

SEASHARE

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

DECEMBER 31, 2018 AND 2017



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, 2018 and 2017, 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
April 12, 2019

SEASHARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 376,887	\$ 493,660
Accounts receivable	21,167	-
Pledges receivable	20,000	15,000
Product donation inventory	221,537	424,135
	\$ 639,591	\$ 932,795
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 213	\$ 1,163
 NET ASSETS		
Without donor restrictions - undesignated	619,378	829,288
Without donor restrictions - Board designated	-	21,225
Total without donor restrictions	619,378	850,513
With donor restrictions - purpose	20,000	81,119
	639,378	931,632
	\$ 639,591	\$ 932,795

SEASHARE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
In-kind donations received	\$ 2,120,696	\$ 2,973,585
Foundation and corporation grants	320,738	340,810
Individual donations	116,946	127,355
Interest	283	11
Reimbursed costs contributions	217,970	120,210
	2,776,633	3,561,971
Net assets released from restriction:		
Satisfaction of time and program requirements	81,119	96,889
	2,857,752	3,658,860
 EXPENSES		
Program services	2,890,808	3,337,340
Management and general	29,276	28,900
Fund-raising	168,803	172,565
	3,088,887	3,538,805
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(231,135)	120,055
 NET ASSETS WITH DONOR RESTRICTIONS		
Foundation and corporation grants	20,000	65,000
Net assets released from restriction:		
Satisfaction of time and program requirements	(81,119)	(96,889)
	(61,119)	(31,889)
 CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(61,119)	(31,889)
 CHANGE IN NET ASSETS	(292,254)	88,166
 NET ASSETS		
Beginning of the year	931,632	843,466
End of the year	\$ 639,378	\$ 931,632

See accompanying notes and independent accountants' review report.

SEASHARE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

YEAR ENDED DECEMBER 31, 2018

	Program Services	Support Services			Total
		Management and General	Fund- raising	Total	
In-kind donations made	\$ 2,317,475	\$ -	\$ -	\$ -	\$ 2,317,475
Personnel	149,004	24,834	157,503	182,337	331,341
Seafood processing	224,171	-	-	-	224,171
Fish projects	129,193	-	-	-	129,193
Advertising	20,486	-	-	-	20,486
Rent	16,080	2,010	2,010	4,020	20,100
Travel	14,938	-	-	-	14,938
Office supplies	8,943	1,117	1,118	2,235	11,178
Professional services	8,529	1,065	1,067	2,132	10,661
Fundraising	-	-	6,857	6,857	6,857
Insurance	1,989	250	248	498	2,487
	<u>\$ 2,890,808</u>	<u>\$ 29,276</u>	<u>\$ 168,803</u>	<u>\$ 198,079</u>	<u>\$ 3,088,887</u>

YEAR ENDED DECEMBER 31, 2017

	Program Services	Support Services			Total
		Management and General	Fund- raising	Total	
In-kind donations made	\$ 2,849,703	\$ -	\$ -	\$ -	\$ 2,849,703
Personnel	148,852	24,810	156,889	181,699	330,551
Seafood processing	134,238	-	-	-	134,238
Fish projects	137,754	-	-	-	137,754
Advertising	23,100	-	-	-	23,100
Rent	15,600	1,950	1,950	3,900	19,500
Travel	10,970	-	-	-	10,970
Office supplies	8,552	1,068	1,069	2,137	10,689
Professional services	6,577	822	822	1,644	8,221
Fundraising	-	-	11,586	11,586	11,586
Insurance	1,994	250	249	499	2,493
	<u>\$ 3,337,340</u>	<u>\$ 28,900</u>	<u>\$ 172,565</u>	<u>\$ 201,465</u>	<u>\$ 3,538,805</u>

SEASHARE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donations and grants	\$ 452,684	\$ 571,166
Cash received from reimbursements	196,803	153,655
Cash received from interest	283	11
Cash paid to employees and suppliers	(766,543)	(676,120)
	(116,773)	48,712
NET CHANGE IN CASH AND CASH EQUIVALENTS	(116,773)	48,712
CASH AND CASH EQUIVALENTS		
Beginning of the year	493,660	444,948
End of the year	\$ 376,887	\$ 493,660

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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. At December 31, 2017, the Board had designated certain otherwise net assets without donor restriction as a fund for use on specific projects in Alaska. There were no Board designated balances at December 31, 2018.

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 are no donor-restricted net assets of perpetual nature at December 31, 2018 and 2017.

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.

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 \$1.73 per pound for 2018 and \$1.72 per pound for 2017.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

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).

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.

New Accounting Pronouncement – On August 18, 2016, the FASB issued Accounting Standards update ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. Significant changes include presenting only two classes of net assets; adding disclosures around liquidity and the availability of resources; and providing additional information about expenses. The Organization has adopted the ASU for the year ended December 31, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events – Subsequent events were evaluated through April 12, 2019, which is the date the financial statements were available to be issued.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 – Liquidity and Availability

Financial assets available for use on general expenditures within one year of the statement of financial position date are \$418,054 at December 31, 2018, consisting of \$376,887 of cash and cash equivalents, \$21,167 in accounts receivable, and \$20,000 in pledges receivable.

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 – 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.

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>2018</u>	<u>2017</u>
Donations Received		
Contributed fish and processing costs	\$ 2,114,876	\$ 2,961,585
Advertising and other services	5,820	12,000
	<u>\$ 2,120,696</u>	<u>\$ 2,973,585</u>
Donations Made		
Seafood and processing	<u>\$ 2,317,475</u>	<u>\$ 2,849,703</u>

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 4 – Net Assets With Donor Restrictions

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

	2018	2017
Purpose restriction: regional projects	\$ 20,000	\$ -
Time restriction	-	52,500
Purpose restriction: development	-	28,619
	<u>\$ 20,000</u>	<u>\$ 81,119</u>

Note 5 – Commitments

The Organization has a non-cancelable operating lease for its office space on Bainbridge Island, which expires June 30, 2020. The future minimum rental under this lease is \$19,200 in 2019 and \$9,600 in 2010 through the lease expiration in June 2020.

Total rent paid is \$19,500 each year for the years ended December 31, 2018 and 2017.

Note 6 – Related Party Transactions

The Organization received product donations of \$450,020 and cash donations of \$72,745 from Board members and employees of related companies during the year ended December 31, 2018. The Organization also purchased product processing, and other services totaling \$156,016 from companies with representation on the Board of Directors during the year ended December 31, 2018.

The Organization received product donations of \$337,345 and cash donations of \$74,350 from Board members and employees of related companies during the year ended December 31, 2017. The Organization also purchased product processing, and other services totaling \$74,841 from companies with representation on the Board of Directors during the year ended December 31, 2017.