

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

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

December 31, 2021

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

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

December 31, 2021

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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, 2021, 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, 2021, 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 were 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

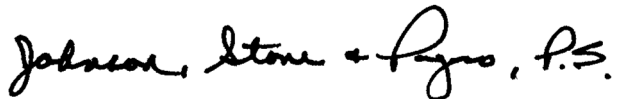
We have previously audited Emergency Food Network of Tacoma and Pierce County's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2021. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2020, 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, 2021, 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, information 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 21, 2022 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.

September 21, 2022

AUDITED FINANCIAL STATEMENTS

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2021 with Comparative Totals for 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,795,796	\$ 3,736,877
Grants receivable	942,550	336,204
Pledges receivable, net	13,750	27,897
Prepaid expenses	45,994	37,680
Inventory - donated	1,088,971	1,278,926
Inventory - purchased	<u>758,859</u>	<u>1,223,613</u>
Total Current Assets	6,645,920	6,641,197
NON-CURRENT ASSETS		
Cash and cash equivalents, restricted for capital projects and endowment	7,500	7,500
PROPERTY AND EQUIPMENT		
Building and improvements	2,332,794	1,714,963
Land	485,259	485,259
Land improvements	465,566	465,566
Farm equipment	174,194	174,194
Vehicles	910,492	764,977
Warehouse equipment	<u>602,471</u>	<u>504,922</u>
	4,970,776	4,109,881
Less accumulated depreciation	<u>1,877,022</u>	<u>1,656,511</u>
Total Property and Equipment	<u>3,093,754</u>	<u>2,453,370</u>
TOTAL ASSETS	<u>\$ 9,747,174</u>	<u>\$ 9,102,067</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, 2021 with Comparative Totals for 2020

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 74,451	\$ 118,957
Accrued wages and payroll taxes	22,618	17,294
Accrued vacation	40,253	39,689
Accrued expenses	5,979	
Note payable		283,612
	<u>143,301</u>	<u>459,552</u>
Total Current Liabilities	143,301	459,552
NET ASSETS		
Without donor restrictions	8,705,463	7,702,092
With donor restrictions	<u>898,410</u>	<u>940,423</u>
	<u>9,603,873</u>	<u>8,642,515</u>
Total Net Assets	9,603,873	8,642,515
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,747,174</u>	<u>\$ 9,102,067</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, 2021 with Comparative Totals for 2020

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<u>SUPPORT AND REVENUE</u>				
MONETARY SUPPORT AND REVENUE				
Government grants	\$ 4,225,915		\$ 4,225,915	\$ 6,107,567
Community contributions and special events	1,434,042	\$ 125,533	1,559,575	1,779,826
Private foundations	1,329,492		1,329,492	2,154,554
Interest income	2,800		2,800	5,175
Other income	350		350	974
Loan forgiveness Paycheck Protection Program	283,612		283,612	
Net assets released from restrictions	224,917	(224,917)		
Total Monetary Support and Revenue	7,501,128	(99,384)	7,401,744	10,048,096
IN-KIND SUPPORT AND REVENUE				
Community contributions	17,979,538		17,979,538	25,613,161
Government grants	4,976,125	57,371	5,033,496	4,539,756
Rent	28,800		28,800	28,800
Total In-kind Support and Revenue	22,984,463	57,371	23,041,834	30,181,717
Total Support and Revenue	30,485,591	(42,013)	30,443,578	40,229,813
<u>EXPENSES</u>				
PROGRAM SERVICES				
Food banks	28,462,874		28,462,874	35,640,100
Farm	270,430		270,430	227,618
SUPPORTING SERVICES				
Management and general	347,037		347,037	230,453
Fundraising	401,879		401,879	243,720
Total Expenses	29,482,220		29,482,220	36,341,891
CHANGE IN NET ASSETS	1,003,371	(42,013)	961,358	3,887,922
Net Assets at Beginning of Year	7,702,092	940,423	8,642,515	4,754,593
NET ASSETS END OF YEAR	\$ 8,705,463	\$ 898,410	\$ 9,603,873	\$ 8,642,515

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, 2021 with Comparative Totals for 2020

	Program Services			Supporting Services			Total Expenses	
	Food Banks	Farm	Total	Management and General	Fundraising	Total	2021	2020
GOVERNMENT GRANTS								
EFAP program	\$ 614,395		\$ 614,395				\$ 614,395	\$ 1,341,612
EFSP program	170,238		170,238				170,238	104,192
TEFAP program	572,393		572,393				572,393	521,040
TMP program	8,772		8,772				8,772	165,148
Total Government Grants	1,365,798		1,365,798				1,365,798	2,131,992
Salaries, benefits and payroll taxes	828,067	\$ 199,911	1,027,978	\$ 162,479	\$ 325,825	\$ 488,304	1,516,282	1,157,627
Food and related expenses	1,108,803		1,108,803	280		280	1,109,083	1,786,667
Depreciation	224,010		224,010				224,010	184,010
Facility and equipment expense	136,681	2,741	139,422				139,422	133,830
Office expenses	22,003	39	22,042	5,967	23,605	29,572	51,614	51,489
Insurance and other fees	27,952	334	28,286	82,246	5,493	87,739	116,025	90,022
Contracts services	31,758	2,750	34,508	68,809		68,809	103,317	70,731
Marketing and events	19,749		19,749		46,956	46,956	66,705	48,716
Travel, training and meeting expense	1,465	43	1,508	3,636		3,636	5,144	2,753
Farm expenses		35,812	35,812				35,812	62,217
Bad debt				220		220	220	18,328
Capital fund expenses								7,336
Emergency response - COVID-19	1,055,350		1,055,350	23,400		23,400	1,078,750	1,762,395
Total Before In-kind Expenses	4,821,636	241,630	5,063,266	347,037	401,879	748,916	5,812,182	7,508,113
IN-KIND EXPENSES								
Food	18,665,113		18,665,113				18,665,113	24,307,098
Government grants	4,976,125		4,976,125				4,976,125	4,497,880
Rent		28,800	28,800				28,800	28,800
Total In-kind Expenses	23,641,238	28,800	23,670,038				23,670,038	28,833,778
TOTAL EXPENSES	\$ 28,462,874	\$ 270,430	\$ 28,733,304	\$ 347,037	\$ 401,879	\$ 748,916	\$ 29,482,220	\$ 36,341,891

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, 2021 with Comparative Totals for 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	\$ 6,540,713	\$ 9,700,003
Cash paid to suppliers and employees	(5,620,550)	(7,239,253)
Interest received	<u>2,800</u>	<u>5,175</u>
Net Cash Provided by Operating Activities	922,963	2,465,925
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchased property and equipment	(864,394)	(299,218)
Cash received from sale of property and equipment	<u>350</u>	<u>2,200</u>
Net Cash Used by Investing Activities	(864,044)	(297,018)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u></u>	<u>283,612</u>
Net Cash Provided by Financing Activities	<u></u>	<u>283,612</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	58,919	2,452,519
Cash and Cash Equivalents at Beginning of Year	<u>3,744,377</u>	<u>1,291,858</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,803,296</u>	<u>\$ 3,744,377</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 3,795,796	\$ 3,736,877
Restricted cash and cash equivalents	<u>7,500</u>	<u>7,500</u>
	<u>\$ 3,803,296</u>	<u>\$ 3,744,377</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, 2021 with Comparative Totals for 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 961,358	\$ 3,887,922
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	224,010	184,010
Gain on sale of property and equipment	(350)	(974)
Bad debt expense (recovery)	(17,580)	17,390
Inventory - donated		
Donated food	(23,419,915)	(29,028,053)
Distribution of donated food	23,609,870	28,804,978
Loan forgiveness Paycheck Protection Program	(283,612)	
(Increase) decrease in		
Grants receivable	(606,346)	(329,422)
Pledges receivable, net	31,727	(13,496)
Prepaid expenses	(8,314)	(9,335)
Inventory - purchased	464,754	(1,106,502)
Increase (decrease) in		
Accounts payable	(44,506)	60,108
Accrued wages and payroll taxes	5,324	2,364
Accrued vacation	564	(3,065)
Accrued expenses	<u>5,979</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 922,963</u>	<u>\$ 2,465,925</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, 2021 with Comparative Totals for 2020

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

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.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Donor restricted support whose restrictions are met in the same reporting period are reported as support within net assets without donor restrictions.

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 doubtful accounts has been established.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 uncollectible pledges. The allowance for uncollectible pledges is estimated based on the Organization's historical losses, the existing economic conditions and the financial stability of its donors.

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, 2021 and 2020, donated inventory is stated at an industry standard of \$1.82 and \$1.75 per pound, respectively. Government surplus commodities are stated at prices established by the United States Department of Agriculture. As of December 31, 2021 and 2020, inventory consists of the following:

	<u>2021</u>	<u>2020</u>
Donated	\$ 323,594	\$ 570,920
Government grants	<u>765,377</u>	<u>708,006</u>
	1,088,971	1,278,926
 Purchased	 <u>758,859</u>	 <u>1,223,613</u>
 Total	 \$ <u>1,847,830</u>	 \$ <u>2,502,539</u>

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 \$1,000 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 five to fifteen years. Depreciation for the building and improvements is provided using the straight-line method over its estimated useful life of ten to thirty years. Depreciation expense for the years ended December 31, 2021 and 2020 was \$224,010 and \$184,010, 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.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020 were 8,667 and 8,216, respectively.

The value of donated food from community contributions included as in-kind donations for the years ended December 31, 2021 and 2020 is \$17,979,538 and \$25,613,161, respectively, and are correspondingly valued at \$1.82 per pound for 2021 and \$1.75 for 2020. Community contributions for the same years then ended represent 59% and 64% of total support and revenue, respectively.

The value of donated food from the Department of Agriculture ("DOA") included as in-kind contributions for the years ended December 31, 2021 and 2020 is \$5,033,496 and \$4,539,756, 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 20% and 13% of total support and revenues for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 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 \$66,705 and \$48,716 in 2021 and 2020, 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).

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The purpose of the new standard is to increase the transparency and comparability in financial reporting by requiring lessees to report an asset and a corresponding liability on the statement of financial position for most leases. Lessor accounting for leases was substantially unchanged. The ASU's requirements are broadly applicable, will be effective for years beginning after December 15, 2021, and will require a modified retrospective application approach for existing leases whereby the effects of implementing the new standard will be applied to the earliest period presented. Management is currently evaluating how the new requirements will affect the Organization's financial statements.

Subsequent Events

The management of the Organization evaluated subsequent events and transactions for potential recognition and disclosure through September 21, 2022, the date the financial statements were available to be issued.

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,795,796	\$ 3,736,877
Cash and cash equivalents restricted for capital projects and endowment	7,500	7,500
Grants receivable	942,550	336,204
Pledges receivable, net	<u>13,750</u>	<u>27,897</u>
Total financial assets	4,759,596	4,108,478
Endowment funds held in cash accounts	(7,500)	(7,500)
Pledge receivables, net	<u>(13,750)</u>	<u>(27,897)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>4,738,346</u>	\$ <u>4,073,081</u>

The Organization also has a \$300,000 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.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

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.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Amounts due in less than one year	\$ 13,970	\$ 45,697
Less allowance for uncollectible pledges	<u>220</u>	<u>17,800</u>
Pledges Receivable, net	\$ <u>13,750</u>	\$ <u>27,897</u>

Management has evaluated the pledges and recorded an allowance for uncollectible pledges as of December 31, 2021 and 2020 of \$220 and \$17,800, respectively.

NOTE 5 - LINE OF CREDIT

The Organization has an available \$300,000 revolving line of credit with a bank that expires in November 2022, secured by receivables and equipment. Interest is payable monthly at the bank's index, plus 2.25%, with a minimum rate of 3.5%. The rate as of December 31, 2021 is 5.75%. There was no amount outstanding on the line as of December 31, 2021 and 2020.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Restricted for purpose or time		
Other programs	\$ 125,533	\$ 224,917
Purchase of food	<u>765,377</u>	<u>708,006</u>
	890,910	932,923
Donor restricted endowment corpus	<u>7,500</u>	<u>7,500</u>
Total	\$ <u>898,410</u>	\$ <u>940,423</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.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 7 - 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. In 2020, the distribution amount was \$700 and there was no distribution in 2021. The balance of the fund as of December 31, 2021 and 2020 was \$18,322 and \$16,649, respectively.

NOTE 8 - 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, 2021 and 2020, \$67,184 and \$63,009, respectively, was contributed on behalf of the employees.

NOTE 9 - RELATED PARTY TRANSACTIONS

A board member is the employee of an investment company in which the Organization has a cash account in the amount of \$73,733 and \$1,794,387 at December 31, 2021 and 2020, respectively.

NOTE 10 - OPERATING LEASE AGREEMENT

The Organization entered into an operating lease for equipment under a noncancelable lease that expires in 2024. Monthly lease payments of \$267 are included in the office expense category on the 2021 and 2020 statements of functional expenses.

Minimum annual payments under lease agreements for future years ending December 31 are as follows:

2022	\$ 3,204
2023	3,204
2024	<u>2,937</u>
Total Minimum Lease Payments	\$ <u>9,345</u>

Total rental expense for the years ending December 31, 2021 and 2020 was \$3,204.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 11 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. 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.

NOTE 12 - RISKS AND UNCERTAINTIES

As of December 31, 2021, the world was in the midst of the COVID-19 pandemic. Significant uncertainty remains regarding the wide-ranging effects of the pandemic subsequent to year-end. The Organization is closely monitoring its operations, liquidity, capital and financial resources, and is actively working to minimize the current and future effects of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position or operations is not known.

On April 15, 2020, the Organization received a conditional contribution in the amount of \$283,612 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the COVID-19 Aid, Relief and Economic Security Act ("CARES Act"), provides for relief funds to qualifying organizations. The conditions outlined by the CARES Act were met during the year ended December 31, 2021, and the note payable was forgiven. As such, the Organization has recorded the loan forgiveness in the accompanying statements of activities and changes in net assets.

SUPPLEMENTARY INFORMATION

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2021

<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	K2170 & K2768		\$ 572,393
Capital expenditures	10.568	K2170		16,468
Food commodities	10.569	K2170	\$ 148,785	4,316,049
Total Food Distribution Cluster			<u>148,785</u>	<u>4,904,910</u>
Passed through State of Washington				
Trade Mitigation Program				
Administrative costs	10.178	K2170		8,772
Food commodities	10.178	K2170		446,654
Total Trade Mitigation Program			<u></u>	<u>455,426</u>
Total Department of Agriculture			148,785	5,360,336
DEPARTMENT OF TREASURY				
Passed through State of Washington				
Emergency Food Assistance Program				
COVID 19 - EFAP CARES Flexible Capacity	21.019			432,385
COVID 19 - EFAP CARES Stabilization	21.019	K2725		31,702
COVID 19 - EFAP CARES Stabilization - Capital Expenditures	21.019			145,000
COVID 19 - National Guard Backfill Grant	21.019			27,997
COVID 19 - Farm to Food Pantry Initiative 1	21.019			8,000
Passed through United Way of America				
United Way of America CARES Grant	21.019	Unknown		118,238
Total Coronavirus Relief Fund			<u></u>	<u>763,322</u>
Passed through State of Washington				
Emergency Food Assistance Program				
EFAP COVID 19 State Fiscal Recovery Fund	21.027			144,437
EFAP COVID 19 State Fiscal Recovery Fund	21.027		91,048	134,982
Farm to Food Pantry Initiative 2	21.027			6,572
Passed through Pierce County				
Pierce County ADR Grant State Fiscal Recovery Fund	21.027	SC-108488	986,123	1,877,076
Total Coronavirus State and Local Fiscal Recovery Funds			<u>1,077,171</u>	<u>2,163,067</u>
Total Department of Treasury			1,077,171	2,926,389
DEPARTMENT OF HOMELAND SECURITY				
Passed through United Way of America: EFSP				
Emergency Food and Shelter National Board Program	97.024	LRO891400-001		52,000
Total Department of Homeland Security			<u></u>	<u>52,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,225,956</u>	\$ <u>8,338,725</u>

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2021

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, 2021. 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 not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2021

NOTE 3 - SUBAWARDS

Emergency Food Network of Tacoma and Pierce County passed through federal awards under ALN #10.568 to the following subrecipients:

Bonney Lake Community Food Bank	\$ 13,965
Eatonville Family Agency Food Bank	1,410
Edgewood Community Nourish Food Bank	7,845
Food Connection Springbrook Mobile	10,905
Graham Nourish Food Bank	3,090
Harvest House/Community Cares	2,040
Key Peninsula Community Services	2,745
Lakes Area Nourish Food Bank	11,220
Making a Difference Foundation	44,160
Making a Difference Foundation - Mobile 1	1,500
Nourish Food Bank - Mobile 1	8,970
Nourish Food Bank - Mobile 2	3,210
NW Tacoma Nourish Food Bank	3,105
Orting Food Bank	1,470
Peninsula Community Foundation BP4Kids	4,365
Puyallup Food Bank	8,610
Salvation Army Puyallup	705
SE Tacoma Nourish Food Bank	18,990
St. Andrew Emmanuel Food Pantry	<u>480</u>
TOTAL SUBAWARDS ALN #10.568	\$ <u>148,785</u>

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2021

NOTE 3 - SUBAWARDS (Continued)

Emergency Food Network of Tacoma and Pierce County passed through federal awards under ALN #21.027 to the following subrecipients:

Edgewood Community Nourish Food Bank	\$ 13,701
Graham Nourish Food Bank	5,273
Jackson Nourish	668
Lakes Area Nourish Food Bank	17,672
Nourish Food Bank - Mobile 1	14,370
Nourish Food Bank - Mobile 2	5,275
NW Tacoma Nourish Food Bank	4,665
SE Tacoma Nourish Food Bank	29,424
All Saints Community Services	1,524
BASH Food Bank	13,500
Bischoff Key Peninsula Food Bank	21,076
Bonney Lake Community Food Bank	86,004
Bounty Food Bank	6,700
Bread of Life Food Bank	6,759
Calvary Baptist Food Bank	6,701
Eatonville Family Agency Food Bank	8,685
Families Unlimited (UP) Food Bank	10,379
Fife/Milton/Edgewood Food Bank	4,745
Food Connection - St. Leo Parish	26,197
Food Connection - Springbrook Mobile	26,197
Gateway Church CARE Food Pantry	2,803
Gig Harbor Peninsula FISH	6,691
Harvest House/Community Cares	12,578
Key Peninsula Community Services	16,905
Life Center Rainier Food Bank	6,993
Making a Difference Foundation	219,521
My Sisters Pantry Food Bank	2,113
Network Tacoma Food Bank	2,368
New Jerusalem Food Pantry	6,829
Nourish Food Banks of Pierce County	286,231
Orting Food Bank	9,033
Parkway Community Services Food Pantry	40,228
PCAF	780
Peninsula Community Foundation BP4Kids	26,854

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2021

NOTE 3 - SUBAWARDS (Continued)

Puyallup Food Bank	\$ 41,372
Salvation Army Puyallup	3,383
Salvation Army Tacoma	6,451
Samoan Family Services	15,496
SeaMar Community Health Center	1,672
St. Andrew Emmanuel Food Pantry	2,315
Sumner Community Food Bank	9,530
Tacoma Adventists Community Services	20,359
The Blessings Food Pantry	9,728
Tillicum/American Lake Gardens Cmty Ctr	1,731
Trinity Community Food Pantry	5,637
WLSA Food Pantry	<u>10,055</u>

TOTAL SUBAWARDS ALN #21.027	\$ <u>1,077,171</u>
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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, 2021, 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 21, 2022.

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 audit 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.

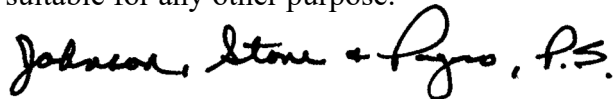
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies 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.

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 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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Johnson, Stone & Pagano, P.S." in a cursive script.

JOHNSON, STONE & PAGANO, P.S.

September 21, 2022



1501 Regents Blvd., Suite 100

Fircrest, WA 98466-6060

Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by 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, 2021. 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, 2021.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* require the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

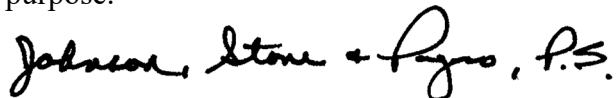
Report on Internal Control Over Compliance

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, as discussed below, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

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. We considered the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001.

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. *Government Auditing Standards* require the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance; accordingly, we express no opinion on the response.

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.

September 21, 2022

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2021

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?	Yes
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)?	Yes

Identification of Major Programs

21.019 COVID-19 Department of Treasury	
21.027 Coronavirus State and Local Fiscal Recovery Funds	
Department of Treasury	
10.568 Emergency Food Assistance Program Cluster	
Department of Agriculture	
10.569 Emergency Food Assistance Program Cluster	
Department of Agriculture	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended December 31, 2021

Section II - Financial Statement Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

2021-001 Schedule of Federal Awards

Funding Agency: Department of Agriculture

ALN: 21.027

Criteria

The schedule of federal awards ("SEFA") is required to be prepared in accordance with the Uniform Guidance to reflect expenditures of federal awards.

Condition

The SEFA, as originally prepared, inaccurately reported the source of a federal grant.

Context

The SEFA did not accurately reflect the correct source of federal expenditures for ALN #21.027.

Effect

The SEFA did not properly reflect the correct ALN as required by the Uniform Guidance. This resulted in the selection of an additional major program mid-way through the audit.

Cause

The SEFA was completed without verifying the source of the grant funding as outlined on the contracts.

Auditor's Recommendation

We recommend staff training to review contracts and verify the source of funding for each grant. We also recommend the implementation of procedures to provide oversight that ensures the completion of an accurate SEFA.

EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY

CORRECTIVE ACTION PLAN

Year Ended December 31, 2021

CORRECTIVE ACTION PLAN IN RESPONSE TO:

Schedule of Findings and Questioned Costs

Year End December 31, 2021

Section III – Federal Award Findings

2021-001 Schedule of Federal Awards

Finding:

The SEFA did not accurately reflect the proper amount of federal expenditures applicable to each federal program.

Auditor's recommendation:

We recommend staff training to review contracts and verify the source of funding for each grant. We also recommend the implementation of procedures to provide oversight that ensures the completion of an accurate SEFA.

Actions Taken:

EFN will provide staff training in the preparation of the SEFA and oversight by the Director of Finance and Chief Executive Officer to ensure the accurate completion of the SEFA including the verification of funding sources for each grant.

Individual responsible for corrective action plan implementation:

Jody Leon Guerrero – Director of Finance

Date of corrective action plan implementation:

07/01/2022

