

SEASHARE

**FINANCIAL STATEMENTS
WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT**

DECEMBER 31, 2021 AND 2020



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
SeaShare
Bainbridge Island, Washington

We have reviewed the accompanying financial statements of SeaShare (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
May 9, 2022

SEASHARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 551,578	\$ 1,029,871
Accounts receivable	26,928	113,308
Pledges receivable	527,367	45,000
Product donation inventory	155,540	117,991
	\$ 1,261,413	\$ 1,306,170
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,993	\$ 76,471
NET ASSETS		
Without donor restrictions	731,053	604,699
With donor restrictions	527,367	625,000
	1,258,420	1,229,699
	\$ 1,261,413	\$ 1,306,170

SEASHARE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
In-kind donations received	\$ 2,640,354	\$ 3,653,188
Foundation and corporation grants	264,385	731,300
Individual donations	140,379	119,370
Interest	136	179
Reimbursed costs contributions	371,677	338,926
	3,416,931	4,842,963
Net assets released from restriction:		
Satisfaction of time and program requirements	625,000	-
	4,041,931	4,842,963
 EXPENSES		
Program services	3,676,972	4,575,815
Management and general	32,355	31,791
Fund-raising	206,250	195,963
	3,915,577	4,803,569
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	126,354	39,394
 NET ASSETS WITH DONOR RESTRICTIONS		
Foundation and corporation grants	527,367	625,000
Net assets released from restriction:		
Satisfaction of time and program requirements	(625,000)	-
	(97,633)	625,000
 CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(97,633)	625,000
 CHANGE IN NET ASSETS	28,721	664,394
 NET ASSETS		
Beginning of the year	1,229,699	565,305
End of the year	\$ 1,258,420	\$ 1,229,699

SEASHARE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Support Services			Total
		Management and General	Fund- raising	Total	
In-kind donations made	\$ 2,599,105	\$ -	\$ -	\$ -	\$ 2,599,105
Fish projects	477,999	-	-	-	477,999
Personnel	169,213	28,202	196,373	224,575	393,788
Seafood processing	371,349	-	-	-	371,349
Rent	16,800	2,100	2,100	4,200	21,000
Advertising	14,741	-	-	-	14,741
Travel	11,339	-	-	-	11,339
Professional services	7,464	933	933	1,866	9,330
Office supplies	6,856	857	857	1,714	8,570
Fundraising	-	-	5,724	5,724	5,724
Insurance	2,106	263	263	526	2,632
	<u>\$ 3,676,972</u>	<u>\$ 32,355</u>	<u>\$ 206,250</u>	<u>\$ 238,605</u>	<u>\$ 3,915,577</u>

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Support Services			Total
		Management and General	Fund- raising	Total	
In-kind donations made	\$ 3,644,850	\$ -	\$ -	\$ -	\$ 3,644,850
Fish projects	406,613	-	-	-	406,613
Personnel	165,458	27,577	182,245	209,822	375,280
Seafood processing	317,434	-	-	-	317,434
Rent	16,800	2,100	2,100	4,200	21,000
Advertising	5,554	-	-	-	5,554
Travel	2,166	-	-	-	2,166
Professional services	7,864	983	983	1,966	9,830
Office supplies	6,988	870	874	1,744	8,732
Fundraising	-	-	9,501	9,501	9,501
Insurance	2,088	261	260	521	2,609
	<u>\$ 4,575,815</u>	<u>\$ 31,791</u>	<u>\$ 195,963</u>	<u>\$ 227,754</u>	<u>\$ 4,803,569</u>

SEASHARE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donations and grants	\$ 449,764	\$ 1,430,670
Cash received from reimbursements	458,057	279,876
Cash received from interest	136	179
Cash paid to employees and suppliers	<u>(1,386,250)</u>	<u>(1,077,828)</u>
	<u>(478,293)</u>	<u>632,897</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(478,293)	632,897
CASH AND CASH EQUIVALENTS		
Beginning of the year	<u>1,029,871</u>	<u>396,974</u>
End of the year	<u>\$ 551,578</u>	<u>\$ 1,029,871</u>

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Nature of Activities – SeaShare (the Organization) is a Washington not-for-profit corporation chartered in 1994 as a hunger-relief facilitator. Its purpose is to increase the use of seafood by individuals and families served by food banks, feeding centers, and similar nonprofit agencies in the United States. The Organization solicits donations of goods, services, and funds from within the seafood industry. The Organization combines and coordinates those donations to generate volumes of distributable products that would otherwise not be available to the food bank network. When seafood donations cannot be fully donated (at \$0 cost), the Organization obtains reimbursement for a portion of its program costs, such as re-processing, packaging, storage, and freight, from the various hunger-relief agencies receiving the products. The Organization also arranges donative funding from individuals, as well as grants, for administrative and project-related expenses.

Basis of Accounting and Presentation – The financial statements have been prepared on the accrual basis of accounting and report information regarding the Organization’s financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. There were no donor-restricted net assets of perpetual nature at December 31, 2021 and 2020.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents include checking accounts deposited with major financial institutions. At times, cash and cash equivalents may exceed federally insured limits.

Accounts Receivable – Accounts receivable consist of amounts due from contracts and fees earned. All balances are unsecured and expected to be collected within the next fiscal year. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

Pledges Receivable – Pledges receivable consist of unconditional promises to give from donors. All pledges receivable were due within one year. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Product Donation Inventory – Inventory consists of seafood products donated to the Organization for its mission. The Organization values inventory and in-kind donations received and made at the finished weight. These values are estimated based on the average wholesale value placed on one pound of donated product listed in the annual report for national hunger-relief agencies. The Organization used a rate of \$1.77 per pound for 2021 and \$1.73 per pound for 2020.

Revenue Recognition – Donations and grants are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of donor or grantor restrictions. When a 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. It is the Organization’s policy to recognize restricted contributions in the net asset without donor restriction class if the restrictions have been met in the same year.

Expense Allocation – The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort spent.

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

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

Subsequent Events – Subsequent events were evaluated through May 9, 2022, which is the date the financial statements were available to be issued.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31:

	<u>2021</u>	<u>,2020</u>
Financial Assets		
Cash and cash equivalents	\$ 551,578	\$ 1,029,871
Accounts receivables	26,928	113,308
Pledges receivables	527,367	45,000
Financial assets available within one year	<u>\$ 1,105,873</u>	<u>\$ 1,188,179</u>

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipt of grants, company donations, and individual donations. Generally this timing of receipt is heavily weighted to November and December. The Organization has an informal operating reserve that the governing board has dedicated with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. Reaching the level of reserves activates an immediate Board review and reassessment.

Note 3 – Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Purpose restriction: COVID-19 Relief	\$ 500,000	\$ 580,000
Time restriction	27,367	45,000
	<u>\$ 527,367</u>	<u>\$ 625,000</u>

Note 4 – In-Kind Donations Received and Made

The Organization receives donations of fish, processing, freight, and storage from various companies and organizations. Management considers all such donations to be restricted for donations to various food banks and similar nonprofit agencies. The Organization also receives donated services from professionals whose work meets the requirement for recognition. The benefit of these donations is reflected in the amount of donations made to food banks and similar nonprofits throughout the year.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 4 – In-Kind Donations Received and Made (Continued)

Management has estimated the value of these donations, based on quoted market value of similar products and services, as follows for the years ended December 31:

	2021	2020
Donations Received		
Contributed fish and processing costs	\$ 2,636,654	\$ 3,645,918
Advertising and other services	3,700	7,270
	\$ 2,640,354	\$ 3,653,188
Donations Made		
Seafood and processing	\$ 2,599,105	\$ 3,644,849

Note 5 – Commitments

The Organization has a non-cancelable operating lease for its office space on Bainbridge Island, which expires June 30, 2022. The future minimum rental under this lease is \$10,197 for the year ended December 31, 2021.

Total rent paid is \$19,500 for both the years ended December 31, 2021 and 2020.

Note 6 – Related Party Transactions

The Organization received product donations of \$1,009,749 and cash donations of \$50,879 from Board members and employees of related companies during the year ended December 31, 2021. The Organization also purchased product processing, and other services totaling \$274,082 from companies with representation on the Board of Directors during the year ended December 31, 2021.

The Organization received product donations of \$1,409,123 and cash donations of \$64,275 from Board members and employees of related companies during the year ended December 31, 2020. The Organization also purchased product processing, and other services totaling \$468,458 from companies with representation on the Board of Directors during the year ended December 31, 2020.

Note 7 – Concentrations

At December 31, 2021, all of the accounts receivable balance was owed from two organizations. At December 31, 2020, 92% of the accounts receivable balance was owed from a single organization.

At December 31, 2021, 95% of the pledges receivable balance was owed from a single organization. At December 31, 2020, all of the pledge receivable balance was owed from two organizations.

A single organization accounted for 21% and 20% of total revenue for the years ended December 31, 2021 and 2020, respectively.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 8 – Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) was reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The extent of the impact of COVID-19 on the Organization's operations will depend on certain developments, including the duration and spread of the outbreak and the impact to clients and employees, all of which are uncertain and cannot be determined.

The Organization remains cautiously optimistic that its financial position will remain strong as donors provide additional funding and goods needed to help the Organization meet the increased demand for their services as a result of the crisis.