



## **Financial Statements**

December 31, 2023 and 2022

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**BATTERSHELL & NICHOLS**  
A PROFESSIONAL SERVICE CORPORATION

To the Board of Trustees of  
Orting Food Bank  
Orting, Washington

Management is responsible for the accompanying financial statements of Orting Food Bank (the Organization) which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

*Battershell & Nichols*

Puyallup, Washington  
March 22, 2024

**Orting Food Bank**  
**Statements of Financial Position**  
December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 166,221	\$ 208,529
Food inventory	<u>92,191</u>	<u>76,591</u>
<b>Total Current Assets</b>	<u>258,412</u>	<u>285,120</u>
<b>Property and Equipment</b>		
Furniture and equipment	153,731	153,731
Buildings	388,890	388,890
Land	<u>68,378</u>	<u>68,378</u>
	610,999	610,999
Accumulated depreciation	<u>(270,442)</u>	<u>(242,251)</u>
<b>Total Property and Equipment</b>	<u>340,557</u>	<u>368,748</u>
<b>Total Assets</b>	<u><u>\$ 598,969</u></u>	<u><u>\$ 653,868</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accrued payroll and taxes	<u>\$ 2,436</u>	<u>\$ 1,827</u>
<b>Total Current Liabilities</b>	<u>2,436</u>	<u>1,827</u>
<b>Net Assets</b>		
Without Donor Restrictions:		
Undesignated	<u>596,533</u>	<u>652,041</u>
<b>Total Net Assets</b>	<u>596,533</u>	<u>652,041</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 598,969</u></u>	<u><u>\$ 653,868</u></u>

*See accompanying notes and independent accountants' compilation report.*

**Orting Food Bank**  
**Statements of Activities**  
For the Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Changes in Net Assets Without Donor Restrictions</b>		
<b>Revenue and Support</b>		
General contributions	\$ 85,586	\$ 100,637
Noncash contributions of food	1,060,597	807,108
Fundraising income	38,636	12,528
Interest income	<u>3,694</u>	<u>90</u>
<b>Total Revenue and Support</b>	1,188,513	920,363
Net assets released from restrictions	<u>6,000</u>	<u>7,048</u>
<b>Total Revenue and Other Support Without Donor Restrictions</b>	<u>1,194,513</u>	<u>927,411</u>
<b>Expenses</b>		
Program	1,170,710	916,720
General and Administration	38,219	39,958
Facilities	26,867	23,606
Fundraising	<u>14,225</u>	<u>5,054</u>
<b>Total Expenses</b>	<u>1,250,021</u>	<u>985,338</u>
<b>(Decrease) in Net Assets Without Donor Restrictions</b>	<u>(55,508)</u>	<u>(57,927)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Temporarily restricted contributions	6,000	7,048
Net assets released from restrictions	<u>(6,000)</u>	<u>(7,048)</u>
<b>Increase in Net Assets With Donor Restrictions</b>	<u>0</u>	<u>0</u>
<b>(Decrease) in Net Assets</b>	(55,508)	(57,927)
<b>Net Assets, Beginning of Year</b>	<u>652,041</u>	<u>709,968</u>
<b>Net Assets, End of Year</b>	<u>\$ 596,533</u>	<u>\$ 652,041</u>

*See accompanying notes and independent accountants' compilation report.*

**Orting Food Bank**  
**Statement of Functional Expenses**  
For the Year Ended December 31, 2023

	TOTAL	Program Services	Support Services			Total Support Services
		Program	General and Administration	Facilities	Fundraising	
Food	\$ 1,084,590	\$ 1,084,590	\$	\$	\$	\$
Personnel	71,720	57,376	14,344			14,344
General expenses	52,326	2,302	20,297	15,502	14,225	50,024
Depreciation	28,191	25,372	2,819			2,819
Repairs and maintenance	9,723			9,723		9,723
Supplies	1,829	1,070	759			759
Equipment, technology, and communication costs	1,642			1,642		1,642
	<u>\$ 1,250,021</u>	<u>\$ 1,170,710</u>	<u>\$ 38,219</u>	<u>\$ 26,867</u>	<u>\$ 14,225</u>	<u>\$ 79,311</u>

*See accompanying notes and independent accountants' compilation report.*

**Orting Food Bank**  
**Statement of Functional Expenses**  
For the Year Ended December 31, 2022

	<u>TOTAL</u>	<u>Program</u>	<u>Support Services</u>			<u>Total Support Services</u>
		<u>Program</u>	<u>General and Administration</u>	<u>Facilities</u>	<u>Fundraising</u>	
Food	\$ 836,024	\$ 836,024				
Personnel	59,476	47,581	11,895			11,895
General expenses	52,695	6,962	24,750	15,929	5,054	45,733
Depreciation	28,191	25,372	2,819			2,819
Repairs and maintenance	6,068			6,068		6,068
Supplies	1,275	781	494			494
Equipment, technology, and communication costs	1,609			1,609		1,609
	<u>\$ 985,338</u>	<u>\$ 916,720</u>	<u>\$ 39,958</u>	<u>\$ 23,606</u>	<u>\$ 5,054</u>	<u>\$ 68,618</u>

*See accompanying notes and independent accountants' compilation report.*

**Orting Food Bank**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Cash Flows Provided (Used) by Operating Activities:</b>		
Cash received from general contributions	\$ 85,586	\$ 100,637
Cash received from restricted contributions	6,000	7,048
Cash received from fundraising income	38,636	12,528
Cash received from interest and other income	3,694	90
Cash disbursed for program expenses	(99,732)	(81,446)
Cash disbursed for general supporting expenses	(35,400)	(37,139)
Cash disbursed for facility expenses	(26,867)	(23,606)
Cash disbursed for fundraising expenses	(14,225)	(5,054)
<b>Net Cash Flows (Used) by Operating Activities</b>	<u>(42,308)</u>	<u>(26,942)</u>
<b>Net (Decrease) in Cash</b>	(42,308)	(26,942)
<b>Cash - January 1, 2023 and 2022</b>	<u>208,529</u>	<u>235,471</u>
<b>Cash - December 31, 2023 and 2022</b>	<u><u>\$ 166,221</u></u>	<u><u>\$ 208,529</u></u>

**Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities**

<b>Cash Flows Provided (Used) by Operating Activities:</b>		
(Decrease) in Total Net Assets	\$ (55,508)	\$ (57,927)
Adjustments to Reconcile (Decrease) in Total Net Assets to Cash Provided by Operating Activities:		
Depreciation	28,191	28,191
Changes in Assets and Liabilities:		
(Increase) Decrease in Food inventory	(15,600)	2,749
Increase in Accrued payroll and taxes	609	45
Total Adjustments	<u>13,200</u>	<u>30,985</u>
<b>Net Cash Flows (Used) by Operating Activities</b>	<u><u>\$ (42,308)</u></u>	<u><u>\$ (26,942)</u></u>

*See accompanying notes and independent accountants' compilation report.*



**Orting Food Bank**  
**Notes to Financial Statements**  
**For the years ended December 31, 2023 and 2022**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

Orting Food Bank is located in Orting, Washington and is organized for the purposes of collecting food donations and distributing them to those in need. The Organization also provides referral services as available to help people. The Organization was incorporated as a non-profit corporation under the laws of the State of Washington in 2007 as a 501(c)(3) charity.

**Basis of Accounting**

The Organization presents financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations. The only limits on the use of this type of assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

Net assets with permanent donor restrictions that do not expire are resources whose use is limited

*See accountants' compilation report.*

**Orting Food Bank**  
**Notes to Financial Statements**  
**For the years ended December 31, 2023 and 2022**

by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

The Organization had no net assets with permanent donor restrictions at December 31, 2023 and 2022.

**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. Significant estimates include useful lives of property and equipment and allocation of expenses to programs.

**Cash**

For purposes of the statement of cash flows, cash includes time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Restricted cash represents cash received with a donor-imposed restriction that limits the use of that cash to the acquisition of property or to a specified program. Unless donor stipulations limit the use of the assets for a period of time or for a particular purpose, the donor-imposed restriction expires when the assets are placed in service in accordance with generally accepted accounting principles.

Cash at December 31, 2023 and 2022 consists of the following:

	<b>2023</b>	<b>2022</b>
Cash	\$ <u>166,221</u>	\$ <u>208,529</u>
Total cash without donor restrictions	<u>166,221</u>	<u>208,529</u>
 Cash and restricted cash presented in the Statement of Cash Flows	 \$ 166,221	 \$ 208,529

**Buildings, Equipment, Improvements, and Depreciation**

Buildings, equipment, and improvements purchased are stated at cost. Donated assets are stated at fair market value at date of receipt. Donated services that enhance non-financial assets are capitalized at fair market value at the date the services are provided. Depreciation is provided by use of the straight-line method over the estimated useful lives of the related assets ranging from three to fifteen years for equipment and thirty-nine years for buildings and improvements. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation expense for the years ended December 31, 2023 and 2022 was \$28,191 and \$28,191, respectively.

**Food Inventory**

Inventory consists of donated food and is stated at \$2.16 and \$1.82 per pound as of December 31, 2023 and 2022, respectively, as determined by the Washington State Department of Agriculture. The price per pound is determined by the average price of food listed in the consumer price index and is revalued every two years.

*See accountants' compilation report.*

**Orting Food Bank**  
**Notes to Financial Statements**  
**For the years ended December 31, 2023 and 2022**

**Allocation of Costs to Programs and Supporting Activities**

The Organization allocates personnel and facilities costs including depreciation to programs based upon time spent directly on program activities as well as the square footage of facilities used for program activities.

**Federal Income Tax**

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) except to the extent of unrelated business taxable income, if any.

**Contributions Received**

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Gifts received of long-lived assets, in the absence of donor-imposed use restrictions, are reported as without donor restrictions.

Contributions and donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Donated Services and Materials**

The Organization recognizes donated services that create or enhance nonfinancial assets. Donated services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are also recognized.

A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, the services do not meet the recognition criteria required by generally accepted accounting principles and no reliable basis exists for determining an appropriate value for those services. Donated materials are included in the financial statements at their estimated fair market values as of the date of their receipt.

**Note 2 - Concentration of Credit Risk**

The Organization maintains cash balances at financial institutions located in Washington. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The organization did not have any balances on deposit in excess of insurance limits as of the years ended December 31, 2023 and 2022.

*See accountants' compilation report.*

**Orting Food Bank**  
**Notes to Financial Statements**  
**For the years ended December 31, 2023 and 2022**

**Note 3 - Liquidity and Funds Available**

The following reflects Orting Food Bank's financial assets as of the statement of financial position date. The balance would be reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date, if such restrictions were in place. Examples of amounts not available include amounts set aside for long-term purposes that could be drawn upon if the governing board approved that action. As of the date of the financial statements, no funds were designated by the board as not available for current operating purposes.

Financial assets:	2023	2022
Cash	\$ 166,221	\$ 208,529
Financial assets, at year end	\$ 166,221	\$ 208,529
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
None	0	0
Board designations:		
None	<u>0</u>	<u>0</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 166,221	\$ 208,529

The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization may invest cash in excess of daily requirements in short-term investments. Occasionally, the board may designate a portion of any operating surplus to a liquidity reserve, which was \$0 as of December 31, 2023. In the event of an unanticipated liquidity need, the Organization could draw upon \$10,000 of its available line of credit (as further discussed in Note 4).

**Note 4 - Line of Credit**

The Organization has a line of credit for \$10,000 with a bank, which is due on demand. As of December 31, 2023 and 2022, the balance was \$0 and \$0, respectively. The line of credit bears interest at an adjustable rate of the Wall Street Journal Prime Rate (8.50% and 7.50% per annum as of December 31, 2023 and 2022, respectively) plus 2% and is secured by equipment and fixtures.

*See accountants' compilation report.*

**Orting Food Bank  
Notes to Financial Statements  
For the years ended December 31, 2023 and 2022**

**Note 5 - Contingency**

On May 5, 2015 the Organization entered into an agreement with Pierce County, Washington, through its Department of Community Connections to renovate and expand the property, which currently houses the food bank facility, for \$120,450. The Organization gave a promissory note to Pierce County for the full amount and is not required to make payments on this note provided that it complies with the following terms: the property must be used as a food bank for the benefit of low income individuals, households, or areas of Pierce County, it will maintain safe and sanitary facilities and will comply with all state and local building codes, licensing requirements, and other requirements regarding the condition of the structure and the operation of the project in the jurisdiction in which the facility is located, and it will keep any records and make any reports relating to compliance with this covenant that the County may reasonably require. If the covenant agreement is followed, the amount owed will be forgiven in full on June 30, 2045. As security for the note, the Organization granted Pierce County a deed of trust on its building, including improvements, and land located in Orting, Washington. The deed of trust and secured promissory note are subject to the restrictions previously described for a period of thirty years, beginning June 30, 2015. If the real property is sold, transferred, or otherwise conveyed or disposed of without Pierce County's prior written consent, the County may declare the principal amount of the note due immediately. After the improvements were completed in 2015, the land and building improvements have a book value of \$457,268 and are reported on the Statement of Financial Position.

**Note 6 - Subsequent Events**

Management considered and found no subsequent events, other than the matter discussed below, requiring disclosure in the financial statements occurring after the balance sheet date until March 22, 2024, the date the financials were available to be issued.

In February 2024, the Organization received a grant from the Puyallup Tribe of Indians in the amount of \$267,211. The grant is to be used for operating expenses and food.

*See accountants' compilation report.*