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MEMO

Date: June 30, 2016

To: Marion-Polk Food Share Board of Directors

From: Holly Larson

Re: May 2016 Financials

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The Food Share continue to maintain a strong financial position. Although cash has decreased, it is due to greater investment in the community through Food Share programs and capital assets through the use of temporarily restricted funds raised in prior fiscal years. We are performing according to expectations.

***Some highlights to note:***

**Please refer to the *Statement of Activities - Actual to Budget Variance (Report 3):***

Operating revenue is \$107,000 less than budget.

- Program revenue was on budget. Food service revenue and SNAP Outreach reimbursement exceeded budget, while food product sales (Better Burger) and vocational training contract revenue were below budget. Vocational training is a reimbursable expense, so salary expense is also lower than budget due to less participants in the program than forecasted.
- Interest and investments are below budget by over \$16,000. \$5,000 in unrealized losses were recorded in the quarter ended March 31<sup>st</sup>. The budget was based on an average performance over the last 4 years. 2016 appears to be a rough securities market, as we told to expect by OCF.

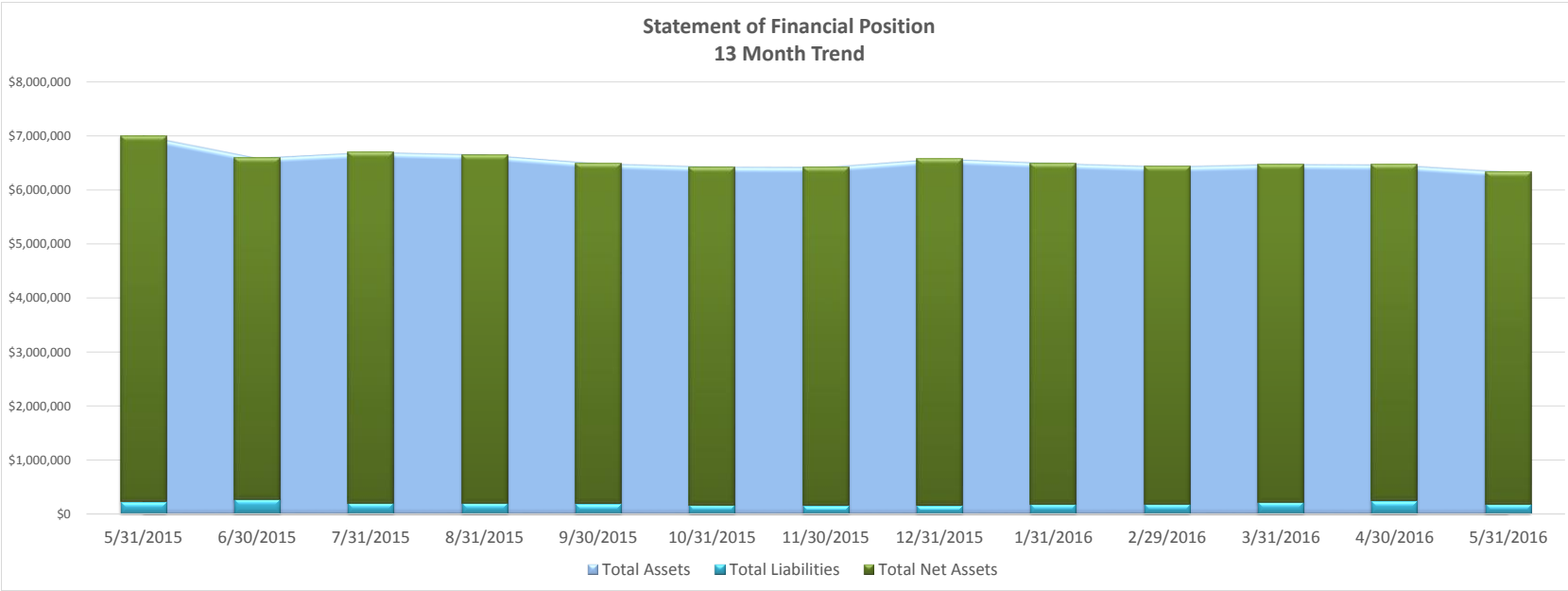
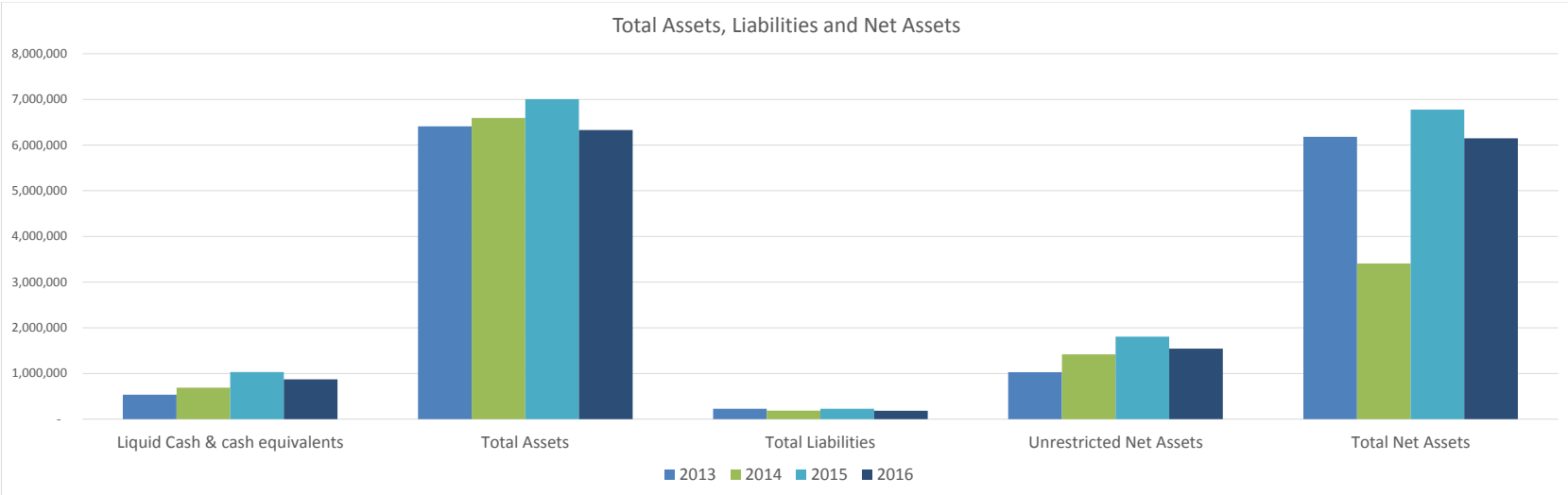
Operating expense is \$153,000 less than budget.

- Food purchase funds through FEMA have not yet been awarded. We are anticipating this coming through soon, and will cover food purchases in FY16 as well as FY17.
- Contracts and professional fees are below budget due to strategic planning expense deferred until FY17.
- Network development is below budget due to less network support proposals being granted by OFB this fiscal year.
- Meetings and professional development expense is below budget. This line item is likely to end the year below budget.
- Advertising, marketing and event expense is below budget. This is mainly due to timing of the website redesign project. The remaining expected costs for the website will be carried over to next fiscal year.
- Liability insurance expense is under budget. We believe this expense will end the year under budget, after posting a correction to the prepaid activity.

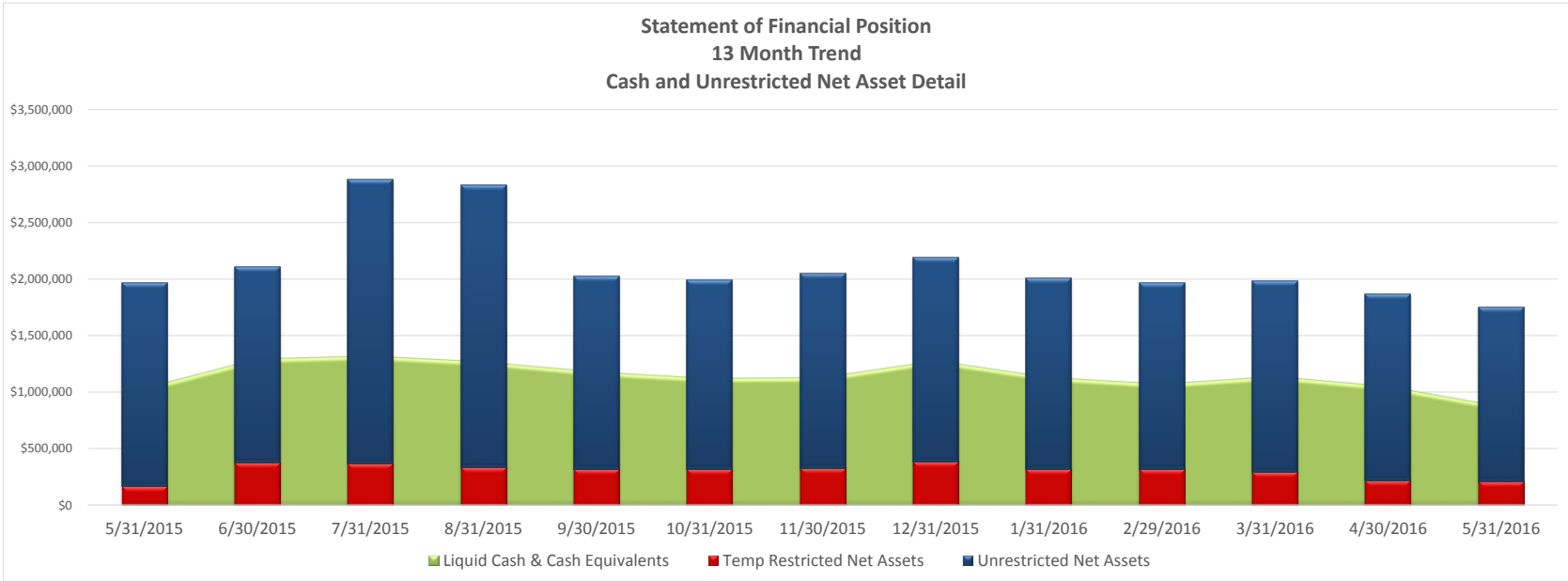
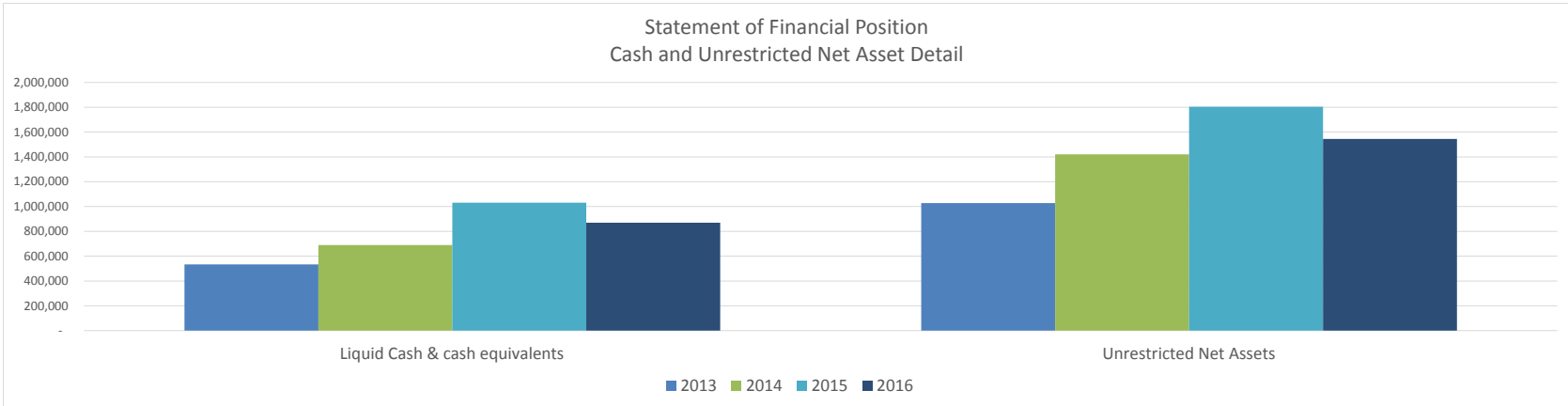
***Other items to discuss:***

- FY2017 budget and FY2018 & 2019 forecasts

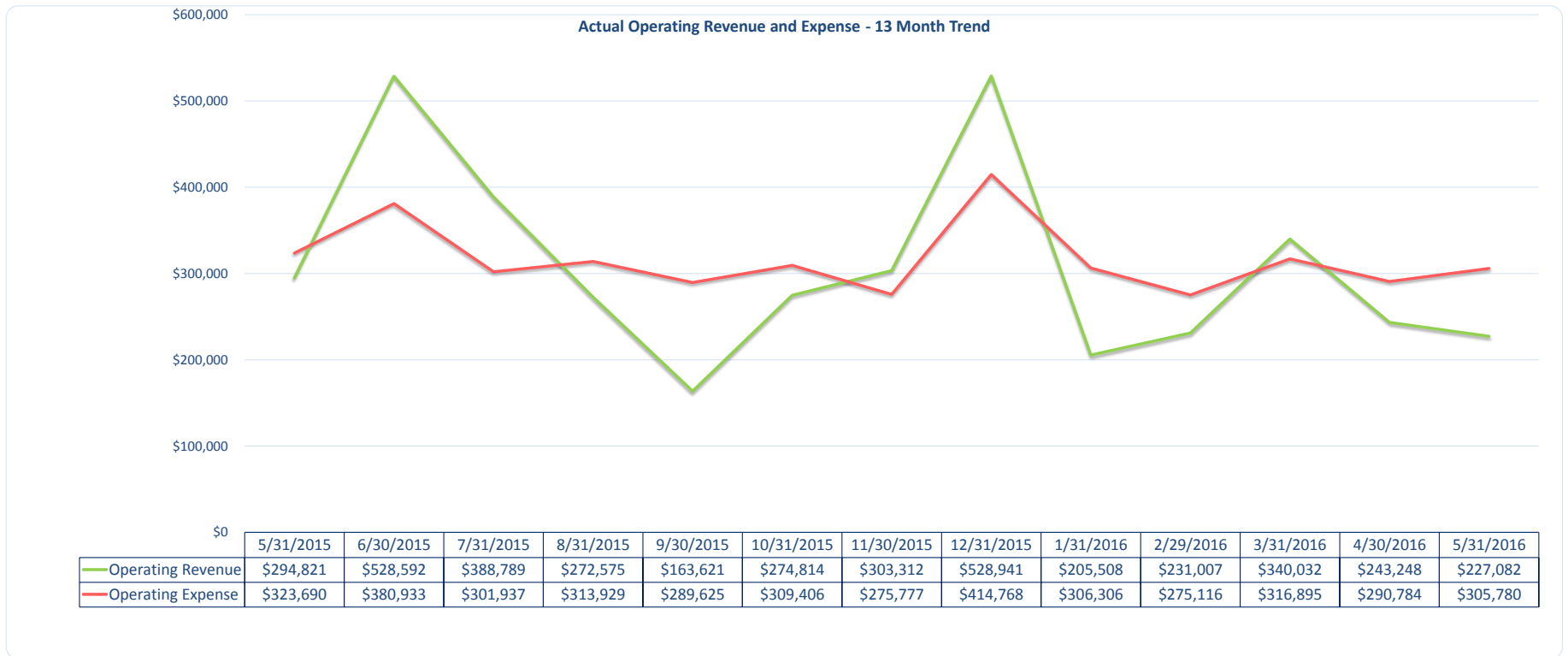
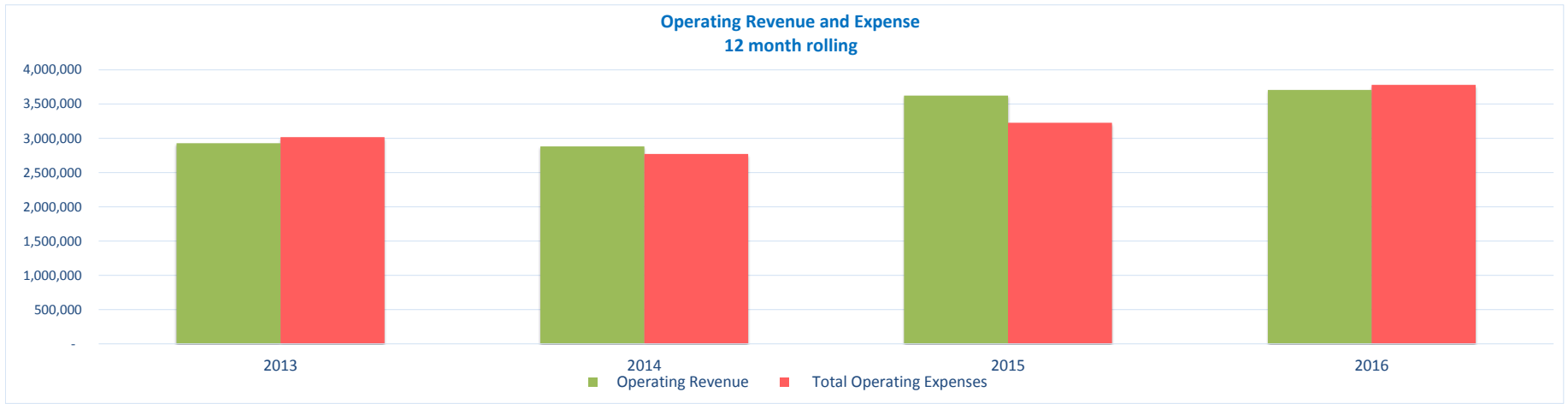
Marion-Polk Food Share, Inc.  
May 2016



Marion-Polk Food Share, Inc.  
May 2016



Marion-Polk Food Share, Inc.  
May 2016



# Marion-Polk Food Share

## Statement of Financial Position - Year over Year Review

For the month ended May 31, 2016

	Prior Years	Current Year	Notes
	Actual	Actual	
	5/31/2015	5/31/2016	
<b>ASSETS</b>			
Cash, cash equivalents, & investments			
Liquid cash, cash equivalents, and other assets	\$1,031,219	\$870,082	Cash has decreased due to capital investments, also because of FY16 operating funds raised in FY15 - now being spent.
Non-liquid investments	\$1,261,349	\$1,300,471	
Cash, investments & other assets	\$2,292,568	\$2,170,553	
Land, buildings and equipment, net	\$3,041,561	\$3,224,697	
Inventory	\$1,670,193	\$933,838	inventory decrease due to donated inventory value decrease to \$1.25 per pound from \$1.50 per pound. Also, ending inventory pounds decreased over last year.
<b>TOTAL ASSETS</b>	<b>\$7,004,322</b>	<b>\$6,329,088</b>	
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>Liabilities</b>	<b>\$227,460</b>	<b>\$181,971</b>	
Net Assets			
Unrestricted			
Undesignated - available for general activities	\$753,188	\$548,068	
Designated - Intended for Investment	\$0	\$0	
Designated by Mgmt - Capital Fund	\$369,279	\$369,279	
Designated by the governing board	\$681,957	\$627,716	
Total Unrestricted	\$1,804,424	\$1,545,063	
Temporarily Restricted	\$165,061	\$207,715	
Permanently Restricted	\$135,380	\$235,805	
Land, buildings and equipment, net	\$3,001,804	\$3,224,697	
Inventory	\$1,670,193	\$933,838	inventory decrease due to donated inventory value decrease to \$1.25 per pound from \$1.50 per pound. Also, ending inventory pounds decreased over last year.
<b>Total Net Assets</b>	<b>\$6,776,862</b>	<b>\$6,147,118</b>	
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$7,004,322</b>	<b>\$6,329,088</b>	

\* Inventory value is updated at the end of the fiscal year. The value of donated food is \$1.25, down from \$1.50 last year.

\* Unrestricted net assets - Designated by the governing board includes the Board Designated Endowment; current balance is \$627,716

**Marion-Polk Food Share**  
**Statement of Cash Flows**  
For the eleven months ended May 31, 2016

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>Actual</u>
NET SURPLUS/(DEFICIT) FOR PERIOD	\$ 106,731
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH	\$ (263,742)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><b>\$(157,012)</b></u>
<b>CASH FLOWS FROM INVESTING (CAPITAL) ACTIVITIES</b>	
ASSET ADDITIONS	\$ (384,193)
ACCUMULATED DEPRECIATION	\$ 201,058
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u><b>\$(183,135)</b></u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	\$ (39,123)
<hr/>	
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>\$(379,270)</b>
<b>CASH AND CASH EQUIVALENTS AS OF 6/1/2015</b>	<b>\$ 809,135</b>
<b>CASH AND CASH EQUIVALENTS AS OF 5/31/2016</b>	<u><b>\$ 429,865</b></u>

**Marion-Polk Food Share**  
**Statement of Activities**  
Actual to Budget Variance Report

	Year-to-date				Notes
	Budget				
	Actual	Budget	\$	%	
7/1 - 5/31/2016	7/1 - 5/31/2016	Variance	Variance		
Operating					
Operating Revenue					
Donations	\$2,531,140	\$2,620,255	(\$89,115)	-3%	
Program Service Revenue					
MOW Home Delivered Meal Revenue	\$395,484	\$396,137	(\$653)	0%	
Contract Revenue (Grand Ronde)	\$82,219	\$82,219	\$0	0%	
Food Service Revenue	\$91,237	\$85,518	\$5,719	7%	
Vocational Training Contract Revenue	\$53,151	\$57,131	(\$3,980)	-7%	
Farm Revenue	\$8,873	\$8,873	\$0	0%	
Food Product Sales	\$15,064	\$21,336	(\$6,273)	-29%	DOC contract on hold. Anticipate small sales in the future.
SNAP Outreach	\$15,343	\$10,539	\$4,804	46%	Program has begun, and first quarter reimbursement submitted
Miscellaneous Revenue	\$19,342	\$19,934	(\$592)	-3%	
Total Program Service Revenue	\$680,712	\$681,688	(\$975)	0%	
Interest and investments	(\$32,922)	(\$16,507)	(\$16,416)	-99%	
Total Operating Revenue	\$3,178,930	\$3,285,436	(\$106,506)	-3%	
Operating Expenses					
Emergency Food Purchase (for distribution)	\$180,646	\$229,421	\$48,776	21%	timing - EFSP (FEMA) food purchase funds not awarded yet. Anticipate spending part this fiscal year, and part next fiscal year.
Production Food Purchases	\$152,856	\$159,434	\$6,577	4%	
Salaries & Related Expenses	\$2,050,264	\$2,064,882	\$14,618	1%	
Contracts & Professional Fees	\$165,310	\$202,778	\$37,467	18%	Strategic planning moved to next fiscal year. Salary study slightly behind schedule.
Supplies, Printing, Postage	\$196,440	\$221,397	\$24,958	11%	
Program Supplies	\$103,849	\$108,051	\$4,203	4%	
Network Development	\$4,853	\$5,658	\$805	14%	Less network support proposals funded by OFB than anticipated
Occupancy Expenses	\$171,969	\$157,796	(\$14,173)	-9%	
Equipment and Vehicle Expenses	\$103,425	\$102,869	(\$556)	-1%	
Meetings & Professional Development	\$45,971	\$54,614	\$8,643	16%	less meeting and training expense than planned. Likely to end under budget for this fiscal year.
Volunteer & Donor Development	\$18,881	\$18,892	\$11	0%	
Advertising, Marketing & Event Expenses	\$65,282	\$85,356	\$20,074	24%	Primarily underbudget due to timing of website project. Adequate costs are budgeted to finish the project in next fiscal year.
Computer Expenses	\$72,106	\$70,656	(\$1,450)	-2%	
Membership Dues	\$4,223	\$4,088	(\$135)	-3%	
Bank Fees	\$29,514	\$27,400	(\$2,114)	-8%	
Liability Insurance Expense	\$26,068	\$34,181	\$8,112	24%	Insurance expense will end the year under budget.
Other Expenses	\$4,687	\$2,098	(\$2,589)	-123%	Temporarily high due to adjustment activity - reverses in June to align more closely with budget
Total Operating Expenses	\$3,396,343	\$3,549,570	\$153,226	4%	
<b>Net surplus/(deficit) - Operating</b>	<b>(\$217,413)</b>	<b>(\$264,133)</b>	<b>\$46,720</b>	<b>18%</b>	

**Statement of Activities**  
Actual to Budget Variance Report

		Year-to-date				
		Budget (Approved Mar 2016)		\$	%	
		Actual 7/1 - 5/31/2016	7/1 - 5/31/2016	Variance	Variance	Notes
Capital						
	Capital Revenue	\$147,033	\$116,795	\$30,238	26%	additional capital revenue from Regional Solutions - warehouse improvement
	Less: depreciation	\$194,333	\$191,660	(\$2,673)	-1%	
	<b>Net Surplus/(Deficit) - Capital</b>	<b>(\$47,299)</b>	<b>(\$74,864)</b>	<b>\$27,565</b>	<b>37%</b>	
Endowment						
	Endowment Revenue	\$101,485	\$102,205	(\$720)	-1%	
	<b>Net Surplus/(Deficit) - Endowment</b>	<b>\$101,485</b>	<b>\$102,205</b>	<b>(\$720)</b>	<b>-1%</b>	
In-kind						
	Contributions	\$11,954	\$10,787	\$1,167	11%	
	Less: In-kind expense	\$11,904	\$10,787	(\$1,117)	-10%	
	<b>Net surplus/(deficit) - In-Kind</b>	<b>\$50</b>	<b>\$0</b>	<b>\$50</b>	<b>0%</b>	
	<b>BEGINNING NET ASSETS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>	
	<b>NET SURPLUS/(DEFICIT)</b>	<b>(\$163,177)</b>	<b>(\$236,793)</b>	<b>\$73,616</b>	<b>31%</b>	
	<b>ENDING NET ASSETS</b>	<b>(\$163,177)</b>	<b>(\$236,793)</b>	<b>\$73,616</b>	<b>31%</b>	



**Marion-Polk Food Share**  
**Statement of Activities - Prior Year Comparison**  
**For the eleven months ended May 31, 2016**

	Prior Year	Current Year			
	Actual 7/1/2014- 5/31/2015	Actual 7/1/2015- 5/31/2016	\$ Variance	% Variance	Notes
<b>Operating</b>					
Operating Revenue					
Donations	\$2,754,668	\$2,531,140	\$223,528	-8%	
Program Service Revenue					
MOW Home Delivered Meal Revenue	\$143,803	\$395,484	(\$251,681)	175%	MOW program only operated for half of 2015
Contract Revenue (Grand Ronde)	\$35,562	\$82,219	(\$46,657)	131%	Grand Ronde pantry opened 12/4/2014 - only operated half of 2015
Food Service Revenue	\$51,176	\$91,237	(\$40,061)	78%	MOW program only operated for half of 2015
Vocational Training Contract Revenue	\$53,944	\$53,151	\$793	-1%	
Farm Revenue	\$27,478	\$8,873	\$18,605	-68%	no crops sold this year
Food Product Sales	\$27,229	\$15,064	\$12,165	-45%	decrease in Better Burger sales to DOC
SNAP Outreach	\$0	\$15,343	(\$15,343)	0%	new program this fiscal year
Miscellaneous Revenue	\$136,735	\$19,342	\$117,393	-86%	last year this line item included MOW acquisition of \$115,000
Total Program Service Revenue	<u>\$475,927</u>	<u>\$680,712</u>	<u>(\$204,786)</u>	<u>43%</u>	
Interest and investments	\$1,228	(\$32,922)	\$34,150	-2782%	
Total Operating Revenue	<u>\$3,231,823</u>	<u>\$3,178,930</u>	<u>\$52,892</u>	<u>-2%</u>	
<b>Operating Expenses</b>					
Emergency Food Purchase (for distribution)	\$316,501	\$180,646	(\$135,856)	43%	decrease in City of Salem contract - \$60,000; also less donor designated funds
Production Food Purchases	\$78,644	\$152,856	\$74,212	-94%	MOW program only operated for half of 2015
Salaries & Related Expenses	\$1,722,566	\$2,050,264	\$327,698	-19%	annual increase of \$303,000 for the MOW program and IMMH (Grand Ronde) programs
Contracts & Professional Fees	\$118,787	\$165,310	\$46,524	-39%	temp restricted funds for Community Food systems contractor; increased spending on salary study
Supplies, Printing, Postage	\$200,208	\$196,440	(\$3,768)	2%	
Program Supplies	\$89,898	\$103,849	\$13,950	-16%	
Network Development	\$11,381	\$4,853	(\$6,528)	57%	More network development projects funded than anticipated
Occupancy Expenses	\$129,891	\$174,775	\$44,885	-35%	MOW program only operated for half of 2015 - rent at Center 50+
Equipment and Vehicle Expenses	\$83,587	\$103,425	\$19,838	-24%	more vehicle maintenance than prior year
Meetings & Professional Development	\$40,128	\$46,091	\$5,964	-15%	additional staff training in fundraising; Hunger Gap conference at OFB
Volunteer & Donor Development	\$10,121	\$18,881	\$8,760	-87%	Volunteer picnic, board gathering, and additional volunteer recognition. Also began donor appreciation luncheons.
Advertising, Marketing & Event Expenses	\$45,855	\$66,456	\$20,602	-45%	Additional expense for the website redesign project.
Computer Expenses	\$62,179	\$72,106	\$9,927	-16%	replaced 28 workstations in August of 2015
Membership Dues	\$2,630	\$4,223	\$1,593	-61%	more membership affiliations
Bank Fees	\$24,220	\$29,514	\$5,294	-22%	additional fees for donation processing
Liability Insurance Expense	\$22,589	\$26,068	\$3,479	-15%	increased due to additional programs; added several vehicles
Other Expenses	\$3,738	\$4,687	\$949	-25%	
Total Operating Expenses	<u>\$2,962,922</u>	<u>\$3,400,444</u>	<u>\$437,522</u>	<u>-15%</u>	
<b>Net surplus/(deficit) - Operating</b>	<u><b>\$268,900</b></u>	<u><b>(\$221,514)</b></u>	<u><b>\$490,414</b></u>	<u><b>-182%</b></u>	
<b>Capital</b>					
Capital Revenue	\$130,974	\$147,033	(\$16,060)	12%	Additional grants for warehouse and youth farm improvements
Less: depreciation	\$201,876	\$194,333	(\$7,544)	4%	
<b>Net Surplus/(Deficit) - Capital</b>	<u><b>(\$70,903)</b></u>	<u><b>(\$47,299)</b></u>	<u><b>(\$23,604)</b></u>	<u><b>33%</b></u>	
<b>Endowment</b>					
Endowment Revenue	\$1,995	\$101,485	(\$99,490)	4987%	\$100,000 from Conrad Steiber estate
<b>Net Surplus/(Deficit) - Endowment</b>	<u><b>\$1,995</b></u>	<u><b>\$101,485</b></u>	<u><b>(\$99,490)</b></u>	<u><b>4987%</b></u>	
<b>In-kind</b>					
Contributions	\$46,099	\$11,954	\$34,144	-74%	less value in in-kind donations this fiscal year
Less: In-kind expense	\$36,099	\$11,904	(\$24,194)	67%	less value in in-kind donations this fiscal year
<b>Net surplus/(deficit) - In-Kind</b>	<u><b>\$10,000</b></u>	<u><b>\$0</b></u>	<u><b>\$9,950</b></u>	<u><b>-100%</b></u>	
<b>NET SURPLUS/(DEFICIT)</b>	<u><b>\$209,993</b></u>	<u><b>(\$167,278)</b></u>	<u><b>\$377,271</b></u>	<u><b>-180%</b></u>	

## Marion-Polk Food Share

Account Category Description	Definition
Operating	
Operating Revenue	
Donations	Donation revenue from Raisers Edge, federal , state and local grant revenue, foundation grants
Program Service Revenue	
MOW Home Delivered Meal Revenue	Revenue for providing home delivered meals to private pay clients, as well as Medicare, Oregon Project Independence (OPI) and Older American Act (OAA) programs
Contract Revenue (Grand Ronde)	Revenue from Confederated Tribes of Grand Ronde contract
Food Service Revenue	Revenue from operation of MOW café, restaurant, and catering
Vocational Training Contract Revenue	Revenue to reimburse costs associated with JOBS + vocational training program
Farm Revenue	Revenue from crop sales, CSA sales, Saturday market sales, and land lease
Food Product Sales	Sales of Better Burger
SNAP Outreach	Reimbursement of costs related to SNAP outreach efforts
Miscellaneous Revenue	Sales of broken pallets, cardboard, etc. Plot rentals for community gardens. Other miscellaneous usually one-time items
Total Program Service Revenue	
Interest and investments	Revenue related to investment gains/losses and interest earnings
Total Operating Revenue	
Operating Expense	
Operating Expenses	
Emergency Food Purchase (for distribution)	Food purchases for distribution through agency networks or programs
Production Food Purchases	Food purchases for value-added food items (MOW meals and food service, ingredients for Better Burger production)
Salaries & Related Expenses	Salary costs, benefits and taxes
Contracts & Professional Fees	Legal fees, audit fees, consultant and independent contactor fees
Supplies, Printing, Postage	Office supplies, small equipment, postage and shipping, printing, books and subscriptions
Program Supplies	Supplies related to running programs (such as gardens, Youth Farm, MOW, VAC)
Network Development	Costs for equipment or monetary support of agencies in MPFS network
Occupancy Expenses	Building maintenance, utilities, telephones, rent (MOW facility and off-site food storage)
Equipment and Vehicle Expenses	costs to maintain and insure vehicles and equipment
Meetings & Professional Development	Costs for staff professional development and trainings, meetings, conferences, mileage reimbursement and other travel related costs. Also includes meetings/conferences MPFS staff hosts for agency network and other audiences.

## Marion-Polk Food Share

Account Category	Description	Definition
	Volunteer & Donor Development	Costs associated with stewarding donors, volunteers and board
	Advertising, Marketing & Event Expenses	Costs to promote MPFS, including website, media advertisement, and events
	Computer Expenses	Costs to maintain technology: software, hardware and network. This includes outsourced IT professional support.
	Membership Dues	Dues for various organizations MPFS is members of (Rotary, Chamber, etc.)
	Bank Fees	Fees for banking services, including credit card merchant fees
	Liability Insurance Expense	Liability and Directors and Officers annual insurance premium fees
	Other Expenses	Miscellaneous expenses, licenses and fees, penalty and late fees, bad debt expense
	<b>Total Operating Expenses</b>	
	<b>Net surplus/(deficit) - Operating</b>	Operating revenue less operating expenses
Capital		
	Capital Revenue	Revenue for capital projects. Expenses for capital projects do not appear on the Statement of Activities. They appear on the Statement of Financial Position as increases to assets. An asset is capitalized if it is over \$5,000 and a life of one year or greater.
	Less: depreciation	Expense for the current period use of assets purchased in the past.
	<b>Net Surplus/(Deficit) - Capital</b>	Capital revenue less depreciation
Endowment		
	Endowment Revenue	Donations restricted to the endowment. The principal cannot be used, but earnings are allowed to be used for general operations, or as otherwise specified by the donor.
	<b>Net Surplus/(Deficit) - Endowment</b>	
In-kind		
	Contributions	Non-financial contributions, that are not capital assets (items over \$5,000 in value and with a life of over one year)
	Less: In-kind expense	In-kind gifts are usually immediately put to use, and the expense is recognized. This is the account used to realize the expense.
	<b>Net surplus/(deficit) - In-Kind</b>	In-kind contributions less in-kind expenses.
	<b>BEGINNING NET ASSETS</b>	Value of the organization's assets, less liabilities, at the beginning of the period.
	<b>NET SURPLUS/(DEFICIT)</b>	Total revenue less total expenses (includes operating, capital, endowment and in-kind)
	<b>ENDING NET ASSETS</b>	Value of the organization's assets, less liabilities, at the end of the period.

# Marion-Polk Food Share

Donation Revenue by Fund Category and Activity

	Past Year	Current Year
	Fiscal Year to Date	Fiscal Year to Date
	Actual	Actual
	7/1/2014 - 5/31/2015	7/1/2015 - 5/31/2016
<b>Operating Revenue</b>		
Donor Communications	\$502,959	\$426,060
Events	\$87,583	\$82,070
Food and Food Drives	\$625,295	\$533,476
Fundraisers	\$23,571	\$23,226
Grant Proposals	\$443,976	\$365,297
Mission and Brand Awareness	\$437,506	\$494,109
Monthly Sustainer Circle	\$526,309	\$594,283
Online Solicitations	\$6,332	\$14,601
Planned Gifts	\$66,596	\$17,355
Personal Solicitations	\$61,850	\$13,500
<b>Total Operating Revenue</b>	<b>\$2,781,978</b>	<b>\$2,563,977</b>
<b>Capital Revenue</b>		
Donor Communications	\$27,082	\$36,173
Fundraisers	\$0	\$8,365
Grant Proposals	\$97,772	\$33,023
Mission and Brand Awareness	\$1,170	\$100
Monthly Sustainer Circle	\$0	\$100
Personal Solicitations	\$0	\$0
<b>Total Capital Revenue</b>	<b>\$126,024</b>	<b>\$77,761</b>
<b>Endowment Revenue</b>		
Donor Communications	\$445	\$1,460
Food and Fund Drives	\$0	\$0
Mission and Brand Awareness	\$1,300	\$25
Planned Gifts	\$0	\$100,000
Personal Solicitation	\$250	\$0
<b>Total Endowment Revenue</b>	<b>\$1,995</b>	<b>\$101,485</b>
<b>Total Revenue</b>	<b>\$2,909,996</b>	<b>\$2,743,223</b>

Notes:

- Food and Fund Drives: CenturyLink donation was \$268,862 in July 2014 and \$175,496 in July 2015.
- As of January 20, 2016 we redefined Sustainer giving, so some gifts that were Mission and Brand and Donor Communications are now under Monthly Sustainer Circle. That effects about \$10,000 a month.

# Marion-Polk Food Share

## Donation Revenue by Fund Category and Activity

The definitions below indicate the activity which generated the donation. They do not indicate the type of donor. For example, an unsolicited foundation grant is included in Mission and Brand Awareness. A donation from a Monthly Sustainer in response to a direct mail solicitation is included in Direct Mail.

Activity	Definition
Donor Communications	Mass mailings for communicating with donors and/or soliciting donations
Events	Events with ticket sales, includes revenue from sponsorships, auctions, donations during the event
Food and Food Drives	Food and Fund drives of all sizes
Fundraisers	Events without ticket sales
Grant Proposals	Grants received in response to a proposal
Mission and Brand Awareness	Donations which cannot be tracked to a specific activity, including unsolicited grants, general online donations, general mailed donations
Monthly Sustainer Circle	Donations made as part of a monthly sustainer commitment
Online Solicitations	Donations which can be tracked to a specific online activity, including email, social media links, etc.
Personal Solicitations	Face to face solicitation, including individuals and small groups
Planned Gifts	Bequests, annuities and other planned gifts