



Report of Independent Auditors
and Financial Statements
with Supplementary Information

Second Harvest Inland Northwest

June 30, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Second Harvest Inland Northwest

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Second Harvest Inland Northwest, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Second Harvest Inland Northwest as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Second Harvest Inland Northwest and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 accounting principles generally accepted in the United States of America, 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 Second Harvest Inland Northwest's ability to continue as a going concern for one year after the date that the financial statements are available to be 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 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 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 Second Harvest Inland Northwest'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 Second Harvest Inland Northwest'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, statement of activities detail – 2024, statement of activities detail – 2023, and the schedule of expenditures of nonfederal awards are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, statement of activities detail – 2024, statement of activities detail – 2023, and the schedule of expenditures of nonfederal awards are 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 October 21, 2024, on our consideration of Second Harvest Inland Northwest'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 Second Harvest Inland Northwest'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 Second Harvest Inland Northwest's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Spokane, Washington
October 21, 2024

Financial Statements

Second Harvest Inland Northwest
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 2,670,472	\$ 8,246,275
Certificates of deposit	-	3,690,330
Investments	9,506,908	23,682
Beneficial interest in trust	316,966	295,289
Due from government agencies	226,084	1,412,916
Related party receivable	13,259	-
Accounts receivable, net of expected credit loss of \$500 for 2024 and 2023	617,095	111,252
Pledges receivable, net	180,274	500,245
Inventory, purchased, at lower of cost or net realizable value	264,912	121,741
Inventory, in-kind, at market	2,051,745	1,526,395
Inventory, in-kind, The Emergency Food Assistance Program (TEFAP)	456,933	357,418
Property and equipment, net	11,400,893	11,901,104
Operating lease right-of-use assets	463,039	363,564
Other assets	154,549	145,588
	\$ 28,323,129	\$ 28,695,799
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 275,657	\$ 209,197
Accrued expenses	413,441	269,640
Operating lease liabilities	463,039	363,564
	1,152,137	842,401
NET ASSETS		
Without donor restrictions		
Available for general activities	23,066,349	23,725,031
Designated by the governing board for		
Operating reserve	1,700,000	1,700,000
Information technology reserve	128,040	128,040
Facilities reserve	546,960	546,960
Fleet reserve	267,054	267,054
	25,708,403	26,367,085
With donor restrictions		
Time or purpose	1,164,855	1,188,579
Perpetuity	297,734	297,734
	1,462,589	1,486,313
	27,170,992	27,853,398
	\$ 28,323,129	\$ 28,695,799

See accompanying notes.

**Second Harvest Inland Northwest
Statement of Activities
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributed financial assets	\$ 6,777,418	\$ 984,582	\$ 7,762,000
Special events	306,730	-	306,730
Investment return, net	485,708	-	485,708
Purchase program	272,968	-	272,968
United Way contributions	41,437	-	41,437
Nonfederal organizations	870,461	-	870,461
Government fees and grants	1,273,798	-	1,273,798
Contributed nonfinancial assets	140,236,558	-	140,236,558
Miscellaneous	267,315	-	267,315
Net assets released from restrictions	1,008,306	(1,008,306)	-
	<u>151,540,699</u>	<u>(23,724)</u>	<u>151,516,975</u>
Total revenue, gains, and other support			
Expenses			
Program services			
Warehousing	64,418,437	-	64,418,437
Washington produce	80,215,295	-	80,215,295
Nutrition education	589,642	-	589,642
TEFAP	4,378,551	-	4,378,551
Support services			
Management and general	1,075,167	-	1,075,167
Fundraising	1,522,289	-	1,522,289
	<u>152,199,381</u>	<u>-</u>	<u>152,199,381</u>
Total expenses			
Change in net assets	(658,682)	(23,724)	(682,406)
NET ASSETS, beginning of year	<u>26,367,085</u>	<u>1,486,313</u>	<u>27,853,398</u>
NET ASSETS, end of year	<u>\$ 25,708,403</u>	<u>\$ 1,462,589</u>	<u>\$ 27,170,992</u>

See accompanying notes.

Second Harvest Inland Northwest
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributed financial assets	\$ 6,455,455	\$ 694,960	\$ 7,150,415
Special events	373,317	-	373,317
Investment return, net	204,684	-	204,684
Purchase program	269,841	-	269,841
United Way contributions	40,717	-	40,717
Nonfederal organizations	845,118	-	845,118
Government fees and grants	3,830,949	-	3,830,949
Contributed nonfinancial assets	123,687,127	-	123,687,127
Miscellaneous	316,661	-	316,661
Net assets released from restrictions	<u>1,341,870</u>	<u>(1,341,870)</u>	<u>-</u>
 Total revenue, gains, and other support	 <u>137,365,739</u>	 <u>(646,910)</u>	 <u>136,718,829</u>
Expenses			
Program services			
Warehousing	57,707,029	-	57,707,029
Washington produce	72,038,376	-	72,038,376
Nutrition education	557,759	-	557,759
TEFAP	4,321,227	-	4,321,227
CSFP	506,731	-	506,731
Support services			
Management and general	1,167,458	-	1,167,458
Fundraising	<u>1,242,576</u>	<u>-</u>	<u>1,242,576</u>
 Total expenses	 <u>137,541,156</u>	 <u>-</u>	 <u>137,541,156</u>
 Change in net assets	 (175,417)	 (646,910)	 (822,327)
NET ASSETS, beginning of year	<u>26,542,502</u>	<u>2,133,223</u>	<u>28,675,725</u>
NET ASSETS, end of year	<u>\$ 26,367,085</u>	<u>\$ 1,486,313</u>	<u>\$ 27,853,398</u>

See accompanying notes.

**Second Harvest Inland Northwest
Statement of Functional Expenses
Year Ended June 30, 2024**

	Program Services			
	Warehousing	Washington Produce	Nutrition Education	TEFAP
Salaries	\$ 2,771,720	\$ -	\$ 413,252	\$ 295,943
Employee health and retirement benefits	550,866	-	66,566	64,264
Payroll taxes	268,546	-	71,504	87,352
Total salaries and related benefits	3,591,132	-	551,322	447,559
Professional fees	113,425	-	-	-
Contracted services	66,520	-	-	-
Supplies	133,872	-	14,567	4,496
Value added purchases	610,955	-	-	-
Telephone	34,458	-	-	4,029
Postage	7,897	-	-	-
Occupancy	265,318	-	1,352	16,664
Insurance	84,791	-	-	7,928
Equipment rent and maintenance	411,512	-	-	30,874
Printing, publications, and advertising	5,808	-	1,836	-
Travel and mileage	27,228	-	232	-
Motor freight and fleet gas	228,936	-	-	14,465
Conferences, conventions, and training	9,487	-	-	-
Assistance to individuals	57,863,389	80,215,295	-	3,852,368
Miscellaneous	242	-	20,100	-
Dues and fees	2,781	-	233	-
Agency reimbursements	125,000	-	-	168
Interest	-	-	-	-
Total expenses before depreciation	63,582,751	80,215,295	589,642	4,378,551
Depreciation	835,686	-	-	-
Total expenses	\$ 64,418,437	\$ 80,215,295	\$ 589,642	\$ 4,378,551

See accompanying notes.

**Second Harvest Inland Northwest
Statement of Functional Expenses
Year Ended June 30, 2024**

Program Services		Support Services			Total Expenses
CSFP	Total	Management and General	Fundraising	Total	
\$ -	\$ 3,480,915	\$ 406,697	\$ 862,692	\$ 1,269,389	\$ 4,750,304
-	681,696	66,548	170,748	237,296	918,992
-	427,402	18,173	82,837	101,010	528,412
-	4,590,013	491,418	1,116,277	1,607,695	6,197,708
-	113,425	164,572	192,592	357,164	470,589
-	66,520	-	-	-	66,520
-	152,935	4,072	790	4,862	157,797
-	610,955	-	-	-	610,955
-	38,487	9,359	-	9,359	47,846
-	7,897	1,345	66,554	67,899	75,796
-	283,334	22,252	-	22,252	305,586
-	92,719	5,918	-	5,918	98,637
-	442,386	51,638	79,728	131,366	573,752
-	7,644	3,395	61,301	64,696	72,340
-	27,460	2,448	-	2,448	29,908
-	243,401	-	-	-	243,401
-	9,487	15,094	2,435	17,529	27,016
-	141,931,052	-	-	-	141,931,052
-	20,342	11,982	37	12,019	32,361
-	3,014	238,332	2,575	240,907	243,921
-	125,168	-	-	-	125,168
-	-	-	-	-	-
-	148,766,239	1,021,825	1,522,289	2,544,114	151,310,353
-	835,686	53,342	-	53,342	889,028
\$ -	\$ 149,601,925	\$ 1,075,167	\$ 1,522,289	\$ 2,597,456	\$ 152,199,381

See accompanying notes.

**Second Harvest Inland Northwest
Statement of Functional Expenses
Year Ended June 30, 2023**

	Program Services			
	Warehousing	Washington Produce	Nutrition Education	TEFAP
Salaries	\$ 2,601,569	\$ -	\$ 402,619	\$ 249,474
Employee health and retirement benefits	574,175	-	64,032	55,030
Payroll taxes	271,042	-	63,486	38,660
Total salaries and related benefits	3,446,786	-	530,137	343,164
Professional fees	14,646	-	-	-
Contracted services	102,063	-	-	-
Supplies	204,183	-	6,183	3,969
Value added purchases	1,319,513	-	-	-
Telephone	41,448	-	-	3,815
Postage	11,996	-	-	-
Occupancy	341,099	-	1,377	14,289
Insurance	78,048	-	-	7,028
Equipment rent and maintenance	319,925	-	-	23,025
Printing, publications, and advertising	3,464	-	2,843	-
Travel and mileage	27,218	-	-	-
Motor freight and fleet gas	334,482	-	-	17,754
Conferences, conventions, and training	-	-	690	-
Assistance to individuals	50,142,893	72,038,376	-	3,897,706
Miscellaneous	3,410	-	16,469	-
Dues and fees	1,760	-	60	-
Agency reimbursements	556,684	-	-	10,477
Interest	-	-	-	-
Total expenses before depreciation	56,949,618	72,038,376	557,759	4,321,227
Depreciation	757,411	-	-	-
Total expenses	\$ 57,707,029	\$ 72,038,376	\$ 557,759	\$ 4,321,227

See accompanying notes.

**Second Harvest Inland Northwest
Statement of Functional Expenses
Year Ended June 30, 2023**

Program Services		Support Services			Total Expenses
CSFP	Total	Management and General	Fundraising	Total	
\$ 65,228	\$ 3,318,890	\$ 396,933	\$ 683,289	\$ 1,080,222	\$ 4,399,112
16,009	709,246	73,380	129,110	202,490	911,736
7,500	380,688	21,132	61,834	82,966	463,654
88,737	4,408,824	491,445	874,233	1,365,678	5,774,502
-	14,646	121,164	180,175	301,339	315,985
-	102,063	-	-	-	102,063
5,523	219,858	9,406	2,363	11,769	231,627
-	1,319,513	-	-	-	1,319,513
1,070	46,333	12,928	-	12,928	59,261
-	11,996	302	66,578	66,880	78,876
2,384	359,149	22,829	-	22,829	381,978
859	85,935	5,485	-	5,485	91,420
4,797	347,747	69,477	41,217	110,694	458,441
-	6,307	4,243	69,246	73,489	79,796
-	27,218	-	-	-	27,218
2,391	354,627	-	-	-	354,627
-	690	8,293	6,797	15,090	15,780
400,970	126,479,945	-	-	-	126,479,945
-	19,879	32,299	174	32,473	52,352
-	1,820	329,877	1,793	331,670	333,490
-	567,161	-	-	-	567,161
-	-	11,365	-	11,365	11,365
506,731	134,373,711	1,119,113	1,242,576	2,361,689	136,735,400
-	757,411	48,345	-	48,345	805,756
<u>\$ 506,731</u>	<u>\$ 135,131,122</u>	<u>\$ 1,167,458</u>	<u>\$ 1,242,576</u>	<u>\$ 2,410,034</u>	<u>\$ 137,541,156</u>

See accompanying notes.

Second Harvest Inland Northwest
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (682,406)	\$ (822,327)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	889,028	805,756
Net realized and unrealized gain on investments	(258,823)	(74,824)
Unrealized gain on beneficial interest in trust	(21,677)	(11,652)
In-kind contributions, food and services	(140,232,804)	(123,684,407)
In-kind distributions, food and services	139,607,939	124,585,121
Change in assets and liabilities		
Receivables	987,701	(718,909)
Inventory, purchased, excluding in-kind donations	(143,171)	404,328
Other assets	(8,961)	(21,425)
Accounts payable	66,460	(76,841)
Accrued expenses	143,801	43,216
	<u>347,087</u>	<u>428,036</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(388,817)	(1,236,163)
Purchase of investments	(9,300,425)	-
Proceeds from sales of investments and certificates of deposit	3,766,352	-
Purchase of certificates of deposit	-	(3,500,000)
	<u>(5,922,890)</u>	<u>(4,736,163)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	-	(641,444)
	<u>-</u>	<u>(641,444)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,575,803)	(4,949,571)
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,246,275</u>	<u>13,195,846</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,670,472</u>	<u>\$ 8,246,275</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 11,365</u>
Lease assets obtained during the year in exchange for lease obligations	<u>\$ 191,123</u>	<u>\$ 170,208</u>

See accompanying notes.

Second Harvest Inland Northwest Notes to Financial Statements

Note 1 – Significant Accounting Policies

Organization – Second Harvest Inland Northwest (Organization), located in Spokane, Washington, is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization has been the hub for charitable food distribution in the Inland Northwest for more than 50 years. The Organization provides fresh produce, dairy products, meat, canned goods, and other food that helps feed hungry families and seniors living in 21 Eastern Washington and 5 North Idaho Counties. Surplus fresh produce donations are distributed to other Feeding America network members throughout the country.

The Organization created the Second Harvest Inland Northwest Foundation (Foundation) to carry out the qualified charitable or educational purposes of the Organization. The Foundation is a nonprofit corporation under Section 509(c)(3) of the IRC. The Foundation was incorporated on May 16, 2023, and granted exempt-status by the Internal Revenue Service on May 21, 2024, effective on the date of incorporation. The Organization did not consolidate the Foundation into the financial statements as of June 30, 2024 because the Foundation had no financial assets or liabilities at June 30, 2024.

Basis of accounting – The Organization maintains its accounting records on the accrual method of accounting.

Use of accounting estimates – The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the provision for depreciation, the allocation of expenses by function, net realizable value of inventory, the expected credit loss, and the amortized discount on unconditional promises to give.

Financial statement presentation – The financial statements of the Organization have been prepared in accordance with accounting guidance related to financial statements for not-for-profit organizations.

Cash and cash equivalents – The Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Accounts, related party, and pledges receivable – The Organization extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by actively pursuing past due accounts. Accounts receivable are generally due on the last day of the month after delivery of product to the customer. Expected credit losses are estimated based on historical experience and management's evaluation of, among other factors, current and reasonable supportable expected future economic conditions and the customer's willingness or ability to pay. Management has estimated credit losses of \$500 as of June 30, 2024 and 2023. There were no accounts receivable outstanding more than 90 days at June 30, 2024 or 2023.

Contributions, including unconditional promises to give, are recognized as revenue when the donor's commitment is made. Unconditional promises are recognized at the estimated present value of the future cash flows using discount rates. The discounts are computed using a rate that is commensurate with the risks involved and applicable to the years in which the promises are received. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as revenue with donor restrictions.

Second Harvest Inland Northwest Notes to Financial Statements

Due from government agencies – The Organization receives funds from government agencies during the normal course of business. These funds are expected to be collected within one year. Management continually assesses market trends, macroeconomic indicators, and historical collection information to determine credit losses. Management has estimated credit losses of \$0 as of June 30, 2024 and 2023.

Investments and certificates of deposit – All investments in mutual funds and certificates of deposit are recorded at fair value based on quoted market prices. The net unrealized gains or losses in fair value of investments, as well as all other investment income, are recognized in the statements of activities.

These investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of securities will occur in the near term and that such changes could materially affect total net assets and the amounts reported in the statements of financial position.

Beneficial interest in trust – The beneficial interest in trust consists of assets administered by a separate, unrelated community foundation with the Organization deriving income and/or residual interest from the assets.

Inventory – In-kind food inventory is valued at estimated fair market value. Purchased food inventory is valued at the cost to purchase the food using the first-in, first-out method. Donated food commodities inventory (The Emergency Food Assistance Program (TEFAP)) is valued at estimated net realizable value using the first-in, first-out method based on prices provided by the United States Department of Agriculture (USDA).

Property and equipment – Property and equipment are recorded at cost if purchased or at fair value if donated. The Organization capitalizes expenditures for items over \$10,000, or expenditures that substantially increase the useful lives of existing assets. Depreciation is computed on the straight-line method over the estimated useful lives ranging from 3 to 40 years.

Equipment and property purchased for grant programs in which the Organization retains title, are capitalized and depreciated over their estimated lives.

Operating lease right of use assets and liabilities – Transactions give rise to leases when the Organization receives substantially all the economic benefits from and has the ability to direct the use of specified property and equipment. The Organization determines if an arrangement is a lease at inception and only reassess its determination if the terms and conditions of the contract are changed. The operating lease ROU asset is included within the Organization's assets and the lease liability is included in liabilities on the Organization's statements of financial position.

ROU assets represent the Organization's right to use, or control the use of, a specified asset for the lease term. Lease liabilities are the Organization's obligation to make lease payments arising from a lease and are measured on a discounted basis. Operating lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. The operating lease ROU asset includes any lease payments made and initial direct costs incurred and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease terms.

Second Harvest Inland Northwest Notes to Financial Statements

Net assets – The Organization reports information regarding its statements of financial position and statements of activities based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions – Without donor restrictions include resources that are not restricted by the donor and are available for the operations of the Organization without limitation. Without donor restrictions also include resources restricted by donor imposed criteria for which the restrictions are met within the same time period as the funds are received, as well as those whose use has been limited by the Board for the purposes designated and are considered quasi-endowment funds.

Net assets with donor restrictions – With donor restrictions include those whose use by the Organization has been limited by donors to a specific time period or purpose. Upon the fulfillment of the purposes for which the net assets were restricted, expiration of donor-imposed restriction, or withdrawal of a restriction by donor, with donor restrictions are reclassified to without donor restrictions. However, if a restriction is fulfilled in the same time period the contribution is received, the Organization reports the support as without donor restrictions. With donor restrictions also include endowments that have been received by the Organization from third party donors with the stipulation that only the interest received thereon may be used for operations.

Functional allocation of expenses – Expenses are summarized on a functional basis in the financial statements. Expenses are charged directly to the function they benefit. When functions are shared or costs are intermingled, the Organization allocates expenses based on either a percentage of total labor hours or a percentage of total food weight distributed.

Contributed financial assets – Contributed financial assets that are received, including unconditional promises to give, are recorded as increases in net assets without donor restrictions or net assets with donor restricted support depending on the existence or nature of any donor restrictions. Assets donated with explicit restrictions regarding their use and contributions with donor stipulations regarding how long those contributed assets must be maintained are recorded as net assets with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. Conditional contributions are recorded when the conditions associated have been met and barriers to entitlement have been satisfied.

Contributed nonfinancial assets – For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities include:

	2024	2023
Food commodities	\$ 140,232,804	\$ 123,684,407
Services	3,754	2,720
	\$ 140,236,558	\$ 123,687,127

The Organization recognized contributed nonfinancial assets within revenue, including food commodities and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Second Harvest Inland Northwest Notes to Financial Statements

The Organization receives substantial in-kind contributions, primarily in the form of donated food. The food is recorded at market value on the date of donation that has been determined by Feeding America and management to be \$1.74 and \$1.57 per pound during 2024 and 2023, respectively. Feeding America is a nationwide network of 199 food banks. The market values for the fiscal years ended June 30, 2024 and 2023, have been calculated by an independent accountant under agreed-upon-procedures. The valuations were established as of December 31, 2023 and 2022.

Contributed food commodities were utilized in the following programs: warehousing, Washington produce, The Emergency Food Assistance Program, and the Commodity Supplemental Food Program. Contributed services were used in warehousing, nutrition education, fundraising, and management and general.

Contributed food commodities are valued at market value on the date of the donation. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services are valued in the financial statements at the estimated fair value for similar services.

For the years ended June 30, 2024 and 2023, a substantial number of unpaid volunteers have made significant contributions of approximately 54,333 and 47,108 hours, respectively, to the operations of the Organization. The value of this contributed time, estimated to be \$1,018,196 and \$786,224, respectively, is not reflected in these statements since it does not meet the criteria recognition under accounting principles generally accepted in the United States of America (U.S. GAAP).

Advertising expenses – The Organization expenses advertising costs as incurred. During the years ended June 30, 2024 and 2023, promotional advertising expenses of \$15,601 and \$8,028, respectively, were incurred.

Valuation of long-lived assets – The Organization, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated the carrying amount of its assets might not be recoverable. At June 30, 2024 and 2023, no assets had been written down.

Income tax status – The Organization is exempt from federal income tax under Section 501(c)(3) of the IRC except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses.

The Organization had no unrecognized tax benefits at June 30, 2024 and 2023. No interest or penalties were accrued for the years ended June 30, 2024 and 2023. The Organization files an exempt organization return in the U.S. federal jurisdiction and with the Washington charities division.

Second Harvest Inland Northwest Notes to Financial Statements

Recent accounting pronouncements – In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial assets, including accounts receivable. The expected credit loss methodology under Topic 326 is based on historical experience, current conditions and reasonable and supportable forecasts, and replaces the probable/incurred loss model for measuring and recognizing expected losses under previous U.S. GAAP. The current expected credit loss (CECL) model required the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered material to the financial statements. As of June 30, 2024, management has established an estimated expected credit loss of \$500, retrospectively adopted.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to be in accordance with the presentation in the current-year financial statements. Total net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent events – Subsequent events are events or transactions that occur after the date of the statement of financial position but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the date of the statement of financial position and before the financial statements are issued.

Subsequent to year end, the Organization contributed \$9,000,000 in investments to the Second Harvest Inland Northwest Foundation on October 1, 2024.

The Organization has evaluated subsequent events through October 21, 2024, which is the date the financial statements were available to be issued.

Note 2 – Program Descriptions

Programs of the Organization include the following:

Warehousing (county and regional) – The Organization provides short-term food help to those experiencing a one-time only crisis, to those on federal assistance in transition, to those who lack basic life skills, and to nonprofit organizations providing a wide range of services.

Washington produce – The Organization distributes surplus fresh bulk produce donations to other Feeding America network members.

Second Harvest Inland Northwest

Notes to Financial Statements

Nutrition education – The Organization provides hands-on cooking classes, demonstrations, and food samples to clients to increase food literacy and healthy eating habits. The Organization’s training and technical assistance for partner food banks empowers them to reach more clients with nutrition education as well.

The Emergency Food Assistance Program (TEFAP) – The Organization distributes surplus food made available by the federal government to low income and temporarily needy families in the community.

Commodity Supplemental Food Program (CSFP) – The Organization distributes prepackaged United States Department of Agriculture (USDA) commodities through pantries and a home delivery program to eligible elderly people. This program was terminated effective June 30, 2023.

Note 3 – Promises to Give (Pledges Receivable)

Promises to give are recorded after discounting to the present value of future cash flows at rates ranging from 6.3% to 6.5%. Management has determined the promises receivable to be fully collectible; therefore, no allowance is considered necessary at June 30, 2024 and 2023.

The discounted balance of promises to give at June 30:

	2024	2023
Unconditional promises to give	\$ 201,670	\$ 526,254
Less unamortized discount	(21,396)	(26,009)
Unconditional promises to give	\$ 180,274	\$ 500,245

Promises to give at June 30, 2024, are expected be realized in the following periods:

Amounts due in	
Less than one year	\$ 38,334
One to five years	141,940
	\$ 180,274

Second Harvest Inland Northwest Notes to Financial Statements

Note 4 – Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Projects in process	\$ -	\$ 504,104
Land	777,569	777,569
Buildings	5,958,404	5,958,404
Building improvements	7,708,724	6,948,510
Vehicles	1,616,414	1,557,108
Office equipment	445,447	630,455
Warehouse and kitchen equipment	2,903,390	3,005,523
	19,409,948	19,381,673
Less accumulated depreciation	8,009,055	7,480,569
	\$ 11,400,893	\$ 11,901,104

Note 5 – Retirement Plan

The Organization has established a 403(b) tax deferred annuity (Plan) for the benefit of its employees. All regular full and part-time employees are eligible for employer contributions upon working 1,000 hours and completing 12 consecutive months of service. The Organization contributes between 6% and 9% of an employee's salary depending upon the years of service. Participants are fully vested in the Plan after completing five years of service. Employer contributions for the years ended June 30, 2024 and 2023, were \$251,572 and \$245,134, respectively.

Note 6 – Deferred Compensation Plan

The Organization has established a deferred compensation plan for the purpose of supplementing the compensation and benefits of certain key executives who are selected by the Board of Directors to participate in the Plan. Contribution levels are determined by the Board of Directors. Plan expenses for the years ended June 30, 2024 and 2023, were \$13,011 and \$12,976, respectively.

Note 7 – Contingencies

The Organization receives a portion of its revenue from government grants and contracts, all of which are subject to audit by state and federal agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by these agencies. Until such audits have been completed, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Second Harvest Inland Northwest

Notes to Financial Statements

The Organization received grant money totaling \$1,108,767 in fiscal years 2016 and 2015 from the Washington State Department of Commerce Projects That Strengthen Youth and Families Program that was used to renovate and expand the Pasco distribution center. The grant contains a provision that there must not be a change of use of the property for a period of ten years from the date of the final receipt of grant funds or the grant must be repaid. Management is of the opinion that there will be no change of use of the property during the period specified by the grant.

Note 8 – Concentration of Credit Risk

At various times throughout the year, cash balances exceed federally insured limits in individual financial institutions. A possible loss exists for amounts in excess of \$250,000 at any one institution.

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as follows:

	<u>2024</u>	<u>2023</u>
Contributions restricted in perpetuity	\$ 297,734	\$ 297,734
Beef Counts	386	131
Bite 2 Go	385,150	567,762
Dairy for Life	11,045	15,053
Promise to give (time restriction)	180,274	500,245
Estate gifts (time restriction)	588,000	105,388
	<u>\$ 1,462,589</u>	<u>\$ 1,486,313</u>

Net assets with donor restrictions released from restrictions are as follows:

	<u>2024</u>	<u>2023</u>
Beef Counts	\$ 131	\$ 1,831
Bite 2 Go	567,762	780,954
Dairy for Life	15,054	-
Promises to give	319,971	340,144
Estate gifts	105,388	218,941
	<u>\$ 1,008,306</u>	<u>\$ 1,341,870</u>

Note 10 – Endowment

The Organization's endowment consists of two individual funds. Its endowment includes only donor-restricted endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Second Harvest Inland Northwest Notes to Financial Statements

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Uniform Prudent Management of Institutional Funds (UPMIFA) and Washington State law, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation and depreciation of investments
- Other resources of the Organization
- The investment policies of the Organization
- The spending policies of the Organization

All endowment net assets are classified as with donor restrictions.

Endowment funds with donor restrictions were \$297,734 as of June 30, 2024 and 2023.

Note 11 – Investment and Certificates of Deposit

Investments and certificates of deposit are carried at fair value on the statements of financial position. Realized and unrealized gains and losses, interest, and dividend income are reflected in the statements of activities.

For the years ended June 30, the Organization's total net investment return includes:

	2024	2023
Net realized gains on investments	\$ 208,706	\$ -
Net unrealized gains on investments	63,342	84,388
Unrealized gain on beneficial interest in trust	21,677	11,653
Interest and dividend income	205,208	118,208
Investment fees	(13,225)	(9,565)
Net investment return	\$ 485,708	\$ 204,684

Second Harvest Inland Northwest Notes to Financial Statements

Note 12 – Fair Value of Financial Instruments

FASB defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB requires valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's own assumptions about market inputs based on its own data.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following methods were used to estimate the fair value of all other financial instruments:

Certificates of deposits – Fair value is based on unquoted market prices for similar securities for money market instruments issued by a bank or credit union.

Mutual funds – Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Beneficial interest in trust – Fair value is based on unobservable inputs. Beneficial interest is valued in underlying assets being marked to fair value.

Limitations - The fair value estimates are made at a discrete point in time based on relevant market information and information about the financial instruments. Because no active market exists for certain financial instruments, their fair value estimates are based on judgments regarding current economic conditions and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment. A change in assumptions could significantly affect the estimates. Accordingly, the estimates presented herein are not necessarily indicative of what the Organization could realize in future market exchange. There has been no change in methodology during the 2024 fiscal year.

Second Harvest Inland Northwest Notes to Financial Statements

The fair value measurements of the Organization's investments by asset category at June 30, 2024 and 2023, were as follows:

	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Diversified stock mutual funds	\$ 6,640,908	\$ 6,640,908	\$ -	\$ -
Diversified bond mutual funds	2,866,000	2,866,000	-	-
Beneficial interest in trust	316,966	-	316,966	-
	\$ 9,823,874	\$ 9,506,908	\$ 316,966	\$ -
	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Diversified stock mutual funds	\$ 23,682	\$ 23,682	\$ -	\$ -
Certificates of deposit	3,690,330	-	3,690,330	-
Beneficial interest in trust	295,289	-	295,289	-
	\$ 4,009,301	\$ 23,682	\$ 3,985,619	\$ -

Note 13 – Related-Party Transactions

Feeding Washington is a Washington nonprofit membership corporation formed to create an effective, united, and capable statewide hunger relief system delivering maximum benefit to the hungry people of Washington State. Feeding Washington consists of two members: Second Harvest Inland Northwest and Food Lifeline. During the years ended June 30, 2024 and 2023, the Organization paid \$100,000 and \$200,000, respectively, to Feeding Washington in the form of membership dues.

Second Harvest Inland Northwest Notes to Financial Statements

Note 14 – Liquidity and Availability of Financial Assets

Availability and liquidity – The following represents Second Harvest Inland Northwest’s financial assets at June 30, 2024 and 2023:

	2024	2023
Financial assets at year-end		
Cash and cash equivalents	\$ 2,670,472	\$ 8,246,275
Certificates of deposit	-	3,690,330
Investments	9,506,908	23,682
Beneficial interest in trust	316,966	295,289
Due from government agencies	226,084	1,412,916
Pledges receivable, net	180,274	500,245
Receivable from related party	13,259	-
Other accounts receivable, net of allowance for credit loss	617,095	111,252
Total financial assets	13,531,058	14,279,989
Less amounts unavailable for general expenditures within one year		
Net assets with donor restrictions	1,462,590	1,486,313
Less net assets with donor restrictions to be met in less than a year	(1,022,916)	(992,917)
Total amounts unavailable to be used within one year	439,674	493,396
Financial assets available to meet general expenditures over the next 12 months	\$ 13,091,384	\$ 13,786,593

Second Harvest Inland Northwest’s goal is generally to maintain financial assets to meet or exceed 90 days of operating expenses (approximately \$2.9 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and mutual funds.

Second Harvest Inland Northwest Notes to Financial Statements

Note 15 – Operating Leases

The Organization has noncancelable leases for trucks. The Organization utilizes the risk-free borrowing rate as the discount rate for calculating the present value of future cash flows. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Future minimum rental payments under noncancelable leases with terms in excess of one year are as follows:

2025	\$ 109,639
2026	109,639
2027	109,636
2028	63,154
2029	58,928
Thereafter	<u>56,631</u>
Total undiscounted cash flows	507,627
Less present value adjustment	<u>44,588</u>
Total lease liability	<u><u>\$ 463,039</u></u>

Total lease expense for the years ended June 30, 2024 and 2023, was \$140,703 and \$105,212, respectively. The weighted average discount rate is 3.53% and 3.24% and the weighted average remaining term is 5.07 and 5.40 years for the Organization's operating leases as of June 30, 2024 and 2023, respectively.

Supplementary Information

**Second Harvest Inland Northwest
Statement of Activities Detail
Year Ended June 30, 2024**

BREAKDOWN BY PROGRAM	Program Services			
	Warehousing	Washington Produce	Nutrition Education	TEFAP
REVENUE, GAINS, AND OTHER SUPPORT				
Contributed financial assets	\$ 7,762,000	\$ -	\$ -	\$ -
Special events	-	-	-	-
Investment return, net	-	-	-	-
Purchase program	272,968	-	-	-
United Way contributions	41,437	-	-	-
Nonfederal organizations	870,461	-	-	-
Government fees and grants	476,151	-	277,486	520,161
Contributions of nonfinancial assets	56,069,019	80,215,295	-	3,951,882
Miscellaneous	232,125	-	35,190	-
Total revenue, gains, and other support	65,724,161	80,215,295	312,676	4,472,043
EXPENSES				
Support services	-	-	-	-
Program services	64,418,437	80,215,295	589,642	4,378,551
Total expenses	64,418,437	80,215,295	589,642	4,378,551
Change in net assets	\$ 1,305,724	\$ -	\$ (276,966)	\$ 93,492

See report of independent auditors.

**Second Harvest Inland Northwest
Statement of Activities Detail
Year Ended June 30, 2024**

Program Services		Support Services			
CSFP	Total Program Services	Management and General	Fundraising	Total Support Services	Total
\$ -	\$ 7,762,000	\$ -	\$ -	\$ -	\$ 7,762,000
-	-	-	306,730	306,730	306,730
-	-	485,708	-	485,708	485,708
-	272,968	-	-	-	272,968
-	41,437	-	-	-	41,437
-	870,461	-	-	-	870,461
-	1,273,798	-	-	-	1,273,798
-	140,236,196	362	-	362	140,236,558
-	267,315	-	-	-	267,315
-	150,724,175	486,070	306,730	792,800	151,516,975
-	-	1,075,167	1,522,289	2,597,456	2,597,456
-	149,601,925	-	-	-	149,601,925
-	149,601,925	1,075,167	1,522,289	2,597,456	152,199,381
\$ -	\$ 1,122,250	\$ (589,097)	\$ (1,215,559)	\$ (1,804,656)	\$ (682,406)

See report of independent auditors.

**Second Harvest Inland Northwest
Statement of Activities Detail
Year Ended June 30, 2023**

BREAKDOWN BY PROGRAM	Program Services			
	Warehousing	Washington Produce	Nutrition Education	TEFAP
REVENUE, GAINS, AND OTHER SUPPORT				
Contributed financial assets	\$ 7,150,415	\$ -	\$ -	\$ -
Special events	-	-	-	-
Investment return, net	-	-	-	-
United Way contributions	269,841	-	-	-
Nonfederal organizations	40,717	-	-	-
Government fees and grants	845,118	-	-	-
Contributions of nonfinancial assets	3,071,815	-	302,152	387,893
PPP federal loan	48,012,122	72,038,376	10	3,268,456
Miscellaneous	251,826	-	64,710	-
Total revenue, gains, and other support	<u>59,641,854</u>	<u>72,038,376</u>	<u>366,872</u>	<u>3,656,349</u>
EXPENSES				
Support services	-	-	-	-
Program services	57,707,029	72,038,376	557,759	4,321,227
Total expenses	<u>57,707,029</u>	<u>72,038,376</u>	<u>557,759</u>	<u>4,321,227</u>
Change in net assets	<u>\$ 1,934,825</u>	<u>\$ -</u>	<u>\$ (190,887)</u>	<u>\$ (664,878)</u>

See report of independent auditors.

**Second Harvest Inland Northwest
Statement of Activities Detail
Year Ended June 30, 2023**

Program Services		Support Services			
CSFP	Total Program Services	Management and General	Fundraising	Total Support Services	Total
\$ -	\$ 7,150,415	\$ -	\$ -	\$ -	\$ 7,150,415
-	-	-	373,317	373,317	373,317
-	-	204,684	-	204,684	204,684
-	269,841	-	-	-	269,841
-	40,717	-	-	-	40,717
-	845,118	-	-	-	845,118
69,089	3,830,949	-	-	-	3,830,949
366,583	123,685,547	1,494	86	1,580	123,687,127
-	316,536	125	-	125	316,661
<u>435,672</u>	<u>136,139,123</u>	<u>206,303</u>	<u>373,403</u>	<u>579,706</u>	<u>136,718,829</u>
-	-	1,167,458	1,242,576	2,410,034	2,410,034
<u>506,731</u>	<u>135,131,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,131,122</u>
<u>506,731</u>	<u>135,131,122</u>	<u>1,167,458</u>	<u>1,242,576</u>	<u>2,410,034</u>	<u>137,541,156</u>
<u>\$ (71,059)</u>	<u>\$ 1,008,001</u>	<u>\$ (961,155)</u>	<u>\$ (869,173)</u>	<u>\$ (1,830,328)</u>	<u>\$ (822,327)</u>

See report of independent auditors.

**Second Harvest Inland Northwest
 Schedule of Expenditures of Nonfederal Awards
 Year Ended June 30, 2024**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Additional Award Information</u>	<u>Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Washington State Department of Agriculture We Feed Washington		K4704	\$ -	\$ 283,928
			<u>\$ -</u>	<u>\$ 283,928</u>
Total nonfederal expenditures			<u>\$ -</u>	<u>\$ 283,928</u>

See report of independent auditors.

**Second Harvest Inland Northwest
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Additional Award Information</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
U.S. Department of Agriculture					
Passed through from Washington State Department of Agriculture					
Food Distribution Cluster					
The Emergency Food Assistance Program (TEFAP)-					
Food Commodities		10.569	K2776	\$ 681,900	\$ 786,246
Food Commodities		10.569	K4900	2,656,269	3,065,805
The Emergency Food Assistance Program		10.568	K2776	168	138,658
The Emergency Food Assistance Program		10.568	K4900	-	155,476
				<u>3,338,337</u>	<u>4,146,185</u>
Total Food Distribution Cluster					
Supplemental Nutrition Assistance Program (SNAP) Cluster					
Passed through from Washington State Department of Health					
Supplemental Nutrition Assistance Program - Education		10.561	CBO26542	-	30,084
Supplemental Nutrition Assistance Program - Education		10.561	CBO28696	-	135,646
Passed through from People for People					
Basic Food Outreach Program		10.561	2HINW-2213-44421	-	27,750
Basic Food Outreach Program		10.561	2HINW-2213-44421	-	84,005
				<u>-</u>	<u>277,485</u>
Total Supplemental Nutrition Assistance Program (SNAP) Cluster					
Passed through from Washington State Department of Agriculture					
The Emergency Food Assistance Program - CCC		10.187	K2776	-	9,212
The Emergency Food Assistance Program - CCC		10.187	K5109	-	42,886
The Emergency Food Assistance Program - CCC		10.187	K5109	-	19,545
				<u>-</u>	<u>71,643</u>
Total The Emergency Food Assistance Program - CCC					
Total U.S. Department of Agriculture					
				<u>3,338,337</u>	<u>4,495,313</u>

See accompanying notes to the schedules of expenditures of federal awards.

**Second Harvest Inland Northwest
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Additional Award Information</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
U.S. Department of Housing and Urban Development CDBG - Entitlement/Special Purpose Grants Cluster Passed through from City of Spokane Community Development Block Grant		14.218	OPR 2019-0742	-	40,000
Total U.S. Department of Housing and Urban Development and CDBG - Entitlement/Special Purpose Grants Cluster				-	40,000
U.S. Department of Treasury					
Passed through from Washington State Department of Agriculture The Emergency Food Assistance Program Gap	COVID-19	21.027	K4784	-	154,384
Food Assistance Resiliency Grants	COVID-19	21.027	K4849	-	125,000
Total Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) and U.S. Department of Treasury				-	279,384
U.S. Department of Homeland Security					
Passed through from Federal Emergency Management Agency (FEMA) Emergency Food and Shelter National Board Program		97.024	40-886200-018	-	5,438
Emergency Food and Shelter National Board Program		97.024	40-887800-017	-	1,000
Emergency Food and Shelter National Board Program		97.024	41-886200-018	-	20,785
Total U.S. Department of Homeland Security				-	27,223
Total Federal Expenditures				<u>\$ 3,338,337</u>	<u>\$ 4,841,920</u>

See report of independent auditors.

Second Harvest Inland Northwest
Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, statements of activities, changes in net assets, or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies

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. Pass-through entity identifying numbers are presented where available.

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Financial Statement Classification of the Schedule of Expenditures of Federal Awards

The following details are provided to present classification of revenues recorded within the financial statements from the schedule of expenditures of federal awards.

Statement of Activities

Government fees and grants	\$ 989,869
Contributed nonfinancial assets	<u>3,852,051</u>
Total Expenditures of Federal Awards	<u>\$ 4,841,920</u>

Expenditures of federal awards are included in various program service expenses in the statements of activities.

Report of Independent Auditors 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*

The Board of Directors
Second Harvest Inland Northwest

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 Second Harvest Inland Northwest, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, 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 October 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Second Harvest Inland Northwest's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest Inland Northwest's internal control. Accordingly, we do not express an opinion on the effectiveness of Second Harvest Inland Northwest'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Second Harvest Inland Northwest'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Spokane, Washington
October 21, 2024

Report of Independent Auditors on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Second Harvest Inland Northwest

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Second Harvest Inland Northwest's (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 Second Harvest Inland Northwest's major federal program for the year ended June 30, 2024. Second Harvest Inland Northwest's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Second Harvest Inland Northwest complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Second Harvest Inland Northwest 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 the major federal program. Our audit does not provide a legal determination of Second Harvest Inland Northwest'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 Second Harvest Inland Northwest'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 Second Harvest Inland Northwest'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 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 Second Harvest Inland Northwest's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with 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 Second Harvest Inland Northwest'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 Second Harvest Inland Northwest'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 Second Harvest Inland Northwest'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.

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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Spokane, Washington
October 21, 2024

**Second Harvest Inland Northwest
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>ALN Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
10.568 & 10.569	Food Distribution Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

No matters were reported for the year ended June 30, 2024.

Section III – Federal Award Findings and Questioned Costs

No matters were reported for the year ended June 30, 2024.

