

**EMERGENCY FOOD NETWORK OF
TACOMA AND PIERCE COUNTY**

Audited Financial Statements,
Supplementary Information and Reports
on Compliance and Internal Control

December 31, 2023

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

Audited Financial Statements, Supplementary Information and
Reports on Compliance and Internal Control

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Independent Auditor's Report

Board of Directors
Emergency Food Network of Tacoma and Pierce County
Lakewood, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Emergency Food Network of Tacoma and Pierce County (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Matters

Report on Summarized Comparative Information

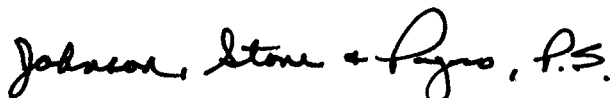
We have previously audited Emergency Food Network of Tacoma and Pierce County's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 1, 2023. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements, from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2023, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures, in accordance with U.S. GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



JOHNSON, STONE & PAGANO, P.S.
Fircrest, Washington

September 18, 2024

AUDITED FINANCIAL STATEMENTS

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2023 with Comparative Totals for 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,491,621	\$ 4,836,422
Grants receivable	2,021,877	336,395
Pledges receivable, net of allowance for credit losses	250,600	339,181
Prepaid expenses	52,565	47,966
Inventory - donated	1,074,693	1,162,500
Inventory - purchased	<u>276,835</u>	<u>494,654</u>
Total Current Assets	8,168,191	7,217,118
NON-CURRENT ASSETS		
Cash and cash equivalents, restricted for capital project and endowment	547,479	1,504,728
Pledges receivable, restricted for capital project, net of present value discount		<u>182,613</u>
Total Non-current Assets	547,479	1,687,341
PROPERTY AND EQUIPMENT		
Operating right-of-use asset, net	2,596	5,553
Construction in progress	4,256,754	241,279
Building and improvements	2,436,162	2,332,794
Land	485,259	485,259
Land improvements	481,527	465,566
Farm equipment	179,706	176,749
Vehicles	910,492	910,492
Warehouse fixtures	35,784	
Warehouse equipment	<u>740,780</u>	<u>623,166</u>
	5,269,710	4,994,026
Less accumulated depreciation	<u>2,357,819</u>	<u>2,125,292</u>
Total Property and Equipment	<u>7,171,241</u>	<u>3,115,566</u>
TOTAL ASSETS	<u>\$ 15,886,911</u>	<u>\$ 12,020,025</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

STATEMENT OF FINANCIAL POSITION (Continued)

December 31, 2023 with Comparative Totals for 2022

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 219,463	\$ 130,729
Accrued wages and payroll taxes	29,378	28,232
Accrued vacation	63,011	60,604
Accrued expenses	1,400	12,624
Operating lease liability, current portion	<u>2,596</u>	<u>2,956</u>
Total Current Liabilities	315,848	235,145
LONG-TERM LIABILITIES		
Operating lease liability, less current portion		2,597
Long-term debt, less current portion	<u>750,000</u>	
Total Liabilities	1,065,848	237,742
NET ASSETS		
Without donor restrictions	12,838,042	9,144,057
With donor restrictions	<u>1,983,021</u>	<u>2,638,226</u>
Total Net Assets	<u>14,821,063</u>	<u>11,782,283</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,886,911</u>	<u>\$ 12,020,025</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2023 with Comparative Totals for 2022

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<u>SUPPORT AND REVENUE</u>				
MONETARY SUPPORT AND REVENUE				
Government grants	\$ 3,677,021	\$ 1,625,000	\$ 5,302,021	\$ 3,492,354
Community contributions and special events	1,703,815	10,215	1,714,030	1,624,767
Private foundations	1,502,026		1,502,026	1,087,555
Capital campaign contributions		1,533,856	1,533,856	2,236,999
Interest income	52,051		52,051	4,056
Other income	9,038		9,038	900
Net assets released from restrictions	<u>4,079,063</u>	<u>(4,079,063)</u>		
Total Monetary Support and Revenue	<u>11,023,014</u>	<u>(909,992)</u>	<u>10,113,022</u>	<u>8,446,631</u>
IN-KIND SUPPORT AND REVENUE				
Community contributions	19,469,149		19,469,149	17,318,957
Government grants	3,124,732	798,982	3,923,714	3,193,107
Rent	28,800		28,800	28,800
Net assets released from restrictions	<u>544,195</u>	<u>(544,195)</u>		
Total In-kind Support and Revenue	<u>23,166,876</u>	<u>254,787</u>	<u>23,421,663</u>	<u>20,540,864</u>
Total Support and Revenue	34,189,890	(655,205)	33,534,685	28,987,495
<u>EXPENSES</u>				
PROGRAM SERVICES				
Food banks	28,898,964		28,898,964	25,598,765
Farm	350,759		350,759	308,082
SUPPORTING SERVICES				
Management and general	665,474		665,474	381,026
Fundraising	580,708		580,708	521,212
Total Expenses	<u>30,495,905</u>		<u>30,495,905</u>	<u>26,809,085</u>
CHANGE IN NET ASSETS	3,693,985	(655,205)	3,038,780	2,178,410
Net Assets at Beginning of Year	<u>9,144,057</u>	<u>2,638,226</u>	<u>11,782,283</u>	<u>9,603,873</u>
NET ASSETS AT END OF YEAR	<u>\$ 12,838,042</u>	<u>\$ 1,983,021</u>	<u>\$ 14,821,063</u>	<u>\$ 11,782,283</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023 with Comparative Totals for 2022

	Program Services			Supporting Services			Total Expenses	
	Food Banks	Farm	Total	Management and General	Fundraising	Total	2023	2022
GOVERNMENT GRANTS								
EFAP program	\$ 1,474,878		\$ 1,474,878				\$ 1,474,878	\$ 945,635
EFSP program	75,000		75,000				75,000	75,000
TEFAP program	565,169		565,169				565,169	498,623
Total Government Grants	<u>2,115,047</u>		<u>2,115,047</u>				<u>2,115,047</u>	<u>1,519,258</u>
Salaries, benefits and payroll taxes	1,057,588	\$ 261,113	1,318,701	\$ 299,792	\$ 390,144	\$ 689,936	2,008,637	1,681,730
Food and related expenses	1,278,629		1,278,629				1,278,629	1,487,321
Depreciation	232,528		232,528				232,528	248,269
Facility and equipment expense	190,554	1,874	192,428	984	3,245	4,229	196,657	171,278
Office expenses	11,138	213	11,351	31,724	3,337	35,061	46,412	48,483
Insurance and other fees	18,378	629	19,007	147,384	14,336	161,720	180,727	117,107
Contracts services	17,220		17,220	173,332	2,189	175,521	192,741	81,238
Marketing and events		144	144	364	166,481	166,845	166,989	160,785
Travel, training and meeting expense	222	223	445	11,894	976	12,870	13,315	10,945
Farm expenses		57,763	57,763				57,763	55,579
Bad debt (recovery)								(220)
Capital fund expenses								1,552
Emergency response - COVID-19	295,893		295,893				295,893	499,220
Total Before In-kind Expenses	<u>5,217,197</u>	<u>321,959</u>	<u>5,539,156</u>	<u>665,474</u>	<u>580,708</u>	<u>1,246,182</u>	<u>6,785,338</u>	<u>6,082,545</u>
IN-KIND EXPENSES								
Food	20,012,872		20,012,872				20,012,872	17,283,452
Government grants	3,668,895		3,668,895				3,668,895	3,414,288
Rent		28,800	28,800				28,800	28,800
Total In-kind Expenses	<u>23,681,767</u>	<u>28,800</u>	<u>23,710,567</u>				<u>23,710,567</u>	<u>20,726,540</u>
TOTAL EXPENSES	<u>\$ 28,898,964</u>	<u>\$ 350,759</u>	<u>\$ 29,249,723</u>	<u>\$ 665,474</u>	<u>\$ 580,708</u>	<u>\$ 1,246,182</u>	<u>\$ 30,495,905</u>	<u>\$ 26,809,085</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023 with Comparative Totals for 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	\$ 8,646,683	\$ 8,540,906
Cash paid to suppliers and employees	(6,464,651)	(5,794,951)
Interest received	<u>52,051</u>	<u>4,056</u>
Net Cash Provided by Operating Activities	2,234,083	2,750,011
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchased property and equipment	<u>(4,286,133)</u>	<u>(212,157)</u>
Net Cash Used by Investing Activities	(4,286,133)	(212,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on long-term debt	<u>750,000</u>	<u> </u>
Net Cash Provided by Financing Activities	<u>750,000</u>	<u> </u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,302,050)	2,537,854
Cash and Cash Equivalents at Beginning of Year	<u>6,341,150</u>	<u>3,803,296</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>5,039,100</u></u>	\$ <u><u>6,341,150</u></u>
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 4,491,621	\$ 4,836,422
Restricted cash and cash equivalents	<u>547,479</u>	<u>1,504,728</u>
	\$ <u><u>5,039,100</u></u>	\$ <u><u>6,341,150</u></u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

STATEMENT OF CASH FLOWS (Continued)

Years Ended December 31, 2023 with Comparative Totals for 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 3,038,780	\$ 2,178,410
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization of operating right-of-use asset	2,957	2,791
Depreciation	232,528	248,269
Bad debt recovery		(220)
Discount of Capital Campaign pledges to present value		12,993
Inventory - donated		
Donated food	(22,903,384)	(19,061,002)
Distribution of donated food	22,991,191	18,987,473
(Increase) decrease in		
Grants receivable	(1,685,482)	606,155
Pledges receivable	271,194	(520,817)
Prepaid expenses	(4,599)	(1,972)
Inventory - purchased, net of distributions	217,819	264,205
Increase (decrease) in		
Accounts payable	83,707	3,907
Accrued wages and payroll taxes	1,146	5,614
Accrued vacation	2,407	20,351
Accrued expenses	(11,224)	6,645
Operating lease liability	(2,957)	(2,791)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,234,083</u>	<u>\$ 2,750,011</u>
NONCASH INVESTING ACTIVITIES		
Purchase of improvements and equipment in accounts payable	<u>\$ 5,027</u>	<u>\$ 52,371</u>

The accompanying notes are an integral part of these financial statements.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Emergency Food Network of Tacoma and Pierce County (the "Organization") became an independent 501(c)(3) non-profit organization in 1991. The Organization began as a program in 1982 when the leadership of FISH Food Banks, The Rescue Mission, Salvation Army and Associated Ministries recognized a great need in the community to resource emergency food collectively. In 1985, the Organization was transferred as a program to Associated Ministries. Originally designed to meet a temporary need caused by the economic recession of the 1980s, it became apparent in the early 1990s that the need for such a community service had grown. The Organization collects donated food and purchases food using federal grants and private contributions. The Organization distributes food to other food banks and feeding centers in Pierce County.

The Organization has the following programs:

Food Banks

Collection and distribution of food to food banks and feeding centers throughout Pierce County.

Farm

Farming produce for distribution in the food bank program.

Basis of Accounting and Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under this accounting method, revenues are recognized in the year earned, support is recognized in the year in which it is unconditionally promised, and expenses are recorded in the year incurred.

The Organization reports 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 without restrictions are net assets whose use is not limited by donor-imposed restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets that are subject to donor-imposed restrictions such that assets are to be maintained in perpetuity or whose use is limited by donor-imposed restrictions that may or will be met either by actions of the Organization or the passage of time. The Organization does not have any net assets that are required to be held in perpetuity at December 31, 2023 and 2022.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers cash to be cash on hand, in checking accounts and savings accounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Grants Receivable

Grants receivable are recognized when the grant or other conditions are satisfied. The Organization considers all receivables to be fully collectible; therefore, no allowance for credit losses has been established.

Pledges Receivable

Pledges receivable are recorded when the underlying promises are received by the Organization and are presented in the statements of financial position net of the allowance for credit losses. The allowance for credit losses is estimated based on the Organization's historical losses, the existing economic conditions and the financial stability of its donors. Amounts pledged over a period greater than one year are presented in the statements of financial position net of a discount to their present value. The discount is calculated based on length of the pledge and the applicable U.S. Department of the Treasury interest rates as of December 31, 2023 and 2022.

Inventory

Inventory consists of food donated to the Organization and food purchased by the Organization. Purchased inventory is stated at average cost. For the years ended December 31, 2023 and 2022, donated inventory is stated at an industry standard of \$2.16 and \$1.82 per pound, respectively. Government surplus commodities are stated at prices established by the United States Department of Agriculture. As of December 31, 2023 and 2022, inventory consists of the following:

	<u>2023</u>	<u>2022</u>
Donated	\$ 275,711	\$ 618,305
Government grants	<u>798,982</u>	<u>544,195</u>
	1,074,693	1,162,500
Purchased	<u>276,835</u>	<u>494,654</u>
Total	\$ <u>1,351,528</u>	\$ <u>1,657,154</u>

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost at the date of purchase or at fair value at the date of gift, if donated. Expenditures for major additions and improvements over \$2,500 are capitalized, and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided for equipment on the straight-line method over the estimated useful lives of the assets, which range from 5 to 20 years. Depreciation for the building and improvements is provided using the straight-line method over its estimated useful life of 10 to 39 years. Depreciation expense for the years ended December 31, 2023 and 2022 was \$232,528 and \$248,269, respectively.

Contributions

Contributions received are recorded either as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor 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.

In-kind Donations

In accordance with the provisions of accounting principles generally accepted in the United States of America, the Organization records the value of the donation as a contribution at the time of the donation. Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Volunteers providing services in the warehouse throughout the year are not recognized as contributions in the financial statements since the recognition criteria under accounting principles generally accepted in the United States of America were not met. Total volunteer hours at December 31, 2023 and 2022 were 12,822 and 11,555, respectively.

The value of donated food from community contributions included as in-kind donations for the years ended December 31, 2023 and 2022 is \$19,469,149 and \$17,318,957, respectively, and are correspondingly valued at \$2.16 and \$1.82 per pound for 2023 and 2022. Community contributions for the same years then ended represent 58% and 60% of total support and revenue, respectively.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Donations (Continued)

The value of donated food from the Department of Agriculture ("DOA") included as in-kind contributions for the years ended December 31, 2023 and 2022 is \$3,923,714 and \$3,193,107, respectively. The value is established by the DOA, a government program that supplements the diets of some low-income Americans by providing them with emergency food and nutrition assistance at no cost. DOA donations represent 12% and 11% of total support and revenues for the years ended December 31, 2023 and 2022, respectively.

The annual value of donated use of farmland in Puyallup, Washington included as contributions and rent expense in the financial statements for the years ended December 31, 2023 and 2022 is \$28,800.

Advertising Costs

Advertising costs consist of event notification, marketing and fundraising costs, and are charged to operations when incurred. The Organization incurred advertising costs of \$166,989 and \$160,785 in 2023 and 2022, respectively.

Federal Income Taxes

Emergency Food Network of Tacoma and Pierce County is exempt from federal income taxes under Internal Revenue Code, Section 501(c)(3).

Adoption of New Accounting Standard

As of January 1, 2023, the Organization adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* ("Topic 326"): *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables. Pledges, grants and other contributions receivable are excluded from the standard. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

Subsequent Events

The management of the Organization evaluated subsequent events and transactions for potential recognition and disclosure through September 18, 2024, the date the financial statements were available to be issued.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,491,621	\$ 4,836,422
Grants receivable	2,021,877	336,395
Cash and cash equivalents restricted for capital projects and endowment	547,479	1,504,728
Pledges receivable, net of allowance for credit losses and present value discount	<u>250,600</u>	<u>521,794</u>
Total Financial Assets	7,311,577	7,199,339
Cash and cash equivalents restricted for capital projects and endowment	(547,479)	(1,504,728)
Pledge receivables, net		(521,794)
Net assets restricted for other programs	<u>(39,742)</u>	<u>(67,509)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>6,724,356</u>	\$ <u>5,105,308</u>

The Organization also has a \$400,000 line of credit available to draw upon for operating cash management purposes (see Note 5).

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market funds and savings accounts.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash at several financial institutions and may, at times, maintain balances in excess of amounts insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Amounts due in less than one year	\$ 250,600	\$ 339,181
Amounts due in one to three years		195,606
Less present value discount for long-term pledges	<u> </u>	<u>(12,993)</u>
Pledges Receivable, net	\$ <u>250,600</u>	\$ <u>521,794</u>

During the year ended December 31, 2022, the Organization began a Capital Campaign (the "Campaign). The purpose of the Campaign is to raise funds for a new inventory warehouse. A portion of outstanding Campaign pledges were due in one to three years at December 31, 2022. These multi-year pledges were discounted to present value using interest rates published by the U.S. Department of the Treasury. See Note 7 for further disclosure of the Campaign.

Management has evaluated the collectability of pledges outstanding, noting the increased balance for the year ended December 31, 2023. No collection issues are foreseen for Campaign pledges. As such, management did not record an allowance for credit losses for the year ended December 31, 2023 and 2022.

NOTE 5 - LINE OF CREDIT

The Organization has an available \$400,000 revolving line of credit with a bank that expires in November 2024, secured by receivables and equipment. Interest is payable monthly at the bank's index, plus 1.25%, with a minimum rate of 3.5%. The rate as of December 31, 2023 was 9.75%. There was no amount outstanding on the line as of December 31, 2023 or 2022.

NOTE 6 - LONG-TERM DEBT

Long-term debt at December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Construction loan payable to Elevate Health/One Pierce County Resiliency Fund, due January 31, 2025, including interest at 2%. Interest will be forgiven if principal is repaid by repayment date.	\$ 750,000	
Less portion due within one year classified as a current liability	<u> </u>	<u> </u>
Long-term Debt	\$ <u>750,000</u>	\$ <u> </u>

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 6 - LONG-TERM DEBT (Continued)

Aggregate annual maturities of long-term debt are as follows:

2024	
2025	\$ <u>750,000</u>
	\$ <u>750,000</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Restricted for purpose or time		
Other programs	\$ 39,742	\$ 92,363
Purchase of food	798,982	544,195
Capital campaign	<u>1,136,797</u>	<u>1,994,168</u>
	1,975,521	2,630,726
Donor restricted endowment corpus	<u>7,500</u>	<u>7,500</u>
Total	\$ <u>1,983,021</u>	\$ <u>2,638,226</u>

Donor restricted endowment corpus net assets consist of endowment fund assets to be held indefinitely. The income from the endowment can be used to purchase infant food.

NOTE 8 - ENDOWMENT FUNDS

Greater Tacoma Community Foundation holds and maintains the Emergency Food Endowment Fund with variance power, and it is, therefore, not reflected on the statement of financial position. The Organization receives earnings from this fund which are distributed to the Organization annually. For the years ended December 31, 2023 and 2022, there was a distribution of \$700. The balance of the fund as of December 31, 2023 and 2022 was \$15,864 and \$14,758, respectively.

NOTE 9 - EMPLOYEE BENEFITS

The Organization maintains a deferred contribution plan under Section 403(b) of the Internal Revenue Code for all employees. This plan allows employees to make contributions, and the Organization may, in its sole discretion, make contributions to the plan. For the years ended December 31, 2023 and 2022 \$88,193 and \$79,435, respectively, was contributed on behalf of the employees.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 10 - RELATED PARTY TRANSACTIONS

A board member is the employee of a company which provides services to the Organization. The total amount paid to the company for services was \$73,707 and \$16,508 for the years ended December 31, 2023 and 2022, respectively.

NOTE 11 - LEASES

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* ("Topic 842"). The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost, and finance lease costs are recognized in two components, interest expense and amortization expense; the Organization exclusively has operating leases.

Right-of-use ("ROU") assets represent the Organization's right to use an underlying asset for the lease's term, and lease liabilities represent the Organization's obligation to make lease payments arising from the leases. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for the lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization leases a copier machine under a long-term, non-cancelable operating lease agreement. The lease expires in November 2024, at which point the Organization will have the option to purchase the equipment for fair market value. The lease agreement requires the Organization to pay applicable taxes and insurance. Regarding maintenance and repairs, the Organization has a service agreement for the duration of the lease that covers routine repairs and maintenance.

The weighted-average discount rate is based on the discount implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

Furthermore, the Organization has additional operating leases of farmland and real equipment (see Note 1, In-kind Donations for further disclosure of the former). Combined, these leases account for less than 1% of the Organization's annual expenses and are excluded from the disclosures below.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 11 - LEASES (Continued)

Total lease costs for the year ended December 31 were as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 3,198	\$ 3,198
Variable lease cost	<u>2,789</u>	<u>1,420</u>
Total Lease Cost	\$ <u>5,987</u>	\$ <u>4,618</u>

The following summarizes the supplemental cash flow information for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ <u>3,198</u>	\$ <u>3,198</u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term		
Operating leases	10 months	22 months
Weighted average discount rate		
Operating leases	5.75%	5.75%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of December 2023.

	<u>Operating</u>
2024	\$ <u>2,665</u>
Total Lease Payments	2,665
Less amounts representing interest	<u>(69)</u>
Present Value of Lease Liabilities	2,596
Less current portion of operating lease liabilities	<u>(2,596)</u>
Long-term Portion of Operating Lease Liability	\$ <u> </u>

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 with Comparative Totals for 2022

NOTE 12 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The expenses are allocated on the basis of estimates of time and effort. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPLEMENTARY INFORMATION

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2023

<u>Program Title</u>	<u>Federal ALN Grantor</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE				
Passed through State of Washington				
Food Distribution Cluster - The Emergency Food Assistance Program				
Administrative costs	10.568	K4745		\$ 535,165
Capital expenditures	10.568	K4745		22,025
Administrative costs	10.565	K4731		58,353
Food Distribution Cluster - Commodity Supplemental Food Program				
Food commodities	10.569	K4745		3,848,564
Food commodities	10.565			108,396
Commodity Credit Coportation	10.187	K5101		30,004
Local Food Purchasing Assistance	10.182	K4291		143,266
Local Food Purchasing Assistance - Plus	10.182	K4291		45,628
Total Department of Agriculture				4,791,401
DEPARTMENT OF TREASURY				
Passed through State of Washington				
Emergency Food Assistance Program				
EFAP COVID-19 State Fiscal Recovery Fund	21.027	K4543	\$ 125,993	305,827
EFAP COVID-19 State Fiscal Recovery Fund	21.027	K4762		11,299
EFAP COVID-19 State Fiscal Recovery Fund - Resiliency	21.027	K4030/K4816		166,764
EFAP COVID-19 State Fiscal Recovery Fund - Resiliency, capital expenditures	21.027	K4030/K4816		207,221
LFPA COVID-19 GAP Funding	21.027	K4882		14,536
Farm to Food Pantry Initiative 2	21.027			19,718
Passed through Pierce County				
COVID-19 Pierce County ADR Grant State Fiscal Recovery Fund	21.027	SC-108488	231,498	480,000
Passed through City of Lakewood				
COVID-19 City of Lakewood ARPA Grant - Capital Expenditures	21.027	ST9045		750,000
Total Department of Treasury				1,955,365
DEPARTMENT OF HOMELAND SECURITY				
Passed through United Way of America: EFSP				
Emergency Food and Shelter National Board Program	97.024	891400-001		75,000
Total Department of Homeland Security				75,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 357,491	\$ 6,821,766

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Emergency Food Network of Tacoma and Pierce County under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Emergency Food Network of Tacoma and Pierce County, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Emergency Food Network of Tacoma and Pierce County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Emergency Food Network of Tacoma and Pierce County has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - SUBAWARDS

Emergency Food Network of Tacoma and Pierce County passed through federal awards under Assistance Listing Number ("ALN") #21.027 to the following subrecipients:

A Common Thread	\$ 10,253
All Saints Community Services	292
BASH Food Bank	2,451
Bonney Lake Food Bank	29,137
Bounty Food Bank	1,458
Bread of Life Food Bank	1,489
Eatonville Family Agency	1,715
Edgewood Community Nourish Food Bank	21,335
Graham Nourish Food Bank	3,328
Families Unlimited Network	2,316
Feeding Feasible Feasts	8,202
Fife Milton Food Bank	1,633
Food Backpack 4 Kids	2,728
Food Connection - St. Leo Parish	12,001

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2023

NOTE 3 - SUBAWARDS (Continued)

Food Connection Springbrook Mobile	\$ 1,836
Gig Harbor Peninsula FISH	1,388
Graham Nourish Food Bank	6,637
Harvest House Food Pantry	1,959
Key Peninsula Bischoff Food Bank	1,964
Key Peninsula Community Services	3,877
Lakes Area Nourish Food Bank	21,833
Making a Difference Foundation	74,515
Multicultural Child & Family Hope Center	615
Network Tacoma Food Bank	382
New Jerusalem Food Pantry	1,293
Nourish Food Bank Mobile 1	32,716
Nourish Food Banks of Pierce County	37,883
NW Tacoma Nourish Food Bank	8,273
Orting Food Bank	2,285
Parkway Community Services	9,745
Pierce County Grants: Pierce County - ARPA	(382)
Samoan Family Support Services	2,322
SE Tacoma Nourish Food Bank	30,036
Spanaway Food Bank	1,030
St. Andrew Emmanuel Food Pantry	540
Sumner Community Food Bank	9,436
Tacoma Adventist Community Services	4,013
The Prison Scholar Fund	1,066
The Salvation Army, California Corp	1,106
Tillicum/American Lake Gardens Cmty Ctr	240
Trinity Lutheran Community Food Pantry	1,574
We Love Steilacoom Association	971
TOTAL SUBAWARDS ALN 21.027	\$ <u>357,491</u>

REPORTS ON COMPLIANCE
AND INTERNAL CONTROL



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Board of Directors
Emergency Food Network of Tacoma and Pierce County
Lakewood, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Emergency Food Network of Tacoma and Pierce County (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

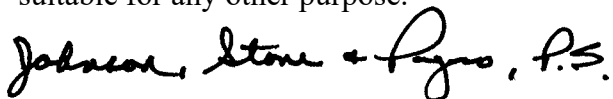
Board of Directors
Emergency Food Network of Tacoma and Pierce County

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JOHNSON, STONE & PAGANO, P.S.
Fircrest, Washington

September 18, 2024



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
in Accordance with the Uniform Guidance

Board of Directors
Emergency Food Network of Tacoma and Pierce County
Lakewood, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Emergency Food Network of Tacoma and Pierce County's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

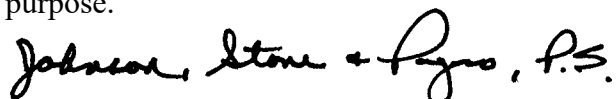
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
Emergency Food Network of Tacoma and Pierce County

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



JOHNSON, STONE & PAGANO, P.S.
Fircrest, Washington

September 18, 2024

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200 516(a)?	No

Identification of Major Programs

21.027 Coronavirus State and Local Fiscal Recovery Funds
Department of Treasury

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were noted.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended December 31, 2023

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Year Audit Findings

2022-001 Suspension and Debarment

The Organization is required to confirm annually that its subrecipients are not suspended or debarred and have an active system award management ("SAM") number, in accordance with Uniform Guidance. This finding was corrected in 2023.