

**FOOD SHARE OF LINCOLN COUNTY
OREGON**

REVIEWED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

Prepared By
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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	Cynthia Jacobi 428 NW 17 th Newport, OR 97365
Treasurer	Cora Warfield 717 Olalla Road Toledo, OR 97391
Director	Emilia Lacy 1447 SE Marine Dr. Newport, OR 97365
Director	Julia Young-Lorion 36 SW Nye Street Newport, OR 97365
Director	Lorrie Bice 216 NE 5 th Street Newport, OR 97365
Director	Marcie Quintana PO Box 2203 Waldport, OR 97394

STAFF

Executive Director	Nancy Mitchell
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FOOD SHARE OF LINCOLN COUNTY, OREGON

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List of Directors

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying financial statement of Food Share of Lincoln County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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

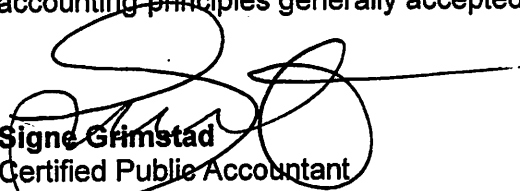
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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
Newport, Oregon
October 25, 2018

FOOD SHARE OF LINCOLN COUNTY, OREGON

STATEMENT OF FINANCIAL POSITION
as of June 30, 2018

	<u>Total</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 150,597
Investments	151,385
Accounts receivable	19,207
Due from PayPal	452
Prepaid expense	7,634
Inventory	<u>39,894</u>
Total current assets	<u>369,169</u>
Other Assets	
Land	40,000
Capital assets, net of depreciation	<u>79,834</u>
Total other assets	<u>119,834</u>
Total assets	<u>\$ 489,003</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 2,717
Payroll and payroll taxes	3,769
Compensated absences	<u>7,115</u>
Total current liabilities	<u>13,601</u>
Net Assets	
Unrestricted	384,631
Temporarily Restricted	<u>90,771</u>
Total net assets	<u>475,402</u>
Total liabilities and net assets	<u>\$ 489,003</u>

See accompanying notes and independent accountant's review report.

FOOD SHARE OF LINCOLN COUNTY, OREGON

STATEMENT OF ACTIVITIES
for the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	\$ 6,173	\$ 206,074	\$ 212,247
Contributions	116,650	0	116,650
Donations, in kind	1,009,461	0	1,009,461
Fundraising	88,763	0	88,763
Investment income	3,644	0	3,644
Unrealized gain on investment	2,342	0	2,342
Realized loss on investment	(1,004)	0	(1,004)
Release from temporarily restricted	<u>118,220</u>	<u>(118,220)</u>	<u>0</u>
 Total support and revenue	 <u>1,344,249</u>	 <u>87,854</u>	 <u>1,432,103</u>
 EXPENSES			
Operating program	1,311,719	0	1,311,719
General and administrative	30,345	0	30,345
Fundraising	<u>5,389</u>	<u>0</u>	<u>5,389</u>
 Total expenses	 <u>1,347,453</u>	 <u>0</u>	 <u>1,347,453</u>
 Changes in net assets	 <u>(3,204)</u>	 <u>87,854</u>	 <u>84,650</u>
 NET ASSETS - Beginning of year	 326,660	 2,917	 329,577
Prior period adjustment	<u>61,175</u>	<u>0</u>	<u>61,175</u>
 NET ASSETS - Beginning of year, restated	 <u>387,835</u>	 <u>2,917</u>	 <u>390,752</u>
 NET ASSETS - End of year	 <u>\$ 384,631</u>	 <u>\$ 90,771</u>	 <u>\$ 475,402</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, 2018

	<u>Operating Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Food purchases	\$ 39,790	\$ 0	\$ 0	\$ 39,790
Distributed food	1,029,053	0	0	1,029,053
Warehouse supplies	1,174	0	0	1,174
Utilities	7,833	0	0	7,833
Repairs and maintenance	0	3,093	0	3,093
Insurance	2,159	4,629	0	6,788
Fees and licenses	0	1,539	0	1,539
Education and seminars	0	255	0	255
Public relations	299	0	0	299
Fundraising	0	0	5,389	5,389
Office expense and postage	0	4,088	0	4,088
Printing	0	1,910	0	1,910
Travel	0	1,990	0	1,990
Professional fees	0	11,497	0	11,497
Salaries and payroll taxes	135,750	0	0	135,750
Employee benefits	16,181	0	0	16,181
Grant expense	71,142	0	0	71,142
Miscellaneous	0	1,344	0	1,344
Depreciation	8,235	0	0	8,235
Amortization	103	0	0	103
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 1,311,719</u>	<u>\$ 30,345</u>	<u>\$ 5,389</u>	<u>\$ 1,347,453</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, 2018

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 84,650
Net gain on investment, realized and unrealized	(1,338)
Depreciation and amortization	8,338
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
(Increase) decrease in:	
Accounts receivable	769
Due from PayPal	(452)
Inventory	20,609
Prepaid expense	600
Increase (decrease) in:	
Accounts payable	(2,360)
Payroll and payroll taxes payable	(444)
Compensated absences	(459)
	109,913
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment purchases	(127,997)
Investment proceeds	124,947
	(3,050)
Net income from investment activities	106,863
Net increase in cash and cash equivalents	43,734
CASH AND CASH EQUIVALENTS - Beginning of year (restricted \$2,917)	150,597
CASH AND CASH EQUIVALENTS - End of year (restricted \$90,771)	\$ 150,597

See accompanying notes and independent accountant's review report.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS as of June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

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

Food Share 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 Food Share are maintained on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. Food Share 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

Food Share 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.

Food Share 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, Food Share 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, 2018

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

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 Food Share'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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for the asset or liability.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. However, Level 1 inputs are not available for some of the assets that the organization is required to measure at fair value (for example, in-kind contributions).

The primary uses of fair value measures are as follows.

Initial measurement of in-kind contributions.

Recurring measurement of inventory.

Initial measurement of stock investments.

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.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS

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

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrestricted</u>	<u>Restricted</u>
Cash and cash equivalents	\$ 150,597	\$ 150,597	\$ 59,826	\$ 90,771
Investments	119,526	151,385	151,385	0
Total cash and investments	<u>\$ 270,123</u>	<u>\$ 301,982</u>	<u>\$ 211,211</u>	<u>\$ 90,771</u>

Restricted cash represents fewer restrictions for cooking classes and purchase of a truck. See Note 5.

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

	<u>Balance</u>
Cash on hand	\$ 200
Deposits with financial institutions	150,397
Certificates of deposit	21,047
Stock	130,338
Total cash and investments	<u>\$ 301,982</u>

Deposits

At the end of the fiscal year, Food Share's total deposits with financial institutions have a bank value of \$170,015. All deposits were covered by federal depository insurance (FDIC) and/or securities investor protection corporation (SIPC).

Investments

As of June 30, Food Share's investments consisted of the following at fair value:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 14,000	\$ 21,047
Stocks (Level 1)	119,526	130,338
Total investments	<u>\$ 133,526</u>	<u>\$ 151,385</u>

Investment net realized and unrealized gains (losses) for the year ended June 30, 2018 are as follows:

	<u>Unrestricted</u>
Dividends	\$ 3,509
Net realized loss	(1,004)
Net unrealized gains (losses)	2,342
Total	<u>\$ 4,847</u>

Administrative fees for the investments was \$958 for the year.

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.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments

The following table summarizes the levels of the stock investments at fair market value, greater than 5% as of June 30.

	<u>Level 1</u>	<u>Holding</u>
Investco Core Plus Bond R6	\$ 16,813	14.07%
iShares Core	14,164	11.85%
Vanguard Int-Term Bd ETF	14,077	11.78%
Vanguard Ttl Bd Market ETF	13,233	11.07%
Invesco Corporate Bond R6	11,310	9.46%
John Hancock Bond Fund CIR6	10,396	8.70%
AT&T Inc.	7,041	5.89%
Visa Inc. Cl A	6,698	5.60%
Marathon Oil Corp.	6,176	5.17%
Stocks under 5% holdings	<u>19,618</u>	<u>16.41%</u>
Total	<u>\$ 119,526</u>	<u>100.00%</u>

Deposits

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

Food Share'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 Food Share's invested assets among these various asset classes should mitigate the impact of dramatic change on any one asset class.

NOTE 3 - INVENTORY

The inventory is stated at fair value.

	<u>Balance</u>	
Donated food and groceries	<u>\$ 39,894</u>	Level 2

As discussed in Note 1, Food Share reports its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to Food Share's valuation techniques. Level 1, the most observable level of inputs, is for inventory measured at quoted prices in active markets for identical inventory as of June 30, 2018. Level 2 is for inventory measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for inventory measured at net asset value that can be redeemed in the near term. Level 3 is for inventory measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the inventory.

Donated food and groceries - are stated at estimated wholesale fair value; determined to be \$1.53 per pound.

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2018

NOTE 4 - CAPITAL ASSETS

Capital assets subject to depreciation consist of the following:

	<u>Balance</u>
Building	\$ 155,814
Leasehold improvements	11,340
Equipment	<u>89,096</u>
	256,250
Accumulated depreciation	<u>(176,416)</u>
Capital assets, net	<u>\$ 79,834</u>

Depreciation expense for the year was \$8,235.

NOTE 5 - RESTRICTED NET ASSETS

Temporarily restricted net assets represent donor restrictions as follows:

	<u>Balance</u>
Cooking courses	\$ 3,839
Truck	<u>86,932</u>
Total	<u>\$ 90,771</u>

NOTE 6 - CONCENTRATIONS OF RISK

The majority of Food Share's income is received from other nonprofit organizations, governmental agencies, and contributions. As such, Food Share's ability to generate resources via contracts, grants and contributions is dependent upon the economic health of the governmental agencies and area nonprofit organizations. An economic downturn could cause a decrease in income that coincides with an increase in demand for Food Share's services.

Of the amounts receivable balance, approximately 66% is Oregon Food Bank.

Approximately 70% of donated food comes from Oregon Food Bank, Inc. whose operations encompass the entire State of Oregon.

NOTE 7 - RISKS AND UNCERTAINTIES

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

FOOD SHARE OF LINCOLN COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2018

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The ending net assets at June 30, 2017 were restated for the fair market value adjustment to inventory. As a result, donated income was understated by the same amount of \$61,175 and inventory was adjusted from cost up to market value.

NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS

Food Share has evaluated subsequent events through October 25, 2018, the date which the financial statements were available to be issued.