

COLUMBIA PACIFIC FOOD BANK

FINANCIAL STATEMENTS

Year Ended June 30, 2020



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

COLUMBIA PACIFIC FOOD BANK

FINANCIAL STATEMENTS

Year Ended June 30, 2020

TABLE OF CONTENTS

| | <u>Page</u> |
|-------------------------------------|--------------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-11 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Columbia Pacific Food Bank
Saint 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, 2020, 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, 2020, 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 Columbia Pacific Food Bank's 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated March 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
February 10, 2021

COLUMBIA PACIFIC FOOD BANK
STATEMENT OF FINANCIAL POSITION

June 30, 2020
(With Comparative Totals as of June 30, 2019)

ASSETS

| | 2020 | 2019 |
|-----------------------------|---------------------|-------------------|
| Cash and cash equivalents | \$ 343,671 | \$ 73,722 |
| Investments | 101,142 | 54,863 |
| Prepaid expenses | 10,517 | 11,867 |
| Inventories | 106,513 | 33,655 |
| Property and equipment, net | 472,259 | 494,883 |
| Total assets | \$ 1,034,102 | \$ 668,990 |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|-------------------|
| Accounts payable and accrued expenses | \$ 4,819 | \$ 8,312 |
| Note payable | 239,428 | 244,624 |
| Total liabilities | 244,247 | 252,936 |
| Net assets | | |
| Net assets without donor restrictions | | |
| Available for operations | 537,024 | 145,795 |
| Board designated - building and equipment reserve | 10,000 | 10,000 |
| Board designated - operating reserve | 10,000 | 10,000 |
| Net investment in property and equipment | 232,831 | 250,259 |
| Total net assets | 789,855 | 416,054 |
| Total liabilities and net assets | \$ 1,034,102 | \$ 668,990 |

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| Revenues and other support | | |
| Donated goods | \$ 1,831,106 | \$ 1,411,945 |
| Contributions | 570,312 | 245,144 |
| Government support | 150,334 | 65,030 |
| Share contributions | 37,451 | 57,092 |
| Investment income | 2,650 | 2,581 |
| Realized and unrealized gain (loss) on investments | (5,454) | 37 |
| Miscellaneous income | 9,009 | 6,052 |
| Total revenues and other support | <u>2,595,408</u> | <u>1,787,881</u> |
| Expenses | | |
| Food distribution program | 2,065,194 | 1,726,311 |
| Supporting services | | |
| Administration | 55,134 | 28,644 |
| Resource development | 101,279 | 73,539 |
| Total expenses | <u>2,221,607</u> | <u>1,828,494</u> |
| Change in net assets | 373,801 | (40,613) |
| Net assets without donor restrictions, beginning of year | <u>416,054</u> | <u>456,667</u> |
| Net assets without donor restrictions, end of year | <u>\$ 789,855</u> | <u>\$ 416,054</u> |

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

| | <u>SUPPORTING SERVICES</u> | | | | <u>Total</u> | |
|-------------------------------------|---------------------------------|-----------------------------|-------------------|---------------------|---------------------|-------------|
| | <u>Food</u> | <u>Admin- istration</u> | <u>Resource</u> | <u>Development</u> | <u>2020</u> | <u>2019</u> |
| | <u>Distribution Program</u> | | | | | |
| Emergency disbursements | | | | | | |
| Donated food | \$ 1,756,006 | \$ - | \$ - | \$ 1,756,006 | \$ 1,456,390 | |
| Purchased food | 113,393 | - | - | 113,393 | 50,357 | |
| Operating expenses | | | | | | |
| Salaries | 123,017 | 12,563 | 55,824 | 191,404 | 170,712 | |
| Payroll taxes and employee benefits | 11,988 | 1,069 | 5,021 | 18,078 | 20,158 | |
| Utilities | 8,896 | 494 | 494 | 9,884 | 9,777 | |
| Telephone | 2,423 | 287 | 478 | 3,188 | 3,107 | |
| Repairs and maintenance | 3,846 | - | - | 3,846 | 6,640 | |
| Insurance | 11,783 | 655 | 655 | 13,093 | 14,390 | |
| Banking fees | - | - | 1,049 | 1,049 | 3,856 | |
| Supplies | 2,795 | 184 | 552 | 3,531 | 3,118 | |
| Newsletter and public relations | - | - | 37,206 | 37,206 | 18,127 | |
| Depreciation | 17,831 | - | - | 17,831 | 22,642 | |
| Interest | 13,216 | - | - | 13,216 | 13,039 | |
| Miscellaneous | - | 39,882 | - | 39,882 | 36,181 | |
| | <u>\$ 2,065,194</u> | <u>\$ 55,134</u> | <u>\$ 101,279</u> | <u>\$ 2,221,607</u> | <u>\$ 1,828,494</u> | |

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

| | 2020 | 2019 |
|--|-------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 373,801 | \$ (40,613) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 17,831 | 22,642 |
| (Gain) loss on investments | 5,454 | (37) |
| Changes in assets and liabilities: | | |
| Prepaid expenses | 1,350 | 3,552 |
| Inventories | (68,065) | 28,318 |
| Accounts payable and accrued expenses | (3,493) | 2,326 |
| Net cash provided by (used in) operating activities | 326,878 | 16,188 |
| Cash flows from investing activities: | | |
| Purchase of investments | (93,146) | (16,224) |
| Proceeds from sale of investments | 41,413 | 14,245 |
| Net cash provided by (used in) investing activities | (51,733) | (1,979) |
| Cash flows from financing activities: | | |
| Payments on long-term debt | (5,196) | (5,376) |
| Net cash provided by (used in) investing activities | (5,196) | (5,376) |
| Net change in cash and cash equivalents | 269,949 | 8,833 |
| Cash and cash equivalents, beginning of year | 73,722 | 64,889 |
| Cash and cash equivalents, end of year | \$ 343,671 | \$ 73,722 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 13,216 | \$ 13,039 |

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2020, the Organization adopted two new accounting standards: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”) and *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”).

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes are necessary to conform with the new standard, therefore the implementation of ASU 2014-09 had no impact on beginning net assets or revenues.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis for year ending June 30, 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019. In comparison to the year ended June 30, 2019, the effect of adopting the new accounting principles had no effect on the classification of revenues.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

COLUMBIA PACIFIC FOOD BANK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (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.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Conditional Promises to Give

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There are \$91,814 in conditional awards from Oregon Food Bank as of year ended June 30, 2020.

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.

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.

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, 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 expensed. 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.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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, 2020 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>101,142</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>101,142</u> |
| Total investments | \$ <u><u>101,142</u></u> | \$ <u><u>-</u></u> | \$ <u><u>-</u></u> | \$ <u><u>101,142</u></u> |

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2020:

| | |
|-------------------------------|--------------------------|
| Land | \$ 113,435 |
| Building | 334,434 |
| Furniture and fixtures | 36,630 |
| Vehicles | <u>122,738</u> |
| Total property and equipment | <u>607,237</u> |
| Less accumulated depreciation | <u>(134,978)</u> |
| Property and equipment, net | <u><u>\$ 472,259</u></u> |

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE E – LONG-TERM DEBT

Long-term debt consists of a 5.49% mortgage payable to Twin City Bank; monthly payments of \$1,545 including interest. Interest rate adjusts after 5 years to an indexed rate (currently 5.5%). Final payment of \$189,701 due June 13, 2028; secured by building.

Maturities of long-term debt are as follows:

| Year Ending June 30, | |
|-------------------------|-------------------|
| 2021 | \$ 5,364 |
| 2022 | 5,666 |
| 2023 | 5,985 |
| 2024 | 6,276 |
| 2025 | 6,618 |
| Thereafter | <u>209,519</u> |
| | <u>\$ 239,428</u> |

NOTE F – DONATED ASSETS AND SERVICES

The Organization received approximately 1.47 million pounds of food and grocery products from the food industry, other businesses, community organizations and individuals in 2020. The product has been valued at an estimated wholesale value of \$1.25 per pound during the year ending June 30, 2020. 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. During the year ending June 30, 2020, 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 G – 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 H – BOARD DESIGNATED NET ASSETS

As of June 30, 2020, the Board has designated net assets totaling \$10,000 for an operating reserve and \$10,000 for an equipment reserve.

COLUMBIA PACIFIC FOOD BANK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE I – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2020:

| | |
|---|--------------------------|
| Financial assets at year-end | |
| Cash and cash equivalents | \$ 343,671 |
| Investments | <u>101,142</u> |
| Total financial assets | <u>444,813</u> |
| Less those unavailable for general expenditure within one year, due to: | |
| Board designated reserves | <u>(20,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u><u>424,813</u></u> |

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

NOTE J – COMMITMENTS AND CONTINGENCIES

The Organization has purchased property for the purpose of becoming a future operations location for the food bank. Because the city of St. Helens (City) wishes to see this property developed into a food bank, the City has obtained funding to build this facility. The intent of all parties is for City to take on all responsibility for construction and when construction is complete, the City will transfer ownership to Columbia Pacific Food Bank. Construction has not commenced.

The Organization has no legal requirements in relationship to this development other than to operate the building as a food pantry when and if it is completed.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 10, 2021, which is the date the financial statements were available to be issued.

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of donors and program recipients to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.