

**FAMILYWORKS**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2019 AND 2018**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
FamilyWorks  
Seattle, Washington

We have audited the accompanying financial statements of FamilyWorks (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.

### *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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FamilyWorks as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Continued on next page*

TEL 206.525.5170  
17544 Midvale Ave N, Suite 100  
Shoreline, WA 98133  
[www.judyjonescpa.com](http://www.judyjonescpa.com)

***Prior Period Adjustment***

As discussed in Note 8 to the financial statements, during the year ended December 31, 2019, certain transactions were analyzed and it was determined that these should have been recognized differently in the year ended December 31, 2018. Accordingly, amounts recorded for inventory, net assets, and expenses have been restated in the December 31, 2018 financial statements now presented. Our opinion is not modified with respect to this matter.

*Jones & Associates PLLC, CPAs*

Jones & Associates PLLC, CPAs  
April 28, 2020

TEL 206.525.5170  
17544 Midvale Ave N, Suite 100  
Shoreline, WA 98133  
[www.judyjonescpa.com](http://www.judyjonescpa.com)

**FAMILYWORKS**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 683,350	\$ 662,059
Certificates of deposit	265,776	260,890
Grants receivable	67,485	38,071
Inventory	43,416	46,831
Pledges receivable	10,786	17,710
Other current assets	76	120
Total current assets	1,070,889	1,025,681
 Property and equipment, net	 9,585	 15,995
	 \$ 1,080,474	 \$ 1,041,676
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 95,283	\$ 37,957
Accrued expenses	76,916	45,785
Total current liabilities	172,199	83,742
 <b>NET ASSETS</b>		
Without donor restrictions	897,489	940,224
With donor restrictions	10,786	17,710
	908,275	957,934
	 \$ 1,080,474	 \$ 1,041,676

**FAMILYWORKS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
In-kind contributions	\$ 1,074,875	\$ -	\$ 1,074,875
Contributions	524,460	786	525,246
Special events, net	116,967	-	116,967
Governmental grants and contracts	304,314	-	304,314
Other grants	76,429	-	76,429
Interest and other income	6,649	-	6,649
	2,103,694	786	2,104,480
Net assets released from restrictions			
Satisfaction of time restriction	7,710	(7,710)	-
	2,111,404	(6,924)	2,104,480
<b>EXPENSES</b>			
Program services	1,795,004	-	1,795,004
Management and general	152,776	-	152,776
Fundraising	206,359	-	206,359
Total expenses	2,154,139	-	2,154,139
<b>CHANGE IN NET ASSETS</b>	(42,735)	(6,924)	(49,659)
<b>NET ASSETS</b>			
Beginning of the year	940,224	17,710	957,934
End of the year	\$ 897,489	\$ 10,786	\$ 908,275

**FAMILYWORKS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
In-kind contributions	\$ 937,917	\$ -	\$ 937,917
Contributions	448,551	17,710	466,261
Special events, net	92,239	-	92,239
Governmental grants and contracts	357,365	-	357,365
Other grants	140,807	-	140,807
Interest	3,137	-	3,137
	1,980,016	17,710	1,997,726
Net assets released from restrictions			
Satisfaction of time restriction	876	(876)	-
Total support and revenue	1,980,892	16,834	1,997,726
<b>EXPENSES</b>			
Program services	1,579,026	-	1,579,026
Management and general	139,228	-	139,228
Fundraising	204,582	-	204,582
Total expenses	1,922,836	-	1,922,836
 CHANGE IN NET ASSETS	 58,056	 16,834	 74,890
<b>NET ASSETS</b>			
Beginning of the year	882,168	876	883,044
End of the year	\$ 940,224	\$ 17,710	\$ 957,934

**FAMILYWORKS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services			Support Services		
	Food Bank	Resource Center	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 169,069	\$ 251,815	\$ 420,884	\$ 25,565	\$ 130,365	\$ 576,814
Taxes and benefits	43,531	56,350	99,881	4,847	28,118	132,846
Total salaries and related	212,600	308,165	520,765	30,412	158,483	709,660
Food assistance to clients	855,724	-	855,724	-	-	855,724
Other supplies assistance to clients	34,382	179,275	213,657	-	-	213,657
Administrative charges	-	-	-	99,755	-	99,755
Rent	47,225	24,662	71,887	2,849	4,557	79,293
Contracted services	39,365	8,900	48,265	10,813	-	59,078
Supplies	7,584	7,741	15,325	2,050	23,632	41,007
Utilities	10,972	10,872	21,844	1,255	2,009	25,108
Miscellaneous	3,725	8,891	12,616	-	3,965	16,581
Mailing and printing	6,958	6,542	13,500	-	1,756	15,256
Grant writing	-	-	-	-	11,596	11,596
Insurance	2,134	251	2,385	5,642	-	8,027
Depreciation	5,224	1,186	6,410	-	-	6,410
Communications	2,388	2,865	5,253	-	186	5,439
Dues and subscriptions	2,063	531	2,594	-	175	2,769
Repair and maintenance	2,190	-	2,190	-	-	2,190
Training	192	1,093	1,285	-	-	1,285
Travel and transportation	749	30	779	-	-	779
Taxes and licenses	475	50	525	-	-	525
Total expenses	1,233,950	561,054	1,795,004	152,776	206,359	2,154,139
Plus cost of direct benefits to donors	-	-	-	-	34,781	34,781
Total functional expenses	\$ 1,233,950	\$ 561,054	\$ 1,795,004	\$ 152,776	\$ 241,140	\$ 2,188,920

*See accompanying notes to financial statements and independent auditors' report.*

**FAMILYWORKS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	Program Services			Support Services		
	Food Bank	Resource Center	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 158,980	\$ 244,357	\$ 403,337	\$ 22,937	\$ 142,869	\$ 569,143
Taxes and benefits	40,832	46,586	87,418	3,921	29,339	120,678
Total salaries and related	199,812	290,943	490,755	26,858	172,208	689,821
Food assistance to clients	762,931	-	762,931	-	-	762,931
Other supplies assistance to clients	30,112	96,722	126,834	-	-	126,834
Administrative charges	-	-	-	94,014	-	94,014
Rent	44,417	26,464	70,881	2,809	4,495	78,185
Contracted services	37,570	4,627	42,197	10,410	-	52,607
Supplies	7,829	7,035	14,864	1,527	14,130	30,521
Utilities	8,641	10,200	18,841	1,083	1,732	21,656
Miscellaneous	5,541	7,750	13,291	-	1,843	15,134
Mailing and printing	10,185	3,928	14,113	-	792	14,905
Grant writing	-	-	-	-	9,232	9,232
Insurance	747	2,098	2,845	2,527	-	5,372
Depreciation	5,224	951	6,175	-	-	6,175
Communications	2,513	3,422	5,935	-	150	6,085
Dues and subscriptions	824	1,174	1,998	-	-	1,998
Repair and maintenance	2,142	-	2,142	-	-	2,142
Training	673	2,097	2,770	-	-	2,770
Travel and transportation	1,363	432	1,795	-	-	1,795
Taxes and licenses	434	225	659	-	-	659
Total expenses	1,120,958	458,068	1,579,026	139,228	204,582	1,922,836
Plus cost of direct benefits to donors	-	-	-	-	9,202	9,202
Total functional expenses	\$ 1,120,958	\$ 458,068	\$ 1,579,026	\$ 139,228	\$ 213,784	\$ 1,932,038

*See accompanying notes to financial statements and independent auditors' report.*



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

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions, grants and contracts	\$ 1,000,466	\$ 1,037,764
Cash received from interest income and other	6,649	3,137
Cash paid to employees and suppliers	(980,938)	(1,037,775)
	26,177	3,126
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of certificates of deposit	-	246,047
Purchase of certificates of deposit	(4,886)	(260,890)
Purchase of property and equipment	-	(1,060)
	(4,886)	(15,903)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	21,291	(12,777)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	662,059	674,836
End of the year	\$ 683,350	\$ 662,059

**FAMILYWORKS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

---

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

**Nature of Activities** – FamilyWorks (the Center) connects neighbors and families to nourishing food, essential resources, and a supportive community, so people can build resiliency to meet life’s challenges. The Center operates two food banks and a resource center and advocates with dignity, inclusion, and empowerment.

**Basis of Accounting and Presentation** – The financial statements of the Center have been prepared on the accrual basis of accounting and report information regarding its 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. There were no perpetually restricted net assets at December 31, 2019 and 2018. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. The Center 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.

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Center considers all checking and money market accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At times, cash and cash equivalents may exceed federally insured limits. The Center has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

**Certificates of Deposit** – The Center’s certificates of deposit are held with various banks and are carried at cost plus accrued interest in the statements of financial position.

**Grants and Pledges Receivable** – Receivables are unsecured and consist of grants receivable from government agencies and pledges from donors. Contributions receivable are unconditional promises to give that are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. All amounts are due within one year. No allowance for uncollectible balances has been established by management based upon the Center’s historical experience in the collection of balances due.

**Inventory** – Inventory consists primarily of in-kind donations of food and supplies and is stated at the lower of cost or market. Cost is determined using the average cost basis, which approximates the first-in, first-out method.

**FAMILYWORKS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

---

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

**Property and Equipment** – Property and equipment is carried at cost if purchased, or at fair value if donated. Depreciation is computed using the straight-line method over a period of five to seven years. The Center follows a policy whereby it capitalizes purchases of property and equipment over \$3,000 that provides future benefits over a period longer than one year.

**Revenue Recognition** – Revenue is recognized when earned. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Revenues from government grants and contracts are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustment made by the funding agencies. There were no adjustments resulting from government audits during the years ended December 31, 2019 and 2018. Amounts received in advance are deferred to the applicable period in which the related expenditures are incurred.

**Donated Goods, Facilities and Services** – The Center receives donations of supplies, food, and the donated use of facilities. These items are recognized as support at their estimated fair value on the date of receipt.

The Center calculates food donations based on the number pounds of food received and distributed. For non-federal food donations, the dollar value per pound of food is established by the State of Washington, Emergency Food Assistance Program (EFAP). This valuation was \$1.67 per pound for the years ended December 31, 2019 and 2018. This method was applied consistently and the estimated fair value is not expected to be materially different from that determined using a more detailed measurement of the donated food's fair value. Federal food donations are valued based on pricing lists published by the U.S. Department of Agriculture.

The Center recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provide by individuals possessing those skills and would typically need to be purchased if not donated. Many volunteers have donated significant time to the Center's activities. During the years ended December 31, 2019 and 2018, volunteers contributed over 8,813 and 9,116 hours, respectively, to the Family Resource Center and food banks. The value of these volunteer services is not recorded in the accompanying financial statements as they do not meet the criteria for recognition.

**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. Those expenses include the Executive Director and other managerial functions, costs of contracted accounting, payroll, information technology and other administrative functions, and fundraising. Occupancy is based on assets used such as phone, computer, and copier. Contracted administration is based on modified direct cost of the contractor, and managerial salaries are based on estimates of time and effort.

**FAMILYWORKS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

---

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

**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 Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center 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).

**New Accounting Pronouncements** – The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates (ASUs) that will affect the Center’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 Center 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 Center 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.

**FAMILYWORKS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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 certificates of deposit (CD)	\$ 949,126	\$ 922,949
Grants and pledges receivable	78,271	55,781
Total financial assets	1,027,397	978,730
Less those unavailable for general expenditures within one year:		
CDs that cannot be redeemed within one year	-	(110,887)
Financial assets available within one year	\$ 1,027,397	\$ 867,843

The Center's financial assets are relatively stable throughout the year, with small increases related to fundraising events. The Center has operating cash flow well over best practice guidelines, exceeding 300 days the entire year. Distress or a liquidity need could result from a delay in government contract receivables, but current cash is two to three times in excess of annual contract amounts, so the delay would have to be substantial to have impact. Other liquidity needs could come from a major capital outlay requirement but any such needs would not expect to exceed one third of the cash on hand. Liquidity is not an issue of the Center.

**Note 3 – Property and Equipment**

Property and equipment consist of the following at December 31:

	2019	2018
Furniture and equipment	\$ 35,617	\$ 35,617
Vehicles	34,844	34,844
Leasehold improvements	6,639	6,639
	77,100	77,100
Less accumulated depreciation	(67,515)	(61,105)
	\$ 9,585	\$ 15,995

**FAMILYWORKS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

---

**Note 4 – Special Events**

Special events support and revenue is shown in the statements of activities net of consumable costs that directly benefit the participants of the event. Net support and revenue is as follows for the years ended December 31:

	2019	2018
Contributions (including auction item sales)	\$ 119,834	\$ 91,085
Receipts from ticket sales	31,914	10,356
Less cost of direct donor benefit	(34,781)	(9,202)
	<u>116,967</u>	<u>92,239</u>

**Note 5 – In-Kind**

In-kind donations consist of the following for the years ended December 31:

	2019	2018
Food inventory	\$ 852,309	\$ 809,762
Clothing and household goods	176,145	93,814
Facilities	22,308	22,000
Auction items	24,113	12,341
	<u>\$ 1,074,875</u>	<u>\$ 937,917</u>

**Note 6 – Concentrations of Risk**

At December 31, 2019 and 2018, 88% and 92% of grants receivable were due from the same agency, respectively.

**Note 7 – Relationship with Solid Ground**

The Center leases office space and operating facilities from Solid Ground under an operating lease that expired in December 2015 and is currently on a month to month basis. Total rent expense under this lease was \$56,986 and \$56,185 for the years ended December 31, 2019 and 2018, respectively.

In addition, Solid Ground provides financial and technical assistance to the Center, including financial and payroll accounting, certain human relations functions, information technology, trainings, referrals, office support in the form of telephones, photocopying, fax services, courier, mailings, and building and equipment management in return for a management fee. Charges for these services are included in the accompanying statements of functional expenses. Total management fees incurred to Solid Ground were \$99,755 and \$94,015 for the years ended December 31, 2019 and 2018, respectively.

**FAMILYWORKS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

---

**Note 8 – Prior Period Adjustments**

In the year ended December 31, 2019, it was determined that certain transactions should have been recognized differently in the year ended December 31, 2018. Accordingly, adjustments were recorded to prior year balances and activity as follows:

	Unadjusted Balance	Prior Period Adjustment	Adjusted Balance
Statement of financial position, 12/31/2018			
Inventory	\$ -	\$ 46,831	\$ 46,831
Net assets without donor restrictions	893,393	46,831	940,224
Statement of activities, year ended 12/31/2018			
Program service expenses	\$ 1,625,857	\$ (46,831)	\$ 1,579,026
End of year net assets without donor restrictions	893,393	46,831	940,224

**Note 9 – Subsequent Events**

The Center evaluated subsequent events through April 28, 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 resulting economic crisis has created significant need in the local community for services offered by the Center and similar organizations. The Center will strive to fulfill the increased demand and expects for its financial position to remain strong as local donors and government authorities provide additional funding needed to help the Center address the crisis.