

SEASHARE

FINANCIAL STATEMENTS  
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

SEASHARE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
SeaShare  
Bainbridge Island, Washington

**Opinion**

We have audited the accompanying financial statements of SeaShare (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, 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 SeaShare as of December 31, 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 SeaShare and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SeaShare'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 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 generally accepted 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, including omissions, 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 generally accepted 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 SeaShare'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 SeaShare'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 Matter - Prior Period Financial Statements**

The financial statements of SeaShare as of and for the year ended December 31, 2021, were reviewed by Jones & Associates PLLC, whose partners and professional staff joined Jacobson Jarvis & Co PLLC as of September 1, 2022, and has subsequently ceased operations. In their independent accountants' review report dated May 9, 2022, Jones & Associates PLLC expressed they were not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Jacobson Jarvis & Co, PLLC*

Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
July 17, 2023

SEASHARE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 614,654	\$ 551,578
Accounts receivable	66,264	26,928
Pledges receivable	20,580	527,367
Product donation in inventory	<u>156,215</u>	<u>155,540</u>
Total Assets	<u>\$ 857,713</u>	<u>\$ 1,261,413</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities		
Accounts payable	<u>\$ 569</u>	<u>\$ 2,993</u>
Net Assets		
Without donor restrictions	704,777	731,053
With donor restrictions	<u>152,367</u>	<u>527,367</u>
Total Net Assets	<u>857,144</u>	<u>1,258,420</u>
Total Liabilities and Net Assets	<u>\$ 857,713</u>	<u>\$ 1,261,413</u>

SEASHARE

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

	<u>2022</u>	<u>2021</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUE AND SUPPORT</b>		
In-kind donations received	\$ 1,951,583	\$ 2,640,354
Foundation and corporation grants	283,162	264,385
Individual donations	121,488	140,379
Interest	201	136
Reimbursed costs contributions	<u>235,028</u>	<u>371,677</u>
	2,591,462	3,416,931
Net assets released from restrictions		
Satisfaction of time and program requirements	<u>420,000</u>	<u>625,000</u>
Total support and revenue	<u>3,011,462</u>	<u>4,041,931</u>
<b>EXPENSES</b>		
Program Services	2,778,240	3,676,972
Management and general	36,174	32,355
Fundraising	<u>223,324</u>	<u>206,250</u>
Total Expenses	<u>3,037,738</u>	<u>3,915,577</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>(26,276)</u>	<u>126,354</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Foundation and corporate grants	45,000	527,367
Net assets released from restriction		
Satisfaction of time and program requirements	<u>(420,000)</u>	<u>(625,000)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>(375,000)</u>	<u>(97,633)</u>
<b>CHANGE IN NET ASSETS</b>	(401,276)	28,721
Net Assets - Beginning of Year	<u>1,258,420</u>	<u>1,229,699</u>
Net Asset - End of Year	<u>\$ 857,144</u>	<u>\$ 1,258,420</u>

SEASHARE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022 (AUDITED)

	<u>Support Services</u>					
	Program Services	<u>Management and General</u>		<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
In-kind donations made	\$ 1,949,208	\$ -	\$ -	\$ -	\$ -	\$1,949,208
Personnel	177,734	29,623	206,601	236,224	413,958	413,958
Fish projects	331,880	-	-	-	331,880	331,880
Seafood processing	235,025	-	-	-	235,025	235,025
Rent	17,087	2,136	2,136	4,272	21,359	21,359
Advertising	31,976	-	-	-	31,976	31,976
Professional services	17,007	2,126	2,126	4,252	21,259	21,259
Travel	8,221	1,027	1,028	2,055	10,276	10,276
Fundraising supplies	-	-	10,167	10,167	10,167	10,167
Office supplies	8,062	1,007	1,011	2,018	10,080	10,080
Insurance	2,040	255	255	510	2,550	2,550
Total functional expenses	<u>\$ 2,778,240</u>	<u>\$ 36,174</u>	<u>\$ 223,324</u>	<u>\$ 259,498</u>	<u>\$3,037,738</u>	<u>\$3,037,738</u>

SEASHARE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021 (REVIEWED)

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

SEASHARE

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Donors and grantors	\$ 917,101	\$ 449,764
Reimbursements	235,028	458,057
Interest	201	136
Cash paid for:		
Personnel	(413,958)	(393,788)
Services and supplies	<u>(675,296)</u>	<u>(992,462)</u>
Net Cash Provided (Used) by Operating Activities	63,076	(478,293)
Changes in Cash and Cash Equivalents	63,076	(478,293)
Cash and Cash Equivalents - beginning of year	<u>551,578</u>	<u>1,029,871</u>
Cash and Cash Equivalents - end of year	<u>\$ 614,654</u>	<u>\$ 551,578</u>

# SEASHARE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

### NOTE A - ORGANIZATION AND 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, 2022 and 2021.

#### Adoption of Accounting Principle

On January 1, 2022, the Organization adopted ASU 2016-02, Leases (Topic 842), using the modified prospective method. This standard requires lessees to recognize a right of use asset and lease liability for material lease arrangements. The adoption of this standard did not have a material impact on the Organization's financial statements.

#### 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.

## SEASHARE

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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.

##### 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 \$1.79 per pound for 2022 and \$1.77 per pound for 2021.

##### 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.

##### Functional Allocation of Expenses

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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

NOTE B - 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>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 614,654	\$ 551,578
Accounts receivable	66,264	26,928
Pledges receivable	<u>20,580</u>	<u>527,367</u>
Financial assets available within one year	<u>\$ 701,498</u>	<u>\$ 1,105,873</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 C - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Purpose restriction: COVID-19 Relief	\$ 130,000	\$ 500,000
Time restriction	<u>22,367</u>	<u>27,367</u>
	<u>\$ 152,367</u>	<u>\$ 527,367</u>

NOTE D - 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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

NOTE D - 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:

	<u>2022</u>	<u>2021</u>
Donations Received		
Contributed fish and processing costs	\$ 1,950,383	\$ 2,636,654
Advertising and other services	1,200	3,700
	<u>\$ 1,951,583</u>	<u>\$ 2,640,354</u>
Donations Made		
Seafood and processing	<u>\$ 1,949,207</u>	<u>\$ 2,599,105</u>

NOTE E - COMMITMENTS

The Organization has a non-cancelable operating lease for its office space on Bainbridge Island, which expires June 30, 2024. The future minimum rental under this lease is \$20,394 for the year ended December 31, 2023 and \$10,197 for the year ended December 31, 2024.

Total rent paid is \$20,158 and \$19,500 for the years ended December 31, 2022 and 2021, respectively.

NOTE F - RELATED PARTY TRANSACTIONS

The Organization received product donations of \$743,659 and cash donations of \$38,172 from Board members and employees of related companies during the year ended December 31, 2022. The Organization also purchased product processing, and other services totaling \$309,409 from companies with representation on the Board of Directors during the year ended December 31, 2022.

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.

NOTE G - CONCENTRATIONS

At December 31, 2022, all of the accounts receivable balance was owed from one organization. At December 31, 2021, all of the accounts receivable balance was owed from two organizations.

At December 31, 2022 and 2021, nearly all of pledges receivable balance was owed from a single organization.

SEASHARE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (REVIEWED)

NOTE H - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2022 through July 17, 2023, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2022, including the estimates inherent in the processing of financial statements.