

**FOOD SHARE OF LINCOLN COUNTY
OREGON**

REVIEWED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

FOOD SHARE OF LINCOLN COUNTY, OREGON

BOARD OF DIRECTORS

President	George Stankey 1129 Alike Lane Seal Rock, OR 97376
Vice President	Rebecca Lytwyn 220 NE 12 th Newport, OR 97365
Secretary	Marcie Quintana PO Box 2203 Waldport, OR 97394
Treasurer	Cora Warfield 717 Olalla Road Toledo, OR 97391
Director	Cynthia Jacobi 428 NW 17 th Newport, OR 97365
Director	Emilia Lacy 1447 SE Marine Dr. Newport, OR 97365
Director	Julia Young-Lorion 36 SW Nye Street Newport, OR 97365
Director	Larry Hood 546 NW 54 th Street Newport, OR 97365
Director	Lorrie Bice 216 NE 5 th Street Newport, OR 97365

STAFF

Executive Director	Nancy Smith
--------------------	-------------

FOOD SHARE OF LINCOLN COUNTY, OREGON

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page

List of Directors

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

GRIMSTAD & ASSOCIATES
Certified Public Accountants

October 14, 2016

Newport Office:
P.O. Box 1930
530 N.W. 3rd St. Ste E
Newport, OR 97365
(541) 265-5411
Fax (541) 265-9255
info@grimstad-assoc.com

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Lincoln City Office:
1349 N.W. 15th Street
Lincoln City, OR 97367
(541) 994-5252
Fax (541) 994-2105

To the Board of Directors
Food Share of Lincoln County
Newport, Oregon

I have reviewed the accompanying statement of financial position of Food Share of Lincoln County (a nonprofit organization) as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement taken as a whole. Accordingly, I do not express such an opinion.

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 designs, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.


Signe Grimstad
Certified Public Accountant

Members:
AICPA OSCP & OAIA

FOOD SHARE OF LINCOLN COUNTY, OREGON

STATEMENT OF FINANCIAL POSITION
as of June 30, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 26,611
Investments	176,640
Accounts receivable	3,433
Prepaid expense	7,137
Inventory	<u>395</u>
 Total current assets	 <u>214,215</u>

Other Assets

Loan origination fees, net of amortization	676
Land	40,000
Capital assets, net of depreciation	<u>96,541</u>

Total other assets 137,217

Total assets \$ 351,432

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 6,318
Payroll and payroll taxes	4,407
Compensated absences	<u>8,196</u>

Total current liabilities 18,921

Net Assets

Unrestricted	310,804
Temporarily Restricted	<u>21,707</u>

Total net assets 332,511

Total liabilities and net assets \$ 351,432

FOOD SHARE OF LINCOLN COUNTY, OREGON

STATEMENT OF ACTIVITIES
for the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	\$ 8,865	\$ 98,160	\$ 107,025
Donations	839,994	0	839,994
Fundraising	68,621	0	68,621
Investment income	3,963	0	3,963
Unrealized gain on investment	(1,397)	0	(1,397)
Other income	25	0	25
Release from temporarily restricted	<u>76,453</u>	<u>(76,453)</u>	<u>0</u>
 Total support and revenue	 <u>996,524</u>	 <u>21,707</u>	 <u>1,018,231</u>
EXPENSES			
Operating program	1,047,537	0	1,047,537
General and administrative	45,946	0	45,946
Fundraising	<u>6,151</u>	<u>0</u>	<u>6,151</u>
 Total expenses	 <u>1,099,634</u>	 <u>0</u>	 <u>1,099,634</u>
 Changes in net assets	 (103,110)	 21,707	 (81,403)
 NET ASSETS - Beginning of year	 <u>413,914</u>	 <u>0</u>	 <u>413,914</u>
 NET ASSETS - End of year	 <u>\$ 310,804</u>	 <u>\$ 21,707</u>	 <u>\$ 332,511</u>

See accompanying notes and independent accountant's review report.

FOOD SHARE OF LINCOLN COUNTY, OREGON

STATEMENT OF FUNCTIONAL EXPENSES
for the Year Ended June 30, 2016

	<u>Operating Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Food purchases	\$ 55,480	\$ 0	\$ 0	\$ 55,480
Distributed food	752,226	0	0	752,226
Warehouse supplies	2,447	0	0	2,447
Utilities	7,220	0	0	7,220
Repairs and maintenance	0	2,679	0	2,679
Insurance	0	9,353	0	9,353
Fees and licenses	0	520	0	520
Education and seminars	0	574	0	574
Public relations	164	0	0	164
Fundraising	0	0	6,151	6,151
Office expense and postage	0	7,328	0	7,328
Printing	0	2,366	0	2,366
Travel	0	2,823	0	2,823
Professional fees	0	9,868	0	9,868
Salaries and payroll taxes	147,277	0	0	147,277
Employee benefits	15,417	0	0	15,417
Grant expense	67,306	0	0	67,306
Miscellaneous	0	1,989	0	1,989
Depreciation and amortization	0	8,446	0	8,446
Totals	<u>\$ 1,047,537</u>	<u>\$ 45,946</u>	<u>\$ 6,151</u>	<u>\$ 1,099,634</u>

See accompanying notes and independent accountant's review report.

FOOD SHARE OF LINCOLN COUNTY, OREGON

STATEMENT OF CASH FLOWS
for the Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (81,403)
Unrealized gain on investment	1,397
Depreciation and amortization	8,446
Adjustments to reconcile changes in net assets to cash provided by operating activities	
(Increase) decrease in:	
Accounts receivable	(664)
Inventory	11,017
Prepaid expense	1,347
Increase (decrease) in:	
Accounts payable	(1,215)
Payroll and payroll taxes payable	262
Compensated absences	<u>4,426</u>
Net cash provided (used) by operating activities	(56,387)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Purchase of capital assets	(5,971)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment proceeds	<u>14,205</u>
Net increase (decrease) in cash and cash equivalents	(48,153)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>74,764</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 26,611</u>

See accompanying notes and independent accountant's review report.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS as of June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Food Share of Lincoln County (Organization) is a not-for-profit organization established to provide food to needy individuals throughout Lincoln County. To accomplish its mission, the Organization collects, warehouses, and distributes food to those in need through local food pantries. The Organization's primary funding sources are donor contributions and grants.

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Accounting and Presentation

The accounts of the Organization are maintained on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Pledges and Donor Restrictions

The Organization does not recognize contributions until received in cash, as pledges from contributors are considered expressions of intent rather than legally binding claims.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services and Materials

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization receives donated services from a variety of unpaid volunteers assisting at the food pantries. No amounts are recognized in the accompanying statement of activities as the criteria for recognition of such volunteer effort under SFAS No. 116 are not satisfied.

Deposits and Investments

Cash consists of funds in demand deposit and money market accounts. For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Inventory

Inventory consists of food counted in pounds and then converted to a dollar value using the United States Department of Agriculture (USDA) recommended average cost per pound which fluctuates periodically. Food is segregated physically and accounted for separately to comply with grant requirements.

Accounts Receivable

Receivables are reported at the amount anticipated to be collected at year end. The direct write-off method is utilized.

Capital Assets

Assets are stated at cost, or if donated, at approximate fair value at the date of donation. Assets with a useful life in excess of one year and a cost greater than \$5,000 are capitalized. When items are retired or sold, the cost is removed from the accounts, and any resulting gain or loss is recognized. The cost of repair and maintenance is expensed when incurred.

Depreciation and Amortization

The Organization amortizes loan fees over the life of the loan. Depreciation expense is calculated for capital assets using the straight-line method over the useful lives of each asset as follows:

	<u>Years</u>
Buildings	10 - 40
Leasehold improvements	5 - 10
Equipment	5 - 7

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value

Financial instruments include cash and cash equivalents approximating fair value because of the short maturity. The carrying amount of investments are at fair value. See Note 2.

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, are classified in the accompanying Statement of Financial Position as follows:

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Cash and cash equivalents	\$ 26,611	\$ 4,904	\$ 21,707
Investments	<u>176,640</u>	<u>176,640</u>	<u>0</u>
Total cash and investments	<u>\$ 203,251</u>	<u>\$ 181,544</u>	<u>\$ 21,707</u>

Cash and investments as of June 30 consist of the following:

	<u>Balance</u>
Cash on hand	\$ 200
Deposits with financial institutions	26,411
Certificates of deposit	30,187
Stock	<u>146,453</u>
Total cash and investments	<u>\$ 203,251</u>

Deposits

At the end of the fiscal year, the Organization's total deposits with financial institutions have a bank value of \$123,983. All deposits were covered by federal depository insurance (FDIC) and/or securities investor protection corporation (SIPC).

Investments

As of June 30, the Organization's investments consisted of the following:

	<u>Balance</u>
Certificates of deposit	\$ 30,187
US Stock (Level 1)	<u>146,453</u>
Total investments	<u>\$ 176,640</u>

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments

The carrying value of the certificates of deposit reflects their original cost plus interest. The certificates bear interest ranging from .07% to .35% and have maturities ranging from 182 days to thirteen months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Stock is carried at current market value. Any investment in stock is subject to fluctuations of the market and is not guaranteed or insured.

Fair Value Measurements

Under SFAS No. 157 there is a three-level hierarchy for disclosure of investments recorded at fair value. Level I represents quoted prices available in active markets. Types of investments would include listed equities and derivatives. Level II consists of pricing inputs observable for the investments, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Investments generally in this category are corporate bonds, loans, less liquid and restricted equity securities and certain over-the-counter derivatives. Level III are pricing inputs unobservable and include situations where there is little market activity. Investments in this category include general and limited partnership interests in corporate private equity and real estate funds.

The Organization's policy is to be diversified in low risk income, growth and income, and growth mutual funds. Investment securities are exposed to various risks, such as interest rate, market and credit. The diversification of the Organization's invested assets among these various asset classes should mitigate the impact of dramatic change on any one asset class.

NOTE 3 - CAPITAL ASSETS

Capital assets subject to depreciation consist of the following:

	<u>Balance</u>
Building	\$ 155,813
Leasehold improvements	11,340
Equipment	<u>89,097</u>
	256,250
Accumulated depreciation	<u>(159,709)</u>
Capital assets, net	<u>\$ 96,541</u>

Depreciation expense for the year was \$8,343.

NOTE 4 - RESTRICTED NET ASSETS

Temporarily restricted net assets represent donor restrictions for food and shelving.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2016

NOTE 5 - RISKS AND UNCERTAINTIES

The Organization relies primarily on outside donations and grants to sustain its operations. Were these donations or grants to decrease or discontinue, it could significantly impact the Organization's ability to continue its operations.

NOTE 6 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 14, 2016, the date which the financial statements were available to be issued.