

THE FOOD BANK @ ST. MARY'S

Financial Statements
June 30, 2024 and 2023

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Jason Mallon, CPA
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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, 2024 and 2023, 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, 2024 and 2023, 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 10, 2025

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 747,634	\$ 846,659
Contributions and grants receivable	80,664	70,269
Food inventory	344,248	310,734
Prepaid expenses	<u>8,219</u>	<u>5,739</u>
Total current assets	1,180,765	1,233,401
Property and Equipment, net	<u>492,188</u>	<u>341,821</u>
Total assets	<u><u>\$ 1,672,953</u></u>	<u><u>\$ 1,575,222</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 34,740	\$ 14,178
Accrued payroll liabilities	27,512	22,156
Contributions and grants received in advance	<u>45,540</u>	<u>8,250</u>
Total liabilities	107,792	44,584
Net Assets		
Without donor restrictions	1,559,661	1,525,138
With donor restrictions	<u>5,500</u>	<u>5,500</u>
Total net assets	1,565,161	1,530,638
Total liabilities and net assets	<u><u>\$ 1,672,953</u></u>	<u><u>\$ 1,575,222</u></u>

See accompanying notes to financial statements.

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Donated food	\$ 4,912,497	\$ -	\$ 4,912,497	\$ 4,395,515	\$ -	\$ 4,395,515
Contributions	360,252	-	360,252	294,503	5,500	300,003
Government grants	345,478	-	345,478	432,240	-	432,240
Donated services and use of facilities	86,748	-	86,748	88,699	-	88,699
Special events	150,584	-	150,584	-	-	-
Special events - direct benefit to donor	(30,077)	-	(30,077)	-	-	-
Interest and other income	22,474	-	22,474	10,357	-	10,357
Total support and revenue	5,847,956	-	5,847,956	5,221,314	5,500	5,226,814
Expenses						
Program services	5,588,157	-	5,588,157	5,067,575	-	5,067,575
Management and general	143,530	-	143,530	140,256	-	140,256
Fundraising	81,746	-	81,746	71,444	-	71,444
Total expenses	5,813,433	-	5,813,433	5,279,275	-	5,279,275
Change in net assets	34,523	-	34,523	(57,961)	5,500	(52,461)
Net Assets , beginning of year	1,525,138	5,500	1,530,638	1,583,099	-	1,583,099
Net Assets , end of year	<u>\$ 1,559,661</u>	<u>\$ 5,500</u>	<u>\$ 1,565,161</u>	<u>\$ 1,525,138</u>	<u>\$ 5,500</u>	<u>\$ 1,530,638</u>

See accompanying notes to financial statements.

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2024 and 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Food distribution	\$ 4,878,983	\$ -	\$ -	\$ 4,878,983	\$ 4,351,917	\$ -	\$ -	\$ 4,351,917
Payroll, taxes and benefits	364,874	74,517	74,517	513,908	321,012	65,559	65,560	452,131
Food and other supplies	99,709	-	-	99,709	142,599	-	-	142,599
Donated use of facilities	69,398	17,350	-	86,748	69,398	17,350	-	86,748
Depreciation	55,976	-	-	55,976	57,445	-	-	57,445
Utilities	31,958	7,989	-	39,947	23,843	5,961	-	29,804
Insurance	26,960	6,740	-	33,700	32,468	8,117	-	40,585
Event food and entertainment	-	-	30,077	30,077	-	-	-	-
Contracted services	-	21,400	-	21,400	-	27,648	-	27,648
Building maintenance	19,750	-	-	19,750	10,440	-	-	10,440
Vehicle	18,551	-	-	18,551	17,348	-	-	17,348
Equipment	16,198	1,962	-	18,160	34,463	4,174	-	38,637
Office and other	1,723	5,864	5,972	13,559	1,065	3,601	3,601	8,267
Merchant card fees	-	4,627	-	4,627	-	4,297	-	4,297
Telephone	2,032	2,032	-	4,064	1,643	1,643	-	3,286
Membership Fees	-	1,049	1,257	2,306	-	1,906	2,283	4,189
Volunteer retention	2,045	-	-	2,045	1,908	-	-	1,908
Donated goods	-	-	-	-	1,951	-	-	1,951
Advertising	-	-	-	-	75	-	-	75
	<u>5,588,157</u>	<u>143,530</u>	<u>111,823</u>	<u>5,843,510</u>	<u>5,067,575</u>	<u>140,256</u>	<u>71,444</u>	<u>5,279,275</u>
Less: Special events - direct benefit to donors	-	-	(30,077)	(30,077)	-	-	-	-
	<u>\$ 5,588,157</u>	<u>\$ 143,530</u>	<u>\$ 81,746</u>	<u>\$ 5,813,433</u>	<u>\$ 5,067,575</u>	<u>\$ 140,256</u>	<u>\$ 71,444</u>	<u>\$ 5,279,275</u>

See accompanying notes to financial statements.

THE FOOD BANK @ ST. MARY'S

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 34,523	\$ (52,461)
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Depreciation	55,976	57,445
Changes in operating assets and liabilities:		
Contributions and grants receivable	(10,395)	(25,415)
Food inventory	(33,514)	(43,598)
Prepaid expenses	(2,480)	(5,739)
Accounts payable and accrued expenses	20,562	(179)
Accrued payroll liabilities	5,356	(36,380)
Deferred revenue	37,290	8,250
Net cash flows from operating activities	107,318	(98,077)
Cash Flows from Investing Activity		
Purchases of property and equipment	(206,343)	-
Net change in cash and cash equivalents	(99,025)	(98,077)
Cash and Cash Equivalents, beginning of the year	846,659	944,736
Cash and Cash Equivalents, end of the year	\$ 747,634	\$ 846,659

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 in 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 2,100 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 a cost of \$100 per year. 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 as part of the \$100 yearly lease. As a result, the Organization recognizes an in-kind rent contribution (reported as donated use of facilities on the statements of activities) on an annual basis based on the estimated fair value of the lease, using market comparable square-footage rates.

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 FBSM 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 FBSM or the passage of time. As of June 30, 2024 and 2023, net assets with donor restrictions were restricted for the purpose of a kitchen remodel, expected to be completed in FY25.

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, 2024 or 2023. As of June 30, 2024 and 2023, 69% and 72% 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 year ended June 30, 2023 and \$2.16 per pound for the year ended June 30, 2024.

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:

	2024	2023
Building and improvements	\$ 452,339	\$ 430,765
Vehicles	437,146	252,377
Equipment	68,201	69,541
	957,686	752,683
Less: accumulated depreciation	(465,498)	(410,862)
	<u>\$ 492,188</u>	<u>\$ 341,821</u>

Revenue Recognition

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. Contributions and grants received in advance of conditions met are deferred (a liability).

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.

THE FOOD BANK @ ST. MARY’S

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2024, the Organization has conditional awards of approximately \$153,000 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.

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, 2024 and 2023, no such adjustments were made.

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 10, 2025.

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. Net assets with donor restrictions are considered available for general expenditures.

The following table reflects the Organization’s financial assets as of June 30, 2024 and 2023, available to meet cash needs for general expenditures within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 747,634	\$ 846,659
Contributions and grants receivable	<u>80,664</u>	<u>70,269</u>
	<u>\$ 828,298</u>	<u>\$ 916,928</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, 2024 and 2023, the Organization funded the Plan with 6% of eligible wages totaling \$19,356 and \$20,527.