

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**



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**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2024**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>4</b>
<b>STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>6</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>8</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>10</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>11</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>23</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>24</b>
<b>REPORTS ON COMPLIANCE AND INTERNAL CONTROL</b>	
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER     FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS     BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN     ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>25</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH     MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL     OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE</b>	<b>27</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>31</b>



## INDEPENDENT AUDITORS' 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 accompanying financial statements of Emergency Food Network of Tacoma and Pierce County (EFN) (a Washington nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of EFN, as of December 31, 2024, 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.

#### ***Basis for Opinion***

We conducted our audit 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EFN 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.

#### ***Prior Period Financial Statements***

The financial statements of EFN as of December 31, 2023, were audited by other auditors whose report dated September 18, 2024, expressed an unmodified opinion on those statements.

#### ***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 EFN's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 EFN'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 EFN'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.

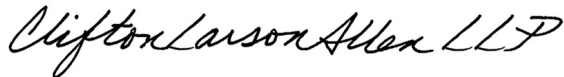
### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2025, on our consideration of EFN'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 EFN'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 EFN's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 18, 2025

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

ASSETS	2024	2023
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,738,837	\$ 3,339,121
Grants and Accounts Receivable	826,234	2,021,877
Pledges Receivable	5,800	250,600
Prepaid Expenses	80,074	52,565
Inventory - Purchased	257,362	276,835
Inventory - Donated	1,153,329	1,074,693
Total Current Assets	6,061,636	7,015,691
<b>NONCURRENT ASSETS</b>		
Cash and Cash Equivalents, Reserved for Capital Project and Home Purchase	824,635	1,699,979
Right-of -Use Asset, Net of Accumulated Amortization of \$5,826 and \$2,957 in 2024 and 2023, respectively	27,295	2,596
<b>PROPERTY AND EQUIPMENT</b>		
Construction in Progress	-	4,256,754
Building and Improvements	9,056,405	2,436,162
Land	485,259	485,259
Land Improvements	469,482	481,527
Farm Equipment	8,818	179,706
Vehicles	910,492	910,492
Warehouse Fixtures	311,225	35,784
Warehouse Equipment	1,810,050	740,780
Subtotal	13,051,731	9,526,464
Less: Accumulated Depreciation	2,617,195	2,357,819
Total Property and Equipment	10,434,536	7,168,645
Total Noncurrent Assets	11,286,466	8,871,220
Total Assets	\$ 17,348,102	\$ 15,886,911

See accompanying Notes to Financial Statements

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 399,661	\$ 219,463
Accrued Wages and Payroll Taxes	37,939	29,378
Accrued Vacation	51,655	63,011
Accrued Expenses	417	1,400
Operating Lease Liability, Current Portion	6,448	2,596
Long-Term Debt, Current Portion	750,000	-
Total Current Liabilities	1,246,120	315,848
<b>LONG-TERM LIABILITIES</b>		
Operating Lease Liability, Less Current Portion	20,847	-
Long-Term Debt, Less Current Portion	-	750,000
Total Long-Term Liabilities	20,847	750,000
Total Liabilities	1,266,967	1,065,848
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions:		
Unrestricted for General Operations	14,168,392	11,685,542
Board Designated	824,635	1,160,000
Total Net Assets Without Donor Restrictions	14,993,027	12,845,542
Net Assets With Donor Restrictions	1,088,108	1,975,521
Total Net Assets	16,081,135	14,821,063
Total Liabilities and Net Assets	\$ 17,348,102	\$ 15,886,911

See accompanying Notes to Financial Statements

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions of Non-Financial Assets	\$ 24,351,508	\$ -	\$ 24,351,508
Government Grants	4,193,521	-	4,193,521
Community Contributions	1,191,147	292,000	1,483,147
Private Foundations	951,402	-	951,402
Special Events, Net of Direct Expenses of \$152,241	549,976	-	549,976
Capital Campaign Contributions	500,040	-	500,040
Interest Income	91,855	-	91,855
Other Income	5,108	-	5,108
Loss on Disposal of Assets	(14,007)	-	(14,007)
Net Assets Released from Restrictions	1,179,413	(1,179,413)	-
Total Support and Revenue	32,999,963	(887,413)	32,112,550
<b>EXPENSES</b>			
Program Services:			
Food Banks	29,252,889	-	29,252,889
Farm	331,753	-	331,753
Supporting Services:			
Management and General	747,189	-	747,189
Fundraising	520,647	-	520,647
Total Expenses	30,852,478	-	30,852,478
<b>CHANGE IN NET ASSETS</b>	2,147,485	(887,413)	1,260,072
Net Assets - Beginning of Year	12,845,542	1,975,521	14,821,063
<b>NET ASSETS - END OF YEAR</b>	\$ 14,993,027	\$ 1,088,108	\$ 16,081,135

See accompanying Notes to Financial Statements

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions of Non-Financial Assets	\$ 22,622,681	\$ 798,982	\$ 23,421,663
Government Grants	3,677,021	1,625,000	5,302,021
Community Contributions	1,046,526	10,215	1,056,741
Private Foundations	1,502,026	-	1,502,026
Capital Campaign Contributions	-	1,533,856	1,533,856
Special Events, Net of Direct Expenses of \$134,004	523,285	-	523,285
Interest Income	52,051	-	52,051
Other Income	9,038	-	9,038
Net Assets Released from Restrictions	4,630,758	(4,630,758)	-
<b>Total Support and Revenue</b>	<u>34,063,386</u>	<u>(662,705)</u>	<u>33,400,681</u>
<b>EXPENSES</b>			
Program Services:			
Food Banks	28,898,964	-	28,898,964
Farm	350,759	-	350,759
Supporting Services:			
Management and General	665,474	-	665,474
Fundraising	446,704	-	446,704
<b>Total Expenses</b>	<u>30,361,901</u>	<u>-</u>	<u>30,361,901</u>
<b>CHANGE IN NET ASSETS</b>	3,701,485	(662,705)	3,038,780
Net Assets - Beginning of Year	<u>9,144,057</u>	<u>2,638,226</u>	<u>11,782,283</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 12,845,542</u></u>	<u><u>\$ 1,975,521</u></u>	<u><u>\$ 14,821,063</u></u>

See accompanying Notes to Financial Statements

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2024**

	Program Services			Supporting Services			2023
	Food Banks	Farm	Total	Management and General	Fundraising	Total	
In-Kind Expenses	\$ 24,263,545	\$ 28,800	\$ 24,292,345	\$ -	\$ -	\$ 24,292,345	\$ 23,710,567
Salaries, Benefits, and Payroll Expenses	1,607,723	246,997	1,854,720	413,530	435,659	2,703,909	2,502,891
Food and Related Expenses	1,635,977	-	1,635,977	-	-	1,635,977	1,892,046
Food Bank Expense	915,532	-	915,532	-	-	915,532	902,775
Depreciation	371,570	597	372,167	10,056	13,078	395,301	232,528
Facility and Equipment Expense	272,172	392	272,564	3,036	6,470	282,070	255,429
Insurance and Other Fees	23,299	1,238	24,537	165,845	10,299	200,681	180,727
Contract Services	81,631	-	81,631	97,349	2,868	181,848	238,570
Capital Fund Expenses	73,999	-	73,999	10,137	-	84,136	-
Farm Expenses	30	53,729	53,759	-	-	53,759	57,763
Office Expenses	6,801	-	6,801	41,189	2,875	50,865	46,412
Advertising and Marketing	150	-	150	242	42,012	42,404	32,985
Travel, Training and Meeting Expense	460	-	460	5,805	796	7,061	13,315
Credit Loss	-	-	-	-	6,590	6,590	-
Emergency Response - Covid-19	-	-	-	-	-	-	295,893
<b>Total Expenses by Function</b>	<b>29,252,889</b>	<b>331,753</b>	<b>29,584,642</b>	<b>747,189</b>	<b>520,647</b>	<b>30,852,478</b>	<b>30,361,901</b>
Expenses Netted Against Revenues on the Statement of Activities and Changes in Net Assets:							
Special Event Expenses	-	-	-	-	152,241	152,241	134,004
<b>Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets</b>	<b>\$ 29,252,889</b>	<b>\$ 331,753</b>	<b>\$ 29,584,642</b>	<b>\$ 747,189</b>	<b>\$ 672,888</b>	<b>\$ 31,004,719</b>	<b>\$ 30,495,905</b>

See accompanying Notes to Financial Statements

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023**

	Program Services			Supporting Services		
	Food Banks	Farm	Total	Management and General	Fundraising	Total
In-Kind Expenses	\$ 23,681,767	\$ 28,800	\$ 23,710,567	\$ -	\$ -	\$ 23,710,567
Salaries, Benefits, and Payroll Expenses	1,551,842	261,113	1,812,955	299,792	390,144	2,502,891
Food and Related Expenses	1,892,046	-	1,892,046	-	-	1,892,046
Food Bank Expenses	902,775	-	902,775	-	-	902,775
Emergency Response - Covid-19	295,893	-	295,893	-	-	295,893
Facility and Equipment Expense	249,326	1,874	251,200	984	3,245	255,429
Contract Services	63,049	-	63,049	173,332	2,189	238,570
Depreciation	232,528	-	232,528	-	-	232,528
Insurance and Other Fees	18,378	629	19,007	147,384	14,336	180,727
Farm Expenses	-	57,763	57,763	-	-	57,763
Office Expenses	11,138	213	11,351	31,724	3,337	46,412
Advertising and Marketing	-	144	144	364	32,477	32,985
Travel, Training and Meeting Expense	222	223	445	11,894	976	13,315
<b>Total Expenses by Function</b>	<b>28,898,964</b>	<b>350,759</b>	<b>29,249,723</b>	<b>665,474</b>	<b>446,704</b>	<b>30,361,901</b>
Expenses Netted Against Revenues on the Statement of Activities and Changes in Net Assets:						
Special Event Expenses	-	-	-	-	134,004	134,004
<b>Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets</b>	<b>\$ 28,898,964</b>	<b>\$ 350,759</b>	<b>\$ 29,249,723</b>	<b>\$ 665,474</b>	<b>\$ 580,708</b>	<b>\$ 30,495,905</b>

See accompanying Notes to Financial Statements

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,260,072	\$ 3,038,780
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	395,301	232,528
Credit Loss	6,590	-
Amortization of Right-of-Use Asset - Operating	2,596	2,957
Noncash Lease Expense	18,255	-
Loss on Disposal of Assets	14,007	-
(Increase) Decrease in Inventory - Donated	(876,494)	87,807
(Increase) Decrease in Operating Assets:		
Grants and Accounts Receivable	1,195,643	(1,685,482)
Pledges Receivable	238,210	271,194
Prepaid Expenses	(27,509)	(4,599)
Inventory - Purchased	817,331	217,819
Operating Right-of-Use Asset	(45,550)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	180,198	83,707
Accrued Wages and Payroll Taxes	8,561	1,146
Accrued Vacation	(11,356)	2,407
Accrued Expenses	(983)	(11,224)
Operating Lease Liability	24,699	(2,957)
Net Cash Provided by Operating Activities	3,199,571	2,234,083
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(4,099,359)	(4,286,133)
Disposals of Property and Equipment	424,160	-
Net Cash Used by Investing Activities	(3,675,199)	(4,286,133)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on Long-Term Debt	-	750,000
Net Cash Provided by Financing Activities	-	750,000
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(475,628)	(1,302,050)
Cash and Cash Equivalents - Beginning of Year	5,039,100	6,341,150
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,563,472	\$ 5,039,100
 <b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES</b>		
Equipment and Facilities Received in Exchange for Operating Leases	\$ 18,255	\$ -
 <b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	\$ 3,738,837	\$ 3,339,121
Restricted	824,635	1,699,979
Total	\$ 4,563,472	\$ 5,039,100

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Emergency Food Network of Tacoma and Pierce County (EFN) became an independent 501(c)(3) nonprofit organization in 1991. EFN 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, EFN 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. EFN collects donated food and purchases food using federal, state, county and other governmental grants and private contributions. EFN distributes food to other food banks and feeding centers in Pierce County.

EFN 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. As of December 31, 2024, EFN did not renew their lease with Mother Earth Farm and vacated the property.

**Basis of Presentation**

EFN's financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, EFN considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. EFN maintains cash balances at certain financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), with basic coverage up to \$250,000. At December 31, 2024, the Organization maintained balances in excess of FDIC limitations in the amount of \$1,240,640. Management of EFN does not anticipate any material adverse effect on its financial position as a result of the concentration of credit risk.

**Grants Receivable and Allowance for Credit Losses**

Grants receivable consist primarily of noninterest-bearing amounts due for program services. EFN uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables. A loss rate is developed for each risk category based on aging. Management believes the composition of receivables at year-end is consistent with historical conditions such as credit terms and practices and the customer base has not changed significantly. EFN considers all receivables to be fully collectible; therefore, no allowance for credit losses has been established. EFN has no contract assets with an exchange component at December 31, 2024, 2023, or 2022.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Promises to Give**

EFN records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Amortization of the discounts are included in contribution revenue in the statement of activities and changes in net assets. EFN determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

EFN initially records unconditional promises to give and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

**Inventory**

Inventory consists of food donated to EFN and food purchased by EFN. Purchased inventory is stated at average cost. For the years ended December 31, 2024 and 2023, donated inventory is stated at an industry standard of \$2.16 per pound. Government surplus commodities are stated at prices established by the United States Department of Agriculture.

**Property and Equipment**

EFN records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities and changes in net assets. The costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are currently expensed.

EFN reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2024 and 2023. Depreciation expense for the years ended December 31, 2024 and 2023, was \$395,301 and \$232,528, respectively.

**Leases**

EFN leases equipment. EFN determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

ROU assets represent EFN's right to use an underlying asset for the lease term and lease liabilities represent EFN's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, EFN uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that EFN will exercise that option.

Lease expense for lease payments are recognized on a straight-line basis over the lease term. EFN has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, EFN has elected to use a risk-free discount rate determined by using a period comparable with that of the lease term for computing the present value of all lease liabilities.

EFN has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

EFN reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. EFN reports conditional contributions restricted by donors simultaneously in the reporting period.

**Revenue Recognition**

**Government Grants, Private Foundations and Community Contributions**

EFN recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government's own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when EFN has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. EFN received cost-reimbursable grants of \$6,394,056 and \$3,634,397 that have not been recognized at December 31, 2024, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under our federal and state contracts and grants.

**Contributions on Non-Financial Assets**

Contributed non-financial assets include donated food, materials and equipment, donated use of land, and other in kind contributions which are recorded at the respective fair values of the goods received (Note 12). EFN does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time in the warehouse throughout the year to support its program services in a variety of ways; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Total volunteer hours for the years ended December 31, 2024 and 2023, were 12,003 and 12,822, respectively.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

**Special Events**

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. EFN recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. EFN recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Amounts received prior to the special event occurring are reported as deferred revenue in the statements of financial position.

**Advertising Costs**

During the years ended December 31, 2024 and 2023, advertising and marketing costs were expensed as incurred and totaled \$42,404 and \$32,985, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include depreciation and salaries and wages, benefits, and payroll taxes which are allocated on the basis of estimates of time and effort.

**Income Tax**

EFN is organized as a Washington nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as organizations described in Internal Revenue Code (IRC) Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. EFN is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, EFN is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that EFN is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**Estimates**

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Financial Instruments and Credit Risk**

EFN manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, EFN has not experienced losses in any of these accounts. Credit risk associated with grants receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of our mission.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

Subsequent events have been evaluated through September 18, 2025, which is the date the financial statements were available to be issued and has determined that other than the events mentioned in Note 17, there are no other subsequent events that require disclosure.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The following table reflects EFN's financial assets available for general expenditure, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual restrictions, donor restrictions, or internal board designations comprise the following at December 31:

	2024	2023
Cash and Cash Equivalents	\$ 3,738,837	\$ 3,339,121
Grants and Accounts Receivable	826,234	2,021,877
Pledges Receivable	5,800	250,600
Subtotal	4,570,871	5,611,598
Less: Board Designated Net Assets	(824,635)	(1,160,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,746,236	\$ 4,451,598

Board designated funds are to be used for emergency purposes and while they do not intend to spend the reserve on general operations, amounts could be made available at the board's discretion. EFN also has a \$400,000 line of credit available to draw upon for operating cash management purposes (Note 8). As part of the EFN's liquidity management plan, cash in excess of daily requirements is invested in money market funds and savings accounts.

**NOTE 3 GRANTS AND ACCOUNTS RECEIVABLE**

As of December 31, 2024 and 2023, EFN had \$826,234 and \$2,021,877 in government grants and accounts receivable, representing unconditional promises expected to be collected in less than one year. Management has evaluated the collectability of the outstanding grants and accounts receivables, and considers all outstanding amounts to be fully collectible. As such, management did not record an allowance for credit losses for the years ended December 31, 2024 and 2023.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 PLEDGES RECEIVABLE**

As of December 31, 2024 and 2023, EFN had \$5,800 and \$250,600, respectively, in unconditional promises. All amounts are expected to be collected within one year. Management has evaluated the collectability of pledges outstanding, and considers all outstanding amounts to be fully collectible. As such, management did not record a discount to present value or an allowance for credit losses for the years ended December 31, 2024 and 2023.

**NOTE 5 INVENTORY**

EFN maintains an inventory comprised of both purchased food and donated food. Purchased food is used to supplement donations and ensure the availability of essential items needed to complete meals. Contributions of non-financial assets include food received through government grants, as well as donations from individuals and community organizations. EFN supplements donated food with purchased items to ensure consistent availability of complete meals for distribution. Purchased food is essential to fill gaps in donations and to provide necessary additions—such as staple items and meal components.

Inventory consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Community Contributions	\$ 357,221	\$ 275,711
Government Grants	796,108	798,982
Total Donated	<u>1,153,329</u>	<u>1,074,693</u>
Purchased	257,362	276,835
Total Inventory	<u><u>\$ 1,410,691</u></u>	<u><u>\$ 1,351,528</u></u>

**NOTE 6 LEASES**

EFN leases office equipment under long-term, non-cancelable lease agreements. The leases expire at various dates through 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. For the years ended December 31, 2024 and 2023, EFN incurred total lease cost of \$3,746 and \$3,198, and is included in facility and equipment expense on the statements of functional expenses.

Information on EFN's leases is as follows at December 31:

	<u>2024</u>	<u>2023</u>
Operating Lease Cost	<u><u>\$ 3,746</u></u>	<u><u>\$ 3,198</u></u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows From Operating Leases	\$ 3,746	\$ 3,198
Right-Of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 18,255	\$ -
Weighted-Average Operating Leases Remaining Lease Term	4.3 Years	10 Months
Weighted-Average Operating Leases Discount Rate	4.30%	5.75%

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 6 LEASES (CONTINUED)**

Operating lease payments expected to be paid for each of the following fiscal years are as follows:

<u>Year Ending December 31,</u>		
2025	\$	7,469
2026		7,209
2027		7,122
2028		4,317
2029		3,724
Total Lease Payments		<u>29,841</u>
Less: Amounts Representing Interest		<u>(2,546)</u>
Present Value of Lease Liabilities	\$	<u><u>27,295</u></u>
Short-Term Lease Liability	\$	(6,448)
Long-Term Lease Liability		<u>(20,847)</u>
Total Operating Lease Liability	\$	<u><u>(27,295)</u></u>

**NOTE 7 LONG-TERM DEBT**

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

	<u>2024</u>	<u>2023</u>
Construction Loan Payable to Elevate Health/ One Pierce County Resiliency Fund, Due January 31, 2025, Including Interest At 2%. Interest Will be Forgiven if Principal is Repaid by Repayment Date.	\$ 750,000	\$ 750,000
Less: Portion Due Within One Year Classified as a Current Liability	<u>(750,000)</u>	<u>-</u>
Total Long-Term Debt	<u><u>\$ -</u></u>	<u><u>\$ 750,000</u></u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	<u><u>\$ 750,000</u></u>

Subsequent to year end, the loan payable was repaid in full (Note 17).

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 8 LINE OF CREDIT**

EFN has a \$400,000 revolving line of credit with a bank, secured by accounts receivable and equipment. Borrowings under the line bear interest at the bank’s prime rate plus 1.25%, or a floor of 3.5%. The rate at December 31, 2024 was 8.9%. Accrued interest and principal are due at maturity on February 14, 2025. There were no amounts outstanding on the line of credit as of December 31, 2024 and 2023. Subsequent to year end, EFN did not renew their line of credit with the bank and closed the account. EFN opened a new line of credit with a new bank (Note 17).

**NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED**

Board designated funds are to be used for emergency purposes, and are authorized to be used up to 75% for temporary purposes for grant reimbursable expenses. During the years ended December 31, 2024 and 2023, the board of directors undesignated \$335,365 and \$0, respectively. The undesignated funds in 2024 were used for an emergency water repair and to facilitate the residential property purchase that occurred subsequent to year end (Note 17). No further amounts were designated during the years ended December 31, 2024 and 2023. Subsequent to year end, in June 2025, the board voted to reduce the amount that can be used for reimbursable grant expenditures from 75% down to 50%, and authorized an additional \$100,000 to be used for improvements to the property purchased subsequent to year end (Note 17).

Board designation activity is as follows for the years ended December 31:

	2024	2023
Board Designated Net Assets, Beginning of Year	\$ 1,160,000	\$ 1,160,000
Undesignated	(335,365)	-
Board Designated Net Assets, End of Year	\$ 824,635	\$ 1,160,000

The undesignated amounts are now available for general use and are included in the net assets without donor restrictions on the statements of financial position.

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2024	2023
Restricted for Purpose or Time:		
Other Programs and Property Purchase	\$ 292,000	\$ 39,742
Purchase of Food	796,108	798,982
Capital Campaign	-	1,136,797
Total Net Assets With Donor Restrictions	\$ 1,088,108	\$ 1,975,521

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 11 ENDOWMENT FUNDS**

A donor established a permanently restricted endowment fund for the benefit of EFN by contributing \$7,500 directly to the Greater Tacoma Community Foundation (GTCF). The GTCF retains variance power over the fund, which allows it to redirect the use of the fund if the original purpose becomes impractical or inconsistent with community needs. As a result, EFN does not retain a beneficial interest in the fund and does not record the endowment as an asset on its statements of financial position. EFN receives annual distributions from the fund, which are restricted for use to purchase infant food for program services. These distributions are recognized as contribution revenue in the period received and are classified as net assets with donor restrictions. For the years ended December 31, 2024 and 2023, there were distributions of \$700. The balance of the fund as of December 31, 2024 and 2023 was \$16,364 and \$15,864, respectively.

**NOTE 12 IN-KIND CONTRIBUTIONS**

The fair market value of food donated from community contributions is valued using the estimated Food Assistance’s approved biennial value of \$2.16 per pound, for the years ended December 31, 2024 and 2023. Contributed food is used for program services.

The fair market value of the donated use of farmland in Puyallup, Washington, was valued at the estimated price for what it would cost to rent or lease similar land in the same geographic area. The annual value of donated use of farmland in Puyallup, Washington, is included as a contribution of non-financial asset and in-kind rent expense in the financial statements for the years ended December 31, 2024 and 2023, was \$28,800.

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities and changes in net assets included the following:

	2024	2023
Community Contributions of Food	\$ 19,214,958	\$ 19,469,150
Government Grants of Food	5,107,750	3,923,713
Mother Earth Farm Rent	28,800	28,800
Total Contributions of Non-Financial Assets	\$ 24,351,508	\$ 23,421,663

Contributed food, supplies, and advertising are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed food and supplies are used in program services and contributed advertising is used for fundraising and development. Donated auction items were valued at the sale price received during the auction on the day of the event. EFN receives contributions of food from several federal grants whose food is restricted for use. For the years ended, December 31, 2024 and 2023, EFN had a restricted ending food inventory of \$796,108 and \$798,982, respectively.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 13 EMPLOYEE BENEFITS**

EFN 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, 2024 and 2023, \$85,435 and \$88,193, respectively, was contributed on behalf of the employees.

**NOTE 14 RELATED PARTY TRANSACTIONS**

A board member is the employee of a company which provides services to EFN. For the years ended December 31, 2024 and 2023, the total amount paid to the company for services was \$113,536 and \$73,707, respectively.

**NOTE 15 CONCENTRATIONS**

For the years ended December 31, 2024 and 2023, contributions of non-financial assets represent 75% and 70%, respectively, of total support and revenue, while community contributions represent 60% and 58%, respectively, of total support and revenue. The value of donated food from the Department of Agriculture (DOA) included as contributions of non-financial assets for the years ended December 31, 2024 and 2023, is \$3,923,714 and \$3,193,107, respectively. The value of food 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 16% and 11%, respectively, of total support and revenue for the years ended December 31, 2024 and 2023.

**NOTE 16 COMMITMENTS AND CONTINGENCIES**

Certain amounts received or receivable under EFN's agreements with the state of Washington, the federal government, and other governmental agencies are subject to audit and adjustment. Any expenditures or claims disallowed as a result of such audits would become a liability of the EFN's unrestricted fund. In the opinion of management, and adjustments that might result from such audits would not be material to EFN's overall financial statements.

**NOTE 17 SUBSEQUENT EVENTS**

On January 17, 2025, EFN purchased a residential property next to their location for \$591,581. Management and the board are still determining how they will use the property.

In February 2025, EFN did not renew their line of credit with the bank and closed the account. On March 3, 2025, EFN opened a revolving line of credit with a different bank for \$500,000, secured by accounts receivable, inventory, equipment and general intangibles. Borrowings under the line bear interest at the bank's prime rate plus 1.25%, or a floor of 6.75%. Accrued interest and principal are due at maturity on February 28, 2027.

On January 16, 2025, the outstanding loan balance of \$750,000 was repaid in full.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 17 SUBSEQUENT EVENTS (CONTINUED)**

During June 2025, the board of directors reduced the board designated amount that can be used for reimbursable grant expenditures from 75% down to 50%, and authorized an additional \$100,000 from the fund to be used for improvements to the property purchased subsequent to year end.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Passed through Washington State Department of Agriculture				
Food Distribution Cluster:				
Emergency Food Assistance Program:				
Administrative Costs	10.568	K4745/ K5705	\$ -	\$ 334,781
Food Commodities	10.569	K5705	-	4,847,573
Commodity Credit Corporation (Admin)	10.187	K5101	-	134,830
Commodity Supplemental Food Program:				
Administrative Costs	10.565	K4731/ K5722	-	27,855
Food Commodities	10.565	K4731	-	102,634
Total ALN 10.565			-	130,489
Local Food Purchasing Assistance:				
Administrative	10.182	K4291	-	61,274
Food Commodities	10.182	K4291	-	6,896
Food Commodities - Plus	10.182	K4291	-	346,216
Total ALN 10.182			-	414,386
Total Food Distribution Cluster			-	5,862,059
Total U.S. Department of Agriculture			-	5,862,059
<b>Department of Treasury</b>				
Passed through State of Washington Department of Agriculture:				
Emergency Food Assistance Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	K4543	49,290	186,281
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (Administrative)	21.027	K4776	-	277,014
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (Resiliency)	21.027	K4816	-	125,000
Passed through City of Lakewood:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (Capital Expenditures)	21.027	2022-261-1	-	250,000
Total ALN 21.027			49,290	838,295
Total Department of Treasury			49,290	838,295
<b>Department of Homeland Security</b>				
Passed through United Way of America:				
Emergency Food and Shelter Program	97.024	891400-001	-	60,000
Total Department of Homeland Security			-	60,000
<b>Department of Housing and Urban Development</b>				
Direct Funding				
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	B-23-CP-WA-1557	-	169,954
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	B-23-CP-WA-1557	-	815,401
Total Department of Housing and Urban Development			-	985,355
Total Expenditures of Federal Awards			\$ 49,290	\$ 7,745,709

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2024**

**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 (EFN) under programs of the federal government for the year ended December 31, 2024. 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 EFN, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of EFN.

**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.

EFN has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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 (EFN), (a Washington nonprofit corporation), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered EFN'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 EFN's internal control. Accordingly, we do not express an opinion on the effectiveness of the EFN'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.

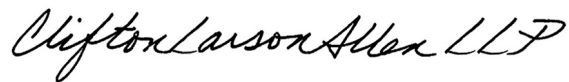
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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



**CliftonLarsonAllen LLP**  
Bellevue, Washington  
September 18, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**  
***Qualified and Unmodified Opinions***

We have audited Emergency Food Network of Tacoma and Pierce County's, (EFN), (a Washington nonprofit corporation), 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 EFN's major federal programs for the year ended December 31, 2024. EFN's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Qualified Opinion on Assistance Listings No. 10.565, 10.568, 10.569 Food Distribution Cluster – The Emergency Food Assistance Program***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, EFN complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the 10.565, 10.568, 10.569 Food Distribution Cluster – The Emergency Food Assistance Program, for the year ended December 31, 2024.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, EFN complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2024.

***Basis for Qualified Opinion***

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 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of EFN 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 EFN's compliance with the compliance requirements referred to above.

***Matter Giving Rise to Qualified Opinion on Assistance Listings No. 10.565, 10.568, 10.569 Food Distribution Cluster – The Emergency Food Assistance Program***

As described in the accompanying schedule of findings and questioned costs, EFN did not comply with requirements regarding Assistance Listings No. 10.565, 10.568, 10.569 Food Distribution Cluster – The Emergency Food Assistance Program as described in finding number 2024-001 for Activities Allowed or Unallowed and Allowable Costs / Cost Principles.

Compliance with such requirements is necessary, in our opinion, for EFN to comply with the requirements applicable to that program.

***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 EFN's federal programs.

***Auditors' 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 EFN'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 EFN's compliance with the requirements of each 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 EFN'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 EFN'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 EFN'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**

*Government Auditing Standards* requires the auditor to perform limited procedures on EFN's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. EFN'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 Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 to be material weaknesses.

*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 did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 EFN's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. EFN'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.

Board of Directors  
Emergency Food Network of Tacoma and Pierce County

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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 18, 2025

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified and Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no

***Identification of Major Programs***

**Assistance Listing Number**

10.565, 10.568, 10.569  
14.251

**Name of Federal Program or Cluster**

Food Distribution Cluster  
Economic Development Initiative, Community  
Project Funding, and Miscellaneous Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2024**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Federal Award Findings and Questioned Costs***

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**2024-001**

Federal Agency: U.S. Department of Agriculture

Federal Program Name: Food Distribution Cluster – The Emergency Food Assistance Program

Assistance Listing Number: 10.565, 10.568, 10.569

Federal Award Identification Number and Year: 257WAWA3Y8005 – 2024

Pass-Through Agency: State of Washington Department of Agriculture Food Safety and Consumer Services Division Food Assistance

Pass-Through Number(s): 0019893-00

Award Period: October 1, 2023 – September 30, 2024, October 1, 2024 – September 30, 2025

Type of Finding: Material Weakness in Internal Control over Compliance and Material Noncompliance

**Criteria or specific requirement:** 2 CFR 200.430(i)(1)(viii) states that “budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim changes made to a Federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.”

**Condition:** Grant hours are not consistently tracked on employees' timesheets. Wages charged to the program are based on budgeted estimates. Per 2 CFR 200.430(i)(1)(viii), this is not allowed without additional steps to ensure accuracy, allowability and proper allocation. Insufficient evidence was presented to support a reasonable reflection of employee federal and non-federal activity. EFN does not have a written policy nor system of internal controls to review and true-up grant wages to actual.

**Questioned costs:**

Known: \$37,599

Likely: \$302,557

**Context:** During testing, CLA identified instances of time and effort not being documented on time sheets for charged payroll costs for every selection.

**Cause:** Management was not aware that estimated budgeted costs alone are not sufficient to support personnel costs charged to Federal awards, and previous auditors had never mentioned any issue with treatment.

**EMERGENCY FOOD NETWORK OF TACOMA AND PIERCE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2024**

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***Section III – Federal Award Findings and Questioned Costs (Continued)***

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**2024–001 (Continued)**

**Effect:** Charging grant wages based on estimates rather than actual hours worked on the program may raise compliance concerns. Estimating grant wages without adequate support for time and effort documentation may result in noncompliance with grant regulations. This can also lead to overcharging or undercharging the federal grant, which may result in penalties or repayment obligations.

**Repeat Finding:** No.

**Recommendation:** We recommend that EFN incorporate a system of internal controls that clearly documents the time and effort that each individual employee spends on each grant per month. This can be done by tracking and recording the actual hours each employee, regardless of position, spends working on each grant, on their time sheet or with a specific grant code, that specifies how many hours per day were spent on each federal and nonfederal activity. Alternatively, EFN can implement an after-the-fact review procedure to ensure the proper allocation of payroll expenditures to Federal and non-Federal awards, in accordance with 2 CFR 200.430.

**Views of responsible officials:** There is no disagreement with the audit finding.



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