

## **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, 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. 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  
November 10, 2017

**FOOD SHARE OF LINCOLN COUNTY, OREGON**

**BOARD OF DIRECTORS**

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

**STAFF**

<b>Executive Director</b>	<b>Nancy Mitchell</b>
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**FOOD SHARE OF LINCOLN COUNTY, OREGON**

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**FOOD SHARE OF LINCOLN COUNTY, OREGON**

**STATEMENT OF FINANCIAL POSITION**  
as of June 30, 2017

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 43,734
Investments	144,822
Accounts receivable	19,976
Prepaid expense	8,234
Inventory	<u>1,033</u>
 Total current assets	 <u>217,799</u>

**Other Assets**

Loan origination fees, net of amortization	574
Land	40,000
Capital assets, net of depreciation	<u>88,068</u>
 Total other assets	 <u>128,642</u>

Total assets \$ 346,441

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 5,077
Payroll and payroll taxes	4,213
Compensated absences	<u>7,574</u>
 Total current liabilities	 <u>16,864</u>

**Net Assets**

Unrestricted	326,660
Temporarily Restricted	<u>2,917</u>
 Total net assets	 <u>329,577</u>
 Total liabilities and net assets	 <u>\$ 346,441</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 7,522	\$ 108,080	\$ 115,602
Donations	1,242,469	0	1,242,469
Fundraising	77,594	0	77,594
Investment income	16,157	0	16,157
Unrealized gain on investment	3,110	0	3,110
Other income	49	0	49
Release from temporarily restricted	<u>126,870</u>	<u>(126,870)</u>	<u>0</u>
 Total support and revenue	 <u>1,473,771</u>	 <u>(18,790)</u>	 <u>1,454,981</u>
 <b>EXPENSES</b>			
Operating program	1,420,241	0	1,420,241
General and administrative	32,703	0	32,703
Fundraising	<u>4,971</u>	<u>0</u>	<u>4,971</u>
 Total expenses	 <u>1,457,915</u>	 <u>0</u>	 <u>1,457,915</u>
 Changes in net assets	 15,856	 (18,790)	 (2,934)
 NET ASSETS - Beginning of year	 <u>310,804</u>	 <u>21,707</u>	 <u>332,511</u>
 NET ASSETS - End of year	 <u>\$ 326,660</u>	 <u>\$ 2,917</u>	 <u>\$ 329,577</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, 2017

	<u>Operating Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Food purchases	\$ 37,662	\$ 0	\$ 0	\$ 37,662
Distributed food	1,134,122	0	0	1,134,122
Warehouse supplies	1,528	0	0	1,528
Pantry rent expense	500	0	0	500
Utilities	8,534	0	0	8,534
Repairs and maintenance	0	2,462	0	2,462
Insurance	2,159	4,925	0	7,084
Fees and licenses	0	722	0	722
Public relations	424	0	0	424
Fundraising	0	0	4,971	4,971
Office expense and postage	0	6,578	0	6,578
Printing	0	3,777	0	3,777
Travel	0	1,957	0	1,957
Professional fees	0	10,630	0	10,630
Salaries and payroll taxes	140,619	0	0	140,619
Employee benefits	15,619	0	0	15,619
Grant expense	70,398	0	0	70,398
Donations	100	0	0	100
Miscellaneous	0	1,652	0	1,652
Depreciation and amortization	<u>8,576</u>	<u>0</u>	<u>0</u>	<u>8,576</u>
<b>Totals</b>	<b><u>\$ 1,420,241</u></b>	<b><u>\$ 32,703</u></b>	<b><u>\$ 4,971</u></b>	<b><u>\$ 1,457,915</u></b>

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, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (2,934)
Unrealized gain on investment	(3,110)
Depreciation and amortization	8,576
Adjustments to reconcile changes in net assets to cash provided by operating activities	
(Increase) decrease in:	
Accounts receivable	(16,543)
Inventory	(638)
Prepaid expense	(1,097)
increase (decrease) in:	
Accounts payable	(1,241)
Payroll and payroll taxes payable	(194)
Compensated absences	<u>(622)</u>
Net cash provided (used) by operating activities	(17,803)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment proceeds	<u>34,926</u>
Net increase (decrease) in cash and cash equivalents	17,123
CASH AND CASH EQUIVALENTS - Beginning of year (restricted \$21,701)	<u>26,611</u>
CASH AND CASH EQUIVALENTS - End of year (restricted \$2,971)	<u><u>\$ 43,734</u></u>

See accompanying notes and independent accountant's review report.

## **FOOD SHARE OF LINCOLN COUNTY, OREGON**

### **NOTES TO FINANCIAL STATEMENTS as of June 30, 2017**

#### **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, 2017

**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**

Food Share 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 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, 2017

#### 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, 2017

**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	\$ 43,734	\$ 40,763	\$ 2,971
Investments	144,822	144,822	0
Total cash and investments	<u>\$ 188,556</u>	<u>\$ 185,585</u>	<u>\$ 2,971</u>

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

	<u>Balance</u>
Cash on hand	\$ 400
Deposits with financial institutions	43,334
Certificates of deposit	17,340
Stock	127,482
Total cash and investments	<u>\$ 188,556</u>

**Deposits**

At the end of the fiscal year, Food Share's total deposits with financial institutions have a bank value of \$61,362. 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>Balance</u>
Certificates of deposit	\$ 17,340
Stocks (Level 1)	127,482
Total investments	<u>\$ 144,822</u>

Investment net realized and unrealized gains (losses) for the year ended June 30, 2017 are as follows:

	<u>Unrestricted</u>
Net realized gains	\$ 12,497
Net unrealized gains (losses)	3,110
Total	<u>\$ 15,607</u>

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, 2017

**NOTE 2 - DEPOSITS AND INVESTMENTS - Continued**

**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>\$ 1,033</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, 2017. 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.

**NOTE 4 - CAPITAL ASSETS**

Capital assets subject to depreciation consist of the following:

	<u>Balance</u>
Building	\$ 155,813
Leasehold improvements	11,340
Equipment	<u>89,096</u>
	256,249
Accumulated depreciation	<u>(168,181)</u>
Capital assets, net	<u>\$ 88,068</u>

Depreciation expense for the year was \$8,473.

**NOTE 5 - RESTRICTED NET ASSETS**

Temporarily restricted net assets represent donor restrictions for cooking courses.

## **FOOD SHARE OF LINCOLN COUNTY, OREGON**

### **NOTES TO FINANCIAL STATEMENTS as of June 30, 2017**

#### **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.

Approximately 70% of donated food comes from Oregon Food Bank, Inc.

#### **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.

#### **NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS**

Food Share has evaluated subsequent events through November 10, 2017, the date which the financial statements were available to be issued.