 - 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 year ended June 30, 2020 and 2019 was \$20,265 and \$22,388, respectively.

**Note 5 - Subsequent Events**

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

The Organization has evaluated subsequent events through December 8, 2020, the date the financial states were available to be issued.