

WEST SEATTLE FOOD BANK

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2020 AND 2019



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
West Seattle Food Bank
Seattle, Washington

We have audited the accompanying financial statements of West Seattle Food Bank (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Seattle Food Bank as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
April 6, 2021

WEST SEATTLE FOOD BANK
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,271,326	\$ 215,132
Investments	804,885	857,865
Receivables and other	167,810	68,399
Prepays and deposits	21,344	17,188
Inventory	106,778	-
Total current assets	2,372,143	1,158,584
 Property and equipment, net	 2,059,024	 2,157,796
	\$ 4,431,167	\$ 3,316,380
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 36,296	\$ 23,401
Accrued payroll and other expenses	65,601	51,236
Total current liabilities	101,897	74,637
 Forgivable debt	 250,000	 250,000
Total liabilities	351,897	324,637
 NET ASSETS		
Without donor restrictions	4,050,502	2,938,288
With donor restrictions	28,768	53,455
	4,079,270	2,991,743
	\$ 4,431,167	\$ 3,316,380

**WEST SEATTLE FOOD BANK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With donor Restrictions	Total
SUPPORT AND REVENUE			
In-kind food and other donations	\$ 3,805,263	\$ -	\$ 3,805,263
Contributions	1,961,945	41,130	2,003,075
Special events, net	122,688	5,000	127,688
Government contracts and grants	319,808	-	319,808
Tenant revenue	9,505	-	9,505
Investment return	72,013	-	72,013
	<u>6,291,222</u>	<u>46,130</u>	<u>6,337,352</u>
Net asset releases:			
Satisfaction of purpose requirements	31,817	(31,817)	-
Satisfaction of time requirements	39,000	(39,000)	-
Total operating support and revenue	<u>6,362,039</u>	<u>(24,687)</u>	<u>6,337,352</u>
EXPENSES			
Program services	4,927,867	-	4,927,867
Management and general	111,349	-	111,349
Fundraising	210,609	-	210,609
Total expenses	<u>5,249,825</u>	<u>-</u>	<u>5,249,825</u>
 CHANGE IN NET ASSETS	 1,112,214	 (24,687)	 1,087,527
NET ASSETS			
Beginning of year	<u>2,938,288</u>	<u>53,455</u>	<u>2,991,743</u>
End of year	<u>\$ 4,050,502</u>	<u>\$ 28,768</u>	<u>\$ 4,079,270</u>

**WEST SEATTLE FOOD BANK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
In-kind food and other donations	\$ 2,847,946	\$ -	\$ 2,847,946
Contributions	552,939	165,058	717,997
Special events, net	153,053	7,000	160,053
Government contracts and grants	236,551	-	236,551
Tenant revenue	12,545	-	12,545
Investment return	108,666	-	108,666
	<u>3,911,700</u>	<u>172,058</u>	<u>4,083,758</u>
Net asset releases:			
Satisfaction of purpose requirements	105,753	(105,753)	-
Satisfaction of time requirements	31,250	(31,250)	-
Total operating support and revenue	<u>4,048,703</u>	<u>35,055</u>	<u>4,083,758</u>
EXPENSES			
Program services	3,853,921	-	3,853,921
Management and general	80,672	-	80,672
Fundraising	150,775	-	150,775
Total expenses	<u>4,085,368</u>	<u>-</u>	<u>4,085,368</u>
 CHANGE IN NET ASSETS	 (36,665)	 35,055	 (1,610)
NET ASSETS			
Beginning of year	<u>2,974,953</u>	<u>18,400</u>	<u>2,993,353</u>
End of year	<u>\$ 2,938,288</u>	<u>\$ 53,455</u>	<u>\$ 2,991,743</u>

**WEST SEATTLE FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services			Support Services		
	Food Bank	Helpline	Total	Management and General	Fundraising	Total
In-kind food and other	\$ 3,659,918	\$ 33,317	\$ 3,693,235	\$ -	\$ -	\$ 3,693,235
Salaries and wages	344,342	29,575	373,917	49,545	112,886	536,348
Purchased food	338,774	-	338,774	-	-	338,774
Rental and utility assistance	-	163,901	163,901	-	-	163,901
Payroll taxes and benefits	70,992	6,104	77,096	7,817	19,755	104,668
Depreciation	96,160	-	96,160	1,306	1,306	98,772
Occupancy	64,293	7,000	71,293	346	346	71,985
Miscellaneous	2,478	4,406	6,884	8,568	40,708	56,160
Professional services	1,691	-	1,691	36,677	7,685	46,053
Equipment maintenance	44,045	-	44,045	92	12	44,149
Supplies	29,544	273	29,817	2,184	2,103	34,104
Volunteer and public relations	18,258	-	18,258	2,160	13,203	33,621
Printing and postage	1,440	-	1,440	55	12,176	13,671
Insurance	7,630	-	7,630	2,255	-	9,885
Telephone	2,928	798	3,726	344	429	4,499
	4,682,493	245,374	4,927,867	111,349	210,609	5,249,825
Special event costs	-	-	-	-	22,954	22,954
	\$ 4,682,493	\$ 245,374	\$ 4,927,867	\$ 111,349	\$ 233,563	\$ 5,272,779

See accompanying notes to financial statements.

**WEST SEATTLE FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services	Support Services		Total
		Management and General	Fundraising	
In-kind food and other	\$ 2,847,946	\$ -	\$ -	\$ 2,847,946
Salaries and wages	298,842	26,108	86,838	411,788
Purchased food	391,715	-	-	391,715
Payroll taxes and benefits	69,155	5,570	15,678	90,403
Depreciation	96,279	1,330	1,329	98,938
Occupancy	55,205	340	340	55,885
Miscellaneous	2,560	10,545	23,606	36,711
Professional services	2,049	31,366	-	33,415
Equipment maintenance	26,193	32	36	26,261
Supplies	19,582	1,624	1,231	22,437
Volunteer and public relations	18,828	1,006	7,685	27,519
Printing and postage	936	209	13,746	14,891
Insurance	7,339	2,255	-	9,594
Telephone	2,292	287	286	2,865
Grants paid out	15,000	-	-	15,000
	<u>3,853,921</u>	<u>80,672</u>	<u>150,775</u>	<u>4,085,368</u>
Special event costs	-	-	65,820	65,820
	<u>\$ 3,853,921</u>	<u>\$ 80,672</u>	<u>\$ 216,595</u>	<u>\$ 4,151,188</u>

**WEST SEATTLE FOOD BANK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, contracts and grants	\$ 2,351,160	\$ 1,092,824
Cash received from investment income and other	31,559	50,235
Cash paid to employees and suppliers	(1,429,464)	(1,151,205)
	953,255	(8,146)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	130,000	-
Purchase of investments	(27,061)	(71,913)
	102,939	(71,913)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	1,056,194	(80,059)
 CASH AND CASH EQUIVALENTS		
Beginning of the year	215,132	295,191
End of the year	\$ 1,271,326	\$ 215,132

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – West Seattle Food Bank (the Organization) is a not-for-profit community service organization whose mission is to strengthen the community through the power of neighbors helping neighbors, working to ensure all in our community have access to the essential necessities of living. The Organization’s program services include securing and distributing quality, nutritional food to low-income residents of this community; providing home delivery services for elderly or disabled individuals unable to come into the food bank; distributing weekend food to children at risk of hunger on weekends when they are not receiving meals at school; providing baby food, formula and other essential baby supplies for infants and young children; offering free books to encourage reading; and connecting the individuals we serve with other community services and resources.

In March 2020, the Organization acquired the West Seattle Helpline and added financial assistance for rent, utilities, and move in assistance; and a free clothing bank called the Clothesline.

The Organization is supported primarily by the City of Seattle, in-kind donations, private foundations, and community support.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and 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 – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. There were no donor-restricted net assets of perpetual nature at June 30, 2020 and 2019.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all checking and savings accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments – The Organization carries its investments at fair value in the statements of financial position. Investment return is included in the change in net assets in the accompanying statements of activities.

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets.

- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

- Level 3 Inputs that are not observable that reflect management’s assumptions and estimates.

Fair value measurements apply to the Organization’s equity and fixed income funds, which are classified within Level 1 of the fair value hierarchy.

Receivables – Receivables consist primarily of amounts due from governmental agencies and pledges from other nonprofit organizations. Pledges are recorded by the Organization when promised. All account balances are due in less than one year. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

Inventory – Inventory consists of donated food and clothing and is recognized at estimated fair value.

Property and Equipment – Property and equipment is carried at cost if purchased, or at fair value if donated. Depreciation is computed using the straight-line method, currently over a period of three to forty years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$5,000. When an asset is disposed of, the cost and related accumulated depreciation of the asset is removed from the accounting records, and gain or loss is recognized.

Revenue Recognition – Revenue is recognized when earned. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between net assets with donor restrictions and net assets without donor restrictions.

Revenues from government grants are recognized when the qualified expense is incurred and are subject to audit and retroactive adjustment made by the funding agencies. The adjustments would be recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no government audits or adjustments during the years ended June 30, 2020 and 2019.

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

In-kind Food and Other Donations – Donations of goods include food and other materials and are recorded as revenue at the estimated fair value at the date of donation. The Organization estimated receipt of 1,752,216 and 1,628,441 pounds of food valued at \$3,588,036 and \$2,719,483 for the years ended June 30, 2020 and 2019, respectively. The Organization records food donations on an average value per pound basis, as determined by the State of Washington Emergency Food Assistance Program and based on pricing lists published by the U.S. Department of Agriculture. The Organization received donated baby items and books valued at \$112,402 and \$128,463 for the years ended June 30, 2020 and 2019, respectively. After the acquisition of West Seattle Helpline on February 29, 2020, the Organization received donated clothing valued at \$104,825 for the year ended June 30, 2020.

Donated Services – Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers assisted in food collection, distribution and home delivery. No amounts have been recognized as contributions in the financial statements for these volunteer hours since the recognition criteria were not met.

Functional Expense Allocation – The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. All expenses are allocated directly at the point of original data entry based on function and use. Expenses related to the building are functionally allocated based on the square footage each functional area occupies. Payroll related expenses are allocated based on employee time and effort spent in each functional area.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

New Accounting Pronouncements – The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates (ASUs) that will affect the Organization’s revenue recognition.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, and all subsequently-issued clarifying ASUs, replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP). ASU 2014-09 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

The Organization adopted ASU 2014-09 effective July 1, 2019, using the modified retrospective approach. There was no cumulative effect from the initial application recognized as an adjustment to opening net assets as a result of the adoption, and the adoption did not have a significant impact on the financial statements for the year ended June 30, 2020.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance in evaluating whether transactions should be accounted for as nonexchange or exchange transactions. In addition, ASU 2018-08 provides guidance for the identification and recognition of conditional nonexchange transactions. The Organization adopted ASU 2018-08 effective July 1, 2019, using the modified prospective approach. The adoption did not have a significant impact on the financial statements for the year ended June 30, 2020.

Subsequent Events – Subsequent events were evaluated through April 6, 2021, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 1,271,326	\$ 215,132
Investments	804,885	857,865
Receivables	167,810	68,399
Financial assets available within one year	<u>\$ 2,244,021</u>	<u>\$ 1,141,396</u>

There is some seasonal variation of income during the year due to timing of major events and end of year donations, but there are also several regular monthly income sources. The Bookkeeper and Executive Director review liquidity on a regular basis and transfer money between accounts as needed to cover checking. The Organization has financial assets available for use on general expenditures in excess of our annual budgeted expenses for the fiscal year.

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 3 – Inventory

Inventory consisted of the following at June 30:

	2020	2019
Clothing inventory	\$ 71,508	\$ -
Food inventory	35,270	-
	<u>\$ 106,778</u>	<u>\$ -</u>

Note 4 – Investments

Investments consist of the following at June 30:

	2020	2019
Equity funds	\$ 592,405	\$ 646,137
Fixed income funds	121,965	-
Money market funds	90,515	161,746
Certificates of deposit	-	49,982
	<u>\$ 804,885</u>	<u>\$ 857,865</u>

Note 5 – Conditional Grants

As of June 30, 2020, the Organization has received notice of three multi-year government grant awards totaling \$337,442, of which \$167,988 was recognized in the year ended June 30, 2020. The remainder of these awards, totaling \$169,454, will be received in the next fiscal year, contingent on the Organization’s completion of terms and conditions set forth in the grant agreements. As the remainder represents conditional promises to give, these portions of the awards will not be recognized as revenue until the grantor conditions are met.

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 6 – Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Building - condominium unit	\$ 2,985,620	\$ 2,985,620
Furniture and equipment	123,253	123,253
Vehicles	87,735	87,735
	3,196,608	3,196,608
Less accumulated depreciation	(1,137,584)	(1,038,812)
	\$ 2,059,024	\$ 2,157,796

Note 7 – Forgivable Debt

The non-interest-bearing note payable of \$250,000 to City of Seattle Human Services Department is secured by a deed of trust on the building. The note expires on September 30, 2022, at which time the debt will be forgiven, provided that the Organization adheres to the terms of the note. The Organization fully intends to comply with the terms of the note.

Note 8 – Lease Commitment

On February 1, 2020, the Organization assumed the operating lease for West Seattle Helpline’s offices and Clothesline program. The lease expires on January 31, 2021, with two extension options of 12 months each. The first option was exercised subsequent to year end. Rent expense totaled \$7,000 for the year ended June 30, 2020. Future minimum lease payments for the years ending June 30, 2021 and June 30, 2022 are \$22,250 and \$14,000, respectively.

Note 9 – Special Events

Special events revenue is shown in the statements of activities net of consumable costs that directly benefit the participants of the events. The net revenue is as follows for the years ended June 30:

	2020	2019
Special events revenue	\$ 150,642	\$ 225,873
Less cost of direct donor benefit	(22,954)	(65,820)
	\$ 127,688	\$ 160,053

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions are composed of the following restrictions at June 30:

	2020	2019
Time restricted	\$ 22,750	\$ 22,750
Event sponsorships	5,000	7,000
Pet pantry	1,018	1,058
Backpack program	-	22,647
	<u>\$ 28,768</u>	<u>\$ 53,455</u>

Note 11 – Related Party Transactions

The Organization owns one condominium unit within the two-unit West Seattle Community Resource Center Condominium Association (the Association). The Organization’s unit is comprised of 10,000 square feet of operating space for its food bank operations and office space, a portion of which is leased to other social service agencies. The second unit is comprised of 34 units of affordable housing and is owned and operated by an unrelated organization. Each owner may appoint two directors to serve on the Board of the Association.

As a member of the Association, the Organization pays monthly assessments for common expenses, insurance, and other specially approved assessments such as reserves. For the years ended June 30, 2020 and 2019, the Organization paid assessments of \$18,186, which are included in occupancy expense in the accompanying statements of functional expenses.

The Organization is a member of the Food Resource Network Federation (FRNF). The FRNF collects workplace giving campaign donations and forwards them to the member organizations. The Executive Director of the Organization is one of six individuals who serve on the Board of Directors of FRNF. For the years ended June 30, 2020 and 2019, the Organization received \$9,423 and \$9,894, respectively, in donations from FRNF, which are included in contribution support in the accompanying statements of activities.

Note 12 – Concentrations

At June 30, 2020, 86% of receivables was due from three organizations. At June 30, 2019, 66% of receivables was due from two organizations.

For the years ended June 30, 2020 and 2019, in-kind food contributions from one supplier comprised 29% and 47% of total support and revenue, respectively.

WEST SEATTLE FOOD BANK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 13 – Acquisition of West Seattle Helpline

On February 29, 2020, the Organization acquired West Seattle Helpline, a nonprofit organization (WSH). The agencies were strong partners for many years and felt that the community could be better served with all services under one organization. WSH provides financial assistance for neighbors facing eviction or a utility shut off. They also run a donated clothes program and offer bus tickets to those in need. Both agencies ensured that all services previously provided by each agency continued uninterrupted during the transition to one organization.

As a result of the acquisition, the Organization received an overall one-time contribution of \$129,352, which is included in the statement of activities as contribution revenue. Total net assets received in this acquisition are as follows:

Assets	
Cash and cash equivalents	\$ 39,186
Inventory	101,598
Less liabilities	<u>(11,432)</u>
Net contribution	<u>\$ 129,352</u>

Note 14 – Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. Management is actively monitoring the situation but given the daily evolution of the COVID-19 outbreak, the Organization is not able to estimate the effects of the COVID-19 outbreak on its operations or financial condition in the next twelve months. While significant uncertainty remains, the Organization does not believe the COVID-19 outbreak will have a negative impact on its ability to raise additional funds or continue to support its clients.

The resulting economic crisis has created significant need in the local community for services offered by the Organization and similar agencies. Local donors and government authorities have provided additional funding needed to help the Organization address the crisis. As a result of the pandemic, the Organization shifted how services were provided several times during the year ended June 30, 2020; however the Organization continued to provide services through the food bank and provided financial assistance for the West Seattle Helpline remotely. The Clothesline program was shut down for a few months and the annual May fundraising event was held virtually. Although event revenue was lower than budgeted, other donations were greater than the loss.

The extent to which the pandemic will further impact the Organization going forward remains unknown. Numerous evolving factors, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability, remain unknowns that may impact the Organization's ability to continue to provide services. Overall, the Organization remains in strong financial position and does not project a cash shortfall in the next fiscal year.