

COLUMBIA PACIFIC FOOD BANK

FINANCIAL STATEMENTS

Year Ended June 30, 2017



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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Columbia Pacific Food Bank
St. Helens, Oregon

We have audited the accompanying financial statements of Columbia Pacific Food Bank (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 Columbia Pacific Food Bank as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Columbia Pacific Food Bank's 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated March 2, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Portland, Oregon
January 11, 2018

COLUMBIA PACIFIC FOOD BANK
STATEMENT OF FINANCIAL POSITION

June 30, 2017
(With Comparative Totals as of June 30, 2016)

ASSETS

	2017	2016
Cash and cash equivalents	\$ 127,601	\$ 100,663
Investments	150,495	105,152
Prepaid expenses	7,143	6,615
Inventories	52,796	59,138
Property and equipment, net	77,500	85,976
Total assets	\$ 415,535	\$ 357,544

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 16,081	\$ 10,706
Total liabilities	16,081	10,706
Net assets		
Unrestricted		
Net investment in property and equipment	77,500	85,976
Board designated - building and equipment reserve	140,895	100,200
Board designated - operating reserve	20,000	20,000
Available for operations	161,059	140,662
Total net assets	399,454	346,838
Total liabilities and net assets	\$ 415,535	\$ 357,544

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Unrestricted revenues and other support		
Contributions	\$ 223,845	\$ 183,133
Government support	73,408	81,757
Share contributions	30,130	30,088
Donated goods	1,335,050	1,115,549
Investment income	3,833	1,623
Realized and unrealized appreciation (depreciation) of investments	212	1,980
Miscellaneous income	2,574	2,196
Total unrestricted revenues and other support	<u>1,669,052</u>	<u>1,416,326</u>
Expenses		
Food distribution program	1,547,021	1,320,679
Supporting services		
Administration	18,045	21,980
Resource development	51,370	58,052
Total expenses	<u>1,616,436</u>	<u>1,400,711</u>
Change in net assets	52,616	15,615
Unrestricted net assets, beginning of year	<u>346,838</u>	<u>331,223</u>
Unrestricted net assets, end of year	<u>\$ 399,454</u>	<u>\$ 346,838</u>

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	<u>SUPPORTING SERVICES</u>					
	<u>Food</u>			<u>Total</u>		
	<u>Distribution</u>	<u>Admin-</u>	<u>Resource</u>	<u>2017</u>	<u>2016</u>	
	<u>Program</u>	<u>istration</u>	<u>Development</u>			
Emergency disbursements						
Donated food	\$ 1,341,866	\$ -	\$ -	\$ 1,341,866	\$ 1,136,611	
Purchased food	37,906	-	-	37,906	32,616	
Operating expenses						
Salaries	96,151	13,406	25,158	134,715	127,092	
Payroll taxes and employee benefits	12,155	1,455	2,839	16,449	13,654	
Utilities	6,104	651	1,465	8,220	8,508	
Telephone	1,863	202	453	2,518	2,319	
Repairs and maintenance	12,267	-	-	12,267	21,960	
Insurance	4,749	513	1,155	6,417	6,320	
Banking fees	-	-	1,434	1,434	969	
Supplies	2,372	257	577	3,206	4,359	
Newsletter and public relations	-	-	12,667	12,667	17,694	
Depreciation	8,476	-	-	8,476	11,323	
Miscellaneous	23,112	1,561	5,622	30,295	17,286	
	<u>\$ 1,547,021</u>	<u>\$ 18,045</u>	<u>\$ 51,370</u>	<u>\$ 1,616,436</u>	<u>\$ 1,400,711</u>	

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 52,616	\$ 15,615
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,476	11,323
(Gain) loss on investments	(212)	(1,980)
Changes in assets and liabilities:		
Prepaid expenses	(528)	(1,679)
Inventories	6,342	19,529
Accounts payable and accrued expenses	5,375	939
Net cash provided by (used in) operating activities	<u>72,069</u>	<u>43,747</u>
Cash flows from investing activities:		
Purchase of investments	(58,186)	(101,006)
Proceeds from sale of investments	13,055	46,561
Net cash provided by (used in) investing activities	<u>(45,131)</u>	<u>(54,445)</u>
Net change in cash and cash equivalents	26,938	(10,698)
Cash and cash equivalents, beginning of year	<u>100,663</u>	<u>111,361</u>
Cash and cash equivalents, end of year	<u>\$ 127,601</u>	<u>\$ 100,663</u>

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE A – DESCRIPTION OF ORGANIZATION

Columbia Pacific Food Bank (the Organization) is the regional food bank for Columbia County. The Organization operates the Barbara Bullis H.E.L.P. food pantry in St. Helens, and delivers food to 39 food pantries and meal programs throughout Columbia County. The Organization works to eliminate hunger by facilitating the collection and distribution of healthy food. Generous food donations arrive from local donors, such as farms, manufacturers, wholesalers, retailers, and individuals. The Organization is authorized to receive commodities from the United States Department of Agriculture (USDA). The Organization also purchases food.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues and support are recorded when earned, and expenditures are recorded as incurred.

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations. All of the Organization's assets were unrestricted at June 30, 2017.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.
- Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and included in investments.

COLUMBIA PACIFIC FOOD BANK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Share Contributions

Oregon Food Bank (OFB) is the statewide distribution network for food donations. The Organization pays a share contribution between \$0.04 and \$0.07 per pound to OFB to offset a portion of the handling costs they incur. The Organization then charges its partner agencies \$0.10 per pound to offset handling costs incurred.

Inventories

Inventories consist of donated food and grocery products, USDA commodities, and purchased product. Donated goods inventory is stated at the estimated wholesale fair market value. USDA commodities are stated at the value provided by the Department of Agriculture. Purchased product inventory is stated at cost on a first-in-first-out basis. During the year ended June 30, 2017, management assessed its estimate of the value of donated goods inventory as \$1.25 per pound.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the various assets. Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged to income as incurred. Donated assets are reflected as contributions at their estimated fair value at the date of receipt. It is the Organization's policy to capitalize property and equipment with a cost over \$1,000.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization operates as a nonprofit corporation and has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized in the Statement of Activities. Certain costs, including salaries, occupancy, professional fees and depreciation, have been allocated among the programs and supporting services benefitted.

NOTE C – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interests in assets held by others.

Realized and unrealized gains and losses from investments are reported in the Statement of Activities as they occur. There have been no changes in valuation techniques and related inputs.

Fair values of assets measured on a recurring basis at June 30, 2017 are as follows:

	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Exchange traded funds	\$ <u>150,495</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>150,495</u>
Total investments	\$ <u><u>150,495</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>150,495</u></u>

COLUMBIA PACIFIC FOOD BANK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2017:

Land	\$ 6,417
Building	91,452
Furniture and fixtures	36,630
Vehicles	<u>19,769</u>
Total property and equipment	154,268
Less accumulated depreciation	<u>(76,768)</u>
Property and equipment, net	<u>\$ 77,500</u>

NOTE E – DONATED ASSETS AND SERVICES

The Organization received approximately 1.3 million pounds of food and grocery products from the food industry, other businesses, community organizations and individuals in 2017. The product is valued at its estimated wholesale value of \$1.25 per pound at June 30, 2017. To arrive at the estimated wholesale fair value, the organization uses an independent accountant's report prepared for Feeding America as a guide to determine an average rate that reflects the specific composition of inventory held.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2017, approximately 6,000 volunteer hours were provided to assist with warehouse operations. These hours of general volunteer support are not reflected in the financial statements as they do not meet the criteria for recording donated services.

NOTE F – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents at a credit union insured by the National Credit Union Insurance Fund. Balances may exceed insured limits at various times.

NOTE G – BOARD DESIGNATED NET ASSETS

The Board has designated net assets for the following purposes as of June 30, 2017:

Building and equipment reserve	\$ 140,895
Operating reserve	<u>20,000</u>
	<u>\$ 160,895</u>

NOTE H – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 11, 2018, which is the date the financial statements were available to be issued.