

COLUMBIA PACIFIC FOOD BANK

FINANCIAL STATEMENTS

Year Ended June 30, 2023



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

COLUMBIA PACIFIC FOOD BANK

FINANCIAL STATEMENTS

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Columbia Pacific Food Bank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Columbia Pacific Food Bank as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Columbia Pacific Food Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Columbia Pacific Food Bank'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, including omissions, 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.

To the Board of Directors
Columbia Pacific Food Bank

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 Columbia Pacific Food Bank'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 Columbia Pacific Food Bank'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.

Report on Summarized Comparative Information

We have previously audited Columbia Pacific Food Bank's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
March 12, 2024

COLUMBIA PACIFIC FOOD BANK
STATEMENT OF FINANCIAL POSITION

June 30, 2023
(With Comparative Totals as of June 30, 2022)

ASSETS

	2023		2022
Cash and cash equivalents	\$ 487,706	\$	395,023
Investments	101,025		97,134
Grants receivable	60,775		-
Prepaid expenses	-		5,327
Inventories	63,358		96,518
Property and equipment, net	752,491		774,809
Total assets	\$ 1,465,355	\$	1,368,811

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 65,998	\$	20,095
Note payable	222,173		228,938
Total liabilities	288,171		249,033
Net assets			
Net assets without donor restrictions			
Available for operations	325,091		340,400
Board designated - building reserve	301,775		213,507
Board designated - equipment reserve	10,000		10,000
Board designated - emergency reserve	10,000		10,000
Net investment in property and equipment	530,318		545,871
Total net assets	1,177,184		1,119,778
Total liabilities and net assets	\$ 1,465,355	\$	1,368,811

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Revenues and other support		
Donated goods	\$ 1,656,193	\$ 1,703,252
Contributions	549,110	432,158
Government support	192,212	138,023
Share contributions	20,509	791
Investment income	2,185	12,375
Realized and unrealized gain (loss) on investments	2,407	(17,513)
Miscellaneous income	1,790	1,437
Total revenues and other support	<u>2,424,406</u>	<u>2,270,523</u>
Expenses		
Food distribution program	2,286,762	2,179,950
Supporting services		
Administration	20,331	19,470
Resource development	59,907	65,683
Total expenses	<u>2,367,000</u>	<u>2,265,103</u>
Change in net assets	57,406	5,420
Net assets without donor restrictions, beginning of year	<u>1,119,778</u>	<u>1,114,358</u>
Net assets without donor restrictions, end of year	<u>\$ 1,177,184</u>	<u>\$ 1,119,778</u>

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	<u>SUPPORTING SERVICES</u>				<u>Total</u>	
	<u>Food</u>	<u>Admin- istration</u>	<u>Resource</u>	<u>Development</u>	<u>2023</u>	<u>2022</u>
	<u>Distribution</u>				<u>Program</u>	
Emergency disbursements						
Donated food	\$ 1,689,353	\$ -	\$ -	\$ -	\$ 1,689,353	\$ 1,710,094
Purchased food	208,391	-	-	-	208,391	24,406
Operating expenses						
Salaries	170,134	8,232	30,510	-	208,876	227,523
Payroll taxes and employee benefits	16,529	775	2,789	-	20,093	22,650
Utilities	13,738	1,647	2,931	-	18,316	16,000
Telephone	2,735	328	584	-	3,647	3,424
Repairs and maintenance	33,058	-	-	-	33,058	7,015
Insurance	31,375	3,764	6,693	-	41,832	22,907
Banking fees	-	-	1,993	-	1,993	1,711
Supplies	7,365	883	1,570	-	9,818	1,745
Newsletter and public relations	-	-	392	-	392	5,550
Depreciation	32,519	-	-	-	32,519	27,835
Interest	11,648	-	-	-	11,648	13,863
Miscellaneous	69,917	4,702	12,445	-	87,064	92,108
Grant to City of St. Helens	-	-	-	-	-	88,272
	<u>\$ 2,286,762</u>	<u>\$ 20,331</u>	<u>\$ 59,907</u>	<u>\$ -</u>	<u>\$ 2,367,000</u>	<u>\$ 2,265,103</u>

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 57,406	\$ 5,420
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,518	27,835
(Gain) loss on investments	(2,407)	17,513
Changes in assets and liabilities:		
Prepaid expenses	5,327	12,477
Accounts receivable	(60,775)	-
Inventories	33,160	29,197
Accounts payable and accrued expenses	45,903	(16)
Net cash provided by (used in) operating activities	111,132	92,426
Cash flows from investing activities:		
Purchase of investments	(41,292)	(84,804)
Proceeds from sale of investments	39,808	73,436
Purchase of property and equipment	(10,200)	(285,146)
Net cash provided by (used in) investing activities	(11,684)	(296,514)
Cash flows from financing activities:		
Payments on long-term debt	(6,765)	(4,550)
Net cash provided by (used in) financing activities	(6,765)	(4,550)
Net change in cash and cash equivalents	92,683	(208,638)
Cash and cash equivalents, beginning of year	395,023	603,661
Cash and cash equivalents, end of year	\$ 487,706	\$ 395,023
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 11,647	\$ 12,567

See notes to financial statements.

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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.

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. Allocations are based on time and effort.

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.

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.

COLUMBIA PACIFIC FOOD BANK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share Contributions and Food-to-Buy Program

Share contributions and purchased Food-to-Buy is food that is purchased by CPFEB at bulk prices and distributed to Regional Food Banks and local agencies at cost plus a nominal administrative fee. Share contribution revenue and Food-to-Buy program revenue is recognized upon shipment of the purchased food.

Donated Goods, Services and Food

Donated goods are reflected as a contribution when received. CPFEB received approximately 1.3 million pounds of food and grocery products from the food industry, other businesses, community organizations and individuals during the year ended June 30, 2023. The product is valued at its estimated wholesale value of \$1.25 per pound. To arrive at the estimated wholesale fair value, CPFEB 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 at CPFEB.

Donations of materials and small equipment are reflected as support without donor restrictions and expensed as utilized at their estimated fair value.

It is the Organization's policy to utilize gifts of non-monetary assets to carry out its mission. If an asset is gifted that the Organization cannot utilize, the asset will be sold at fair market value or returned to the donor.

CPFEB 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 2023, approximately 6,000 volunteer hours were utilized re-packing food, assisting with educational and community programs and special events. These hours of general volunteer support are not reflected in the financial statements as they do not meet the criteria for recording donated services.

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.

Inventories

Inventories consist of donated food and grocery products, USDA commodities, and purchased products. 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. During the year ended June 30, 2023, management assessed its estimate of the value of donated goods inventory as \$1.25 per pound.

COLUMBIA PACIFIC FOOD BANK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$2,000.

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.

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.

COLUMBIA PACIFIC FOOD BANK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2023 are as follows:

	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Exchange traded funds	\$ 101,025	\$ -	\$ -	\$ 101,025
Total investments	<u>\$ 101,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,025</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2023:

Land	\$ 113,435
Building	647,782
Furniture and fixtures	39,481
Vehicles	172,983
Construction in progress	-
Total property and equipment	<u>973,681</u>
Less accumulated depreciation	<u>(221,190)</u>
Property and equipment, net	<u>\$ 752,491</u>

Depreciation expense for year ended June 30, 2023, was \$32,519.

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 balloon payment of \$189,701 due June 13, 2028; secured by the building.

Maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 6,276
2025	6,618
2026	6,996
2027	7,397
2028	194,886
	<u>\$ 222,173</u>

COLUMBIA PACIFIC FOOD BANK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

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

As of June 30, 2023, the Board has designated net assets totaling \$10,000 for equipment, and \$10,000 for an emergency reserve and \$301,775 for building maintenance reserve.

NOTE H – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2023:

Financial assets at year-end	
Cash and cash equivalents	\$ 487,706
Accounts receivable	60,775
Investments	<u>101,025</u>
Total financial assets	<u>649,506</u>
Less those unavailable for general expenditure within one year, due to:	
Board designated reserves	<u>(321,775)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 327,731</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 I – COMMITMENTS AND CONTINGENCIES

The Organization purchased property for the purpose of becoming the future operations location for the food bank. Because the city of St. Helens (City) wished to see this property developed into a food bank, the City obtained funding to build this facility. When construction was completed, the City transferred all rights to Columbia Pacific Food Bank. The Organization received a certificate of completion in October of 2022. The Organization has no legal requirements in relationship to this development other than to operate the building as a food pantry, evidenced by a deed restriction limiting the use as a food pantry, that expires in August of 2027.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 12, 2023, which is the date the financial statements were available to be issued.