

SEASHARE

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

DECEMBER 31, 2019 AND 2018



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, 2019 and 2018, 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.

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May 21, 2020

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SEASHARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 396,974	\$ 376,887
Accounts receivable	54,258	21,167
Pledges receivable	-	20,000
Product donation inventory	116,922	221,537
	\$ 568,154	\$ 639,591
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,849	\$ 213
 NET ASSETS		
Without donor restrictions	565,305	619,378
With donor restrictions - purpose	-	20,000
	565,305	639,378
	\$ 568,154	\$ 639,591

SEASHARE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
In-kind donations received	\$ 2,141,622	\$ 2,120,696
Foundation and corporation grants	515,136	320,738
Individual donations	98,717	116,946
Interest	876	283
Reimbursed costs contributions	223,374	217,970
	2,979,725	2,776,633
Net assets released from restriction:		
Satisfaction of time and program requirements	20,000	81,119
	2,999,725	2,857,752
 EXPENSES		
Program services	2,837,518	2,890,808
Management and general	31,540	29,276
Fund-raising	184,740	168,803
	3,053,798	3,088,887
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(54,073)	(231,135)
 NET ASSETS WITH DONOR RESTRICTIONS		
Foundation and corporation grants	-	20,000
Net assets released from restriction:		
Satisfaction of time and program requirements	(20,000)	(81,119)
	(20,000)	(61,119)
 CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(20,000)	(61,119)
 CHANGE IN NET ASSETS	(74,073)	(292,254)
 NET ASSETS		
Beginning of the year	639,378	931,632
End of the year	\$ 565,305	\$ 639,378

SEASHARE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

YEAR ENDED DECEMBER 31, 2019

	Program Services	Support Services			Total
		Management and General	Fund- raising	Total	
In-kind donations made	\$ 2,244,387	\$ -	\$ -	\$ -	\$ 2,244,387
Personnel	164,367	27,394	170,830	198,224	362,591
Seafood processing	235,515	-	-	-	235,515
Fish projects	130,863	-	-	-	130,863
Rent	16,520	2,065	2,065	4,130	20,650
Advertising	16,167	-	-	-	16,167
Travel	13,047	-	-	-	13,047
Fundraising	-	-	9,761	9,761	9,761
Professional services	7,342	918	918	1,836	9,178
Office supplies	7,268	908	908	1,816	9,084
Insurance	2,042	255	258	513	2,555
	<u>\$ 2,837,518</u>	<u>\$ 31,540</u>	<u>\$ 184,740</u>	<u>\$ 216,280</u>	<u>\$ 3,053,798</u>

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
Rent	16,080	2,010	2,010	4,020	20,100
Advertising	20,486	-	-	-	20,486
Travel	14,938	-	-	-	14,938
Fundraising	-	-	6,857	6,857	6,857
Professional services	8,529	1,065	1,067	2,132	10,661
Office supplies	8,943	1,117	1,118	2,235	11,178
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>

SEASHARE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donations and grants	\$ 633,853	\$ 452,684
Cash received from reimbursements	190,283	196,803
Cash received from interest	876	283
Cash paid to employees and suppliers	(804,925)	(766,543)
	20,087	(116,773)
NET CHANGE IN CASH AND CASH EQUIVALENTS	20,087	(116,773)
CASH AND CASH EQUIVALENTS		
Beginning of the year	376,887	493,660
End of the year	\$ 396,974	\$ 376,887

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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. At December 31, 2018, net assets with donor restrictions were restricted for use on seafood activity in the State of Washington. There were no net assets with donor restrictions at December 31, 2019. There were no donor-restricted net assets of perpetual nature at December 31, 2018.

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.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 \$1.73 per pound for 2019 and 2018.

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).

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

New Accounting Pronouncement – The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates (ASUs) that will affect the Organization’s revenue recognition.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, and all subsequently-issued clarifying ASUs, replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP). ASU 2014-09 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted ASU 2014-09 effective January 1, 2019, using the modified retrospective approach. There was no cumulative effect from the initial application recognized as an adjustment to opening net assets as a result of the adoption, and the adoption did not have a significant impact on the financial statements for the year ended December 31, 2019.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance in evaluating whether transactions should be accounted for as nonexchange or exchange transactions. In addition, ASU 2018-08 provides guidance for the identification and recognition of conditional nonexchange transactions. The Organization adopted ASU 2018-08 effective January 1, 2019, using the modified prospective approach. The adoption did not have a significant impact on the financial statements for the year ended December 31, 2019.

Note 2 – Liquidity and Availability

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

	2019	2018
Financial Assets		
Cash and cash equivalents	\$ 396,974	\$ 376,887
Accounts receivables	54,258	21,167
Pledges receivables	-	20,000
Financial assets available within one year	\$ 451,232	\$ 418,054

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.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
Donations Received		
Contributed fish and processing costs	\$ 2,139,772	\$ 2,114,876
Advertising and other services	1,850	5,820
	<u>\$ 2,141,622</u>	<u>\$ 2,120,696</u>
Donations Made		
Seafood and processing	<u>\$ 2,244,387</u>	<u>\$ 2,317,475</u>

Note 4 – 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 \$9,600 in 2020 through the lease expiration in June 2020.

Total rent paid is \$19,200 and \$19,500 for the years ended December 31, 2019 and 2018, respectively.

Note 5 – Related Party Transactions

The Organization received product donations of \$1,370,150 and cash donations of \$95,741 from Board members and employees of related companies during the year ended December 31, 2019. The Organization also purchased product processing, and other services totaling \$277,547 from companies with representation on the Board of Directors during the year ended December 31, 2019.

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.

SEASHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 6 – Concentrations

At December 31, 2019, all of the accounts receivable balance was owed from a single organization. There was no similar concentration for the December 31, 2018 accounts receivable balance.

For both the years ended December 31, 2019 and 2018, a single organization accounted for 32% of total revenue.

Note 7 – Subsequent Events

The Organization evaluated subsequent events through May 21, 2020, which is the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. 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.

While the Organization has not yet been able to fully quantify any potential change in funding, 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.