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MEMO

Date: October 18, 2016

To: Marion-Polk Food Share Board of Directors

From: Holly Larson

Re: September 2016 Financials

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The first quarter of fiscal year 2016 is complete. When compared to last year, total net assets have increased more than \$63,000. Net investment in capital improvements and additions was \$78,000. The organization is healthy, and performing better than expectations.

***Some highlights to note:***

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

Operating revenue is \$14,000 less than budget.

- Donation revenue was about \$10,000 less than budget. This is partially due to timing of government reimbursement grants.
- Program revenue was \$7,000 more than budget. Home delivered meals revenue and food service revenue were above budget. The SNAP Outreach reimbursement request for the first quarter has been delayed, and will be included next month.
- Interest and investments did not include the quarterly adjustment on the OCF accounts, which was included in the budget. These account statements were not available at the time of issuance of these financial statements. The adjustments will be included as soon as the information is available.

Operating expense is \$77,000 less than budget.

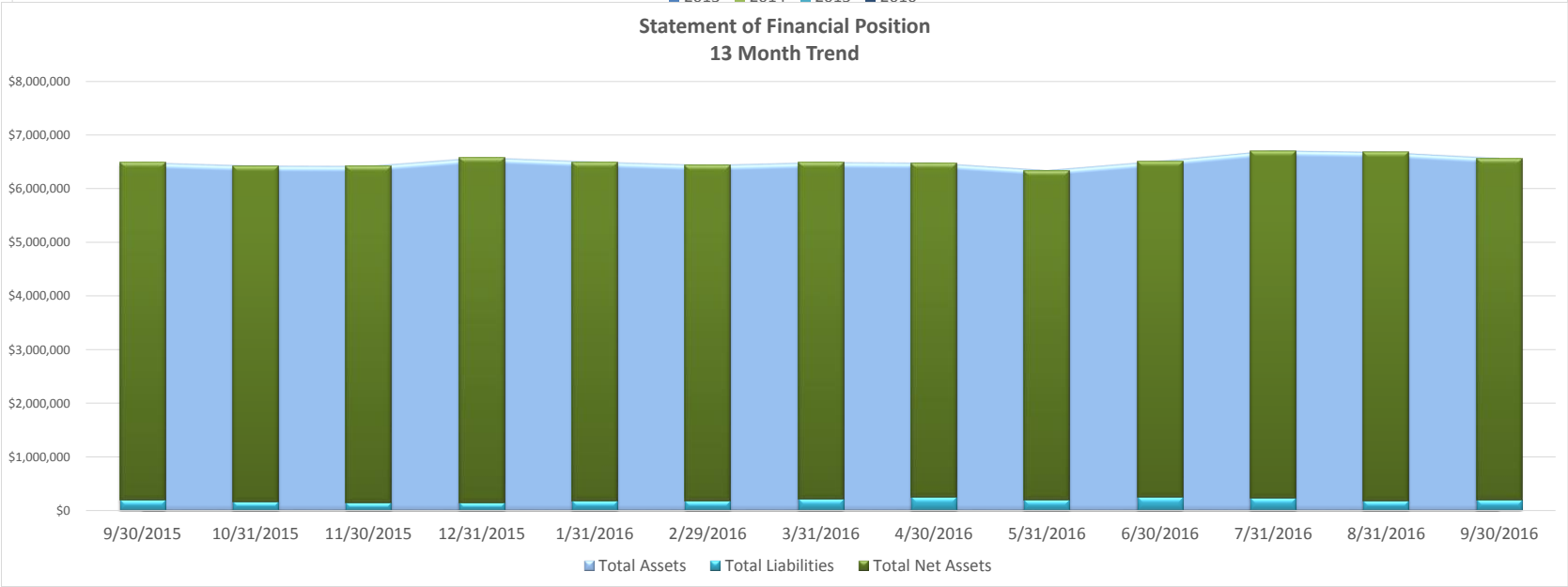
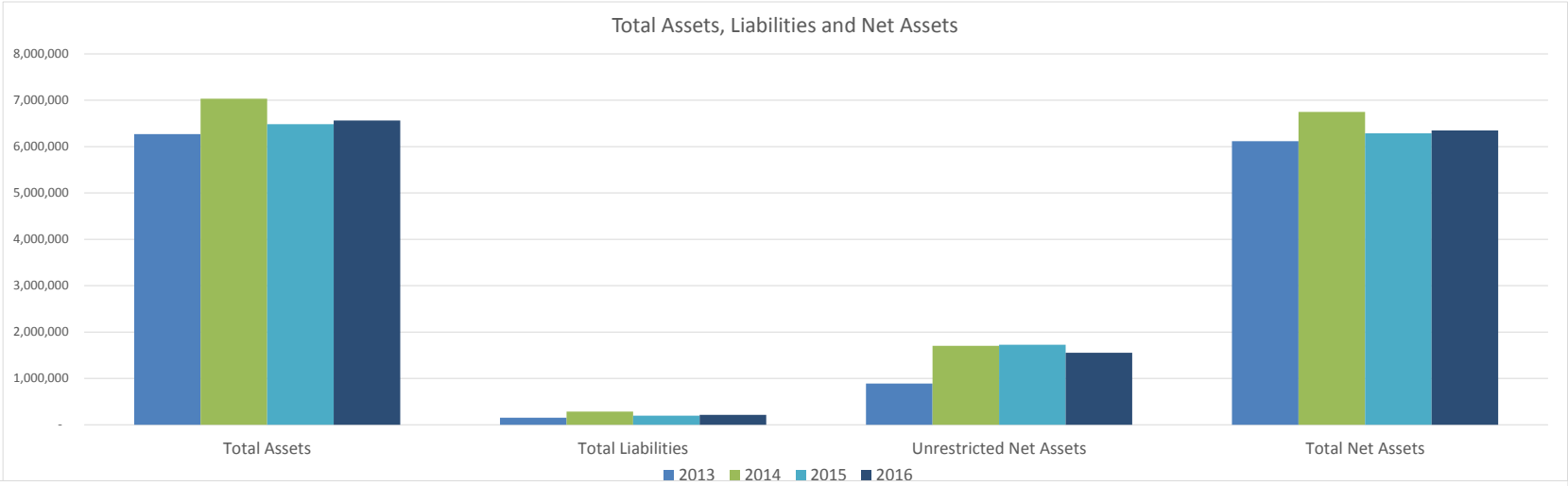
- Emergency food purchase is below budget due to timing of purchases. Funds are being held for specific planned purchases in the future.
- Contracts and professional fees are below budget due to the timing of the projects compared to when budgeted. The audit was not complete, and costs had not yet been billed for strategic planning as of September 30<sup>th</sup>.
- Program supplies are over budget due to the purchase of supplies for Meals on Wheels and food repackaging. These are large purchases that are usually made annually. They fell at an earlier time of the year than was budgeted.
- Equipment and vehicle expenses are over budget due to costly equipment and vehicle repairs necessary in the first quarter.
- Meetings and professional development expense is below budget due to timing. More training was done last year during the first quarter, and that influenced the budget spread for this fiscal year.
- Advertising, marketing and event expense is below budget. This is mainly due to timing of the website redesign project. This project was not yet complete as of September 30<sup>th</sup>.
- Computer expenses are below budget due to replacing less computers than budgeted during the first quarter.

***Other items to discuss:***

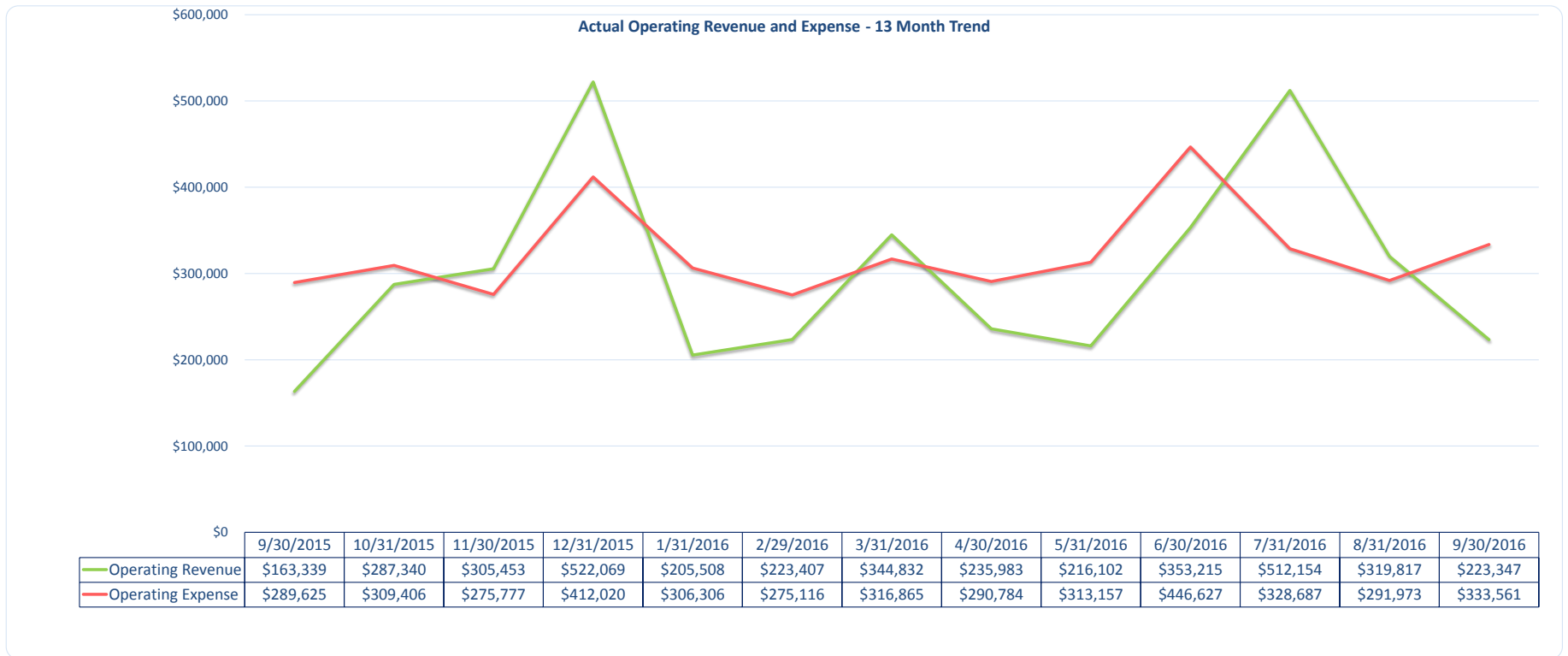
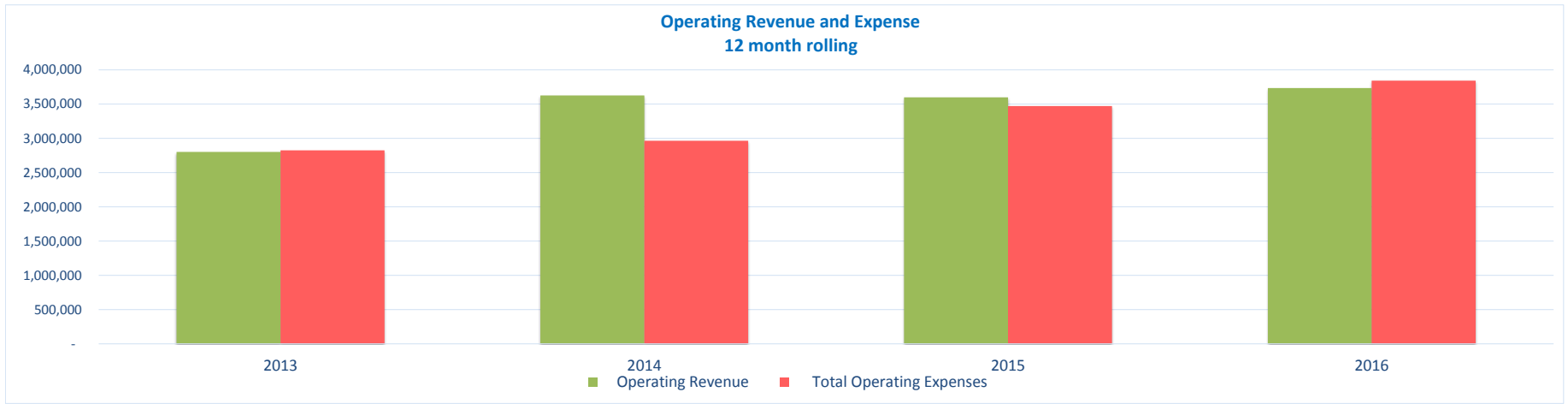
- FY16 audit progress

\*Please review specific notes contained within the finance packet for information about line item budget to actual variances, as well as category definitions.

Marion-Polk Food Share, Inc.  
September 2016



Marion-Polk Food Share, Inc.  
September 2016



## Marion-Polk Food Share

## Statement of Financial Position - Year over Year Review

For the month ended September 30, 2016

	Prior Years	Current Year	Notes
	Actual 9/30/2015	Actual 9/30/2016	
<b>ASSETS</b>			
Cash, cash equivalents, & investments			
Liquid cash, cash equivalents, and other assets	1,168,098	985,418	cash decreased due to capital investment and utilization of temporarily restricted funds
Non-liquid investments	1,288,266	1,278,955	
Cash, investments & other assets	2,456,364	2,264,373	
Land, buildings and equipment, net	3,093,445	3,171,608	added delivery truck, cooler, youth farm, warehouse dock; net of depreciation
Inventory	933,838	1,127,308	Inventory increased 132,795 pounds
<b>TOTAL ASSETS</b>	<b>6,483,647</b>	<b>6,563,289</b>	
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>Liabilities</b>			
	<b>197,363</b>	<b>198,383</b>	
Net Assets			
Unrestricted			
Undesignated - available for general activities	736,892	593,412	
Designated - Intended for Investment	-	-	
Designated by Mgmt - Capital Fund	369,279	369,279	
Designated by the governing board	619,194	606,317	balance reflects OCF Board designated asset account
Total Unrestricted	1,725,365	1,569,008	
Temporarily Restricted	300,189	261,048	
Permanently Restricted	234,400	235,935	
Land, buildings and equipment, net	3,092,492	3,171,608	added delivery truck, cooler, youth farm, warehouse dock; net of depreciation
Inventory	933,838	1,127,308	Inventory increased 132,795 pounds
<b>Total Net Assets</b>	<b>6,286,284</b>	<b>6,364,905</b>	
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>6,483,647</b>	<b>6,563,289</b>	

\* Inventory value is updated at the end of the fiscal year. Donated inventory is valued at \$1.25 per pound.

\* Unrestricted net assets - Designated by the governing board includes the Board Designated Endowment; current balance is \$606,317

**Marion-Polk Food Share**  
**Statement of Cash Flows**

For twelve months ended September 30, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

NET SURPLUS/(DEFICIT) FOR PERIOD	\$78,622
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH	(\$236,984)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>(\$158,362)</u></b>

**CASH FLOWS FROM INVESTING (CAPITAL) ACTIVITIES**

ASSET ADDITIONS	(\$298,836)
ACCUMULATED DEPRECIATION	\$220,673
<b>TOTAL CASH FLOWS FROM INVESTING (CAPITAL) ACTIVITIES</b>	<b><u>(\$78,163)</u></b>

<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b><u>(\$78,163)</u></b>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b><u>\$9,317</u></b>
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NET INCREASE/(DECREASE) IN CASH	(\$227,208)
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CASH AND CASH EQUIVALENTS AS OF 10/1/2015	<b><u>\$808,480</u></b>
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CASH AND CASH EQUIVALENTS AS OF 9/30/2016	<b><u><u>\$581,272</u></u></b>
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**Marion-Polk Food Share**  
**Statement of Activities - Consolidated Organization**

Report 3

Actual to Budget Variance Report

	Actual 7/1 - 9/30/2016	Budget (Approved September 2016) 7/1 - 9/30/2016	\$ Variance	% Variance	Notes
Operating					
Operating Revenue					
Donations	\$849,980	\$859,728	(\$9,748)	-1%	
Program Service Revenue					
MOW Home Delivered Meal Revenue	\$113,131	\$105,326	\$7,805	7%	
Contract Revenue (Grand Ronde)	\$27,994	\$27,994	\$0	0%	
Food Service Revenue	\$24,617	\$20,307	\$4,309	21%	
Vocational Training Contract Revenue	\$33,097	\$28,909	\$4,188	14%	increase in participants
Farm Revenue	\$2,550	\$3,100	(\$550)	-18%	
Food Product Sales	\$0	\$0	\$0	0%	
SNAP Outreach	\$0	\$8,858	(\$8,858)	-100%	reimbursement request delayed - will be submitted in October
Miscellaneous Revenue	\$2,802	\$2,700	\$102	4%	
Total Program Service Revenue	\$204,191	\$197,195	\$6,996	4%	
Interest and investments	\$1,147	\$12,248	(\$11,102)	-91%	OCF quarterly statement on the investment accounts has not yet arrived. This information will be added once received.
Total Operating Revenue	\$1,055,317	\$1,069,172	(\$13,854)	-1%	
Operating Expenses					
Emergency Food Purchase (for distribution)	\$30,518	\$40,227	\$9,709	24%	timing
Production Food Purchases	\$37,526	\$45,975	\$8,449	18%	
Salaries & Related Expenses	\$559,823	\$580,949	\$21,126	4%	
Contracts & Professional Fees	\$31,480	\$64,084	\$32,604	51%	timing of project costs related to the strategic planning process and the annual financial audit
Supplies, Printing, Postage	\$63,351	\$60,309	(\$3,042)	-5%	
Program Supplies	\$51,886	\$28,793	(\$23,092)	-80%	increase in VAC and MOW supplies - some costs are will be reimbursed by SNAP Outreach funds
Network Development	\$474	\$1,500	\$1,026	68%	
Occupancy Expenses	\$49,836	\$47,107	(\$2,729)	-6%	
Equipment and Vehicle Expenses	\$31,853	\$26,767	(\$5,086)	-19%	Budget spread evenly. Increased vehicle and equipment repairs necessary in the first quarter.
Meetings & Professional Development	\$6,624	\$10,000	\$3,376	34%	timing - budget spread influenced by actual spend pattern last fiscal year.
Volunteer & Donor Development	\$3,616	\$5,519	\$1,902	34%	

**Marion-Polk Food Share**  
**Statement of Activities - Consolidated Organization**

Report 3

Actual to Budget Variance Report

	Actual	Budget (Approved September 2016)	\$	%	Notes
	7/1 - 9/30/2016	7/1 - 9/30/2016	Variance	Variance	
Advertising, Marketing & Event Expenses	\$46,434	\$67,872	\$21,438	32%	website project timing
Computer Expenses	\$17,475	\$31,453	\$13,978	44%	timing of computer replacements slower than budgeted
Membership Dues	\$1,055	\$734	(\$321)	-44%	
Bank Fees	\$14,861	\$11,908	(\$2,952)	-25%	
Liability Insurance Expense	\$7,283	\$7,236	(\$47)	-1%	
Other Expenses	\$124	\$992	\$868	87%	
Total Operating Expenses	\$954,220	\$1,031,427	\$77,207	7%	
<b>Net surplus/(deficit) - Operating</b>	<b>\$101,097</b>	<b>\$37,745</b>	<b>\$63,352</b>	<b>168%</b>	
Capital					
Capital Revenue	\$56,648	\$53,000	\$3,648	7%	
Less: depreciation	\$54,525	\$53,528	(\$998)	-2%	
<b>Net Surplus/(Deficit) - Capital</b>	<b>\$2,122</b>	<b>(\$528)</b>	<b>\$2,650</b>	<b>502%</b>	
Endowment					
Endowment Revenue	\$50	\$600	(\$550)	-92%	
<b>Net Surplus/(Deficit) - Endowment</b>	<b>\$50</b>	<b>\$600</b>	<b>(\$550)</b>	<b>-92%</b>	
In-kind					
Contributions	\$15,683	\$0	\$15,683	0%	
Less: In-kind expense	\$15,683	\$0	(\$15,683)	0%	
<b>Net surplus/(deficit) - In-Kind</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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>\$103,269</b>	<b>\$37,817</b>	<b>\$65,452</b>	<b>173%</b>	
<b>ENDING NET ASSETS</b>	<b>\$103,269</b>	<b>\$37,817</b>	<b>\$65,452</b>	<b>173%</b>	

**Marion-Polk Food Share  
Statement of Activities - Prior Year Comparison**

For the month ended September 30, 2016

	<u>Prior Year</u>	<u>Current Year</u>	\$	%	Notes
	<u>Actual</u> 7/1/2015- 9/30/2015	<u>Actual</u> 7/1/2016- 9/30/2016			
<b>Operating</b>					
<b>Operating Revenue</b>					
Donations	\$707,444	\$849,980	(\$142,536)	20%	CenturyLink community match donations received in July this year (historically these donations have been received in June). Farm to Table dinner was in July 2016 - Plate Expectations auction event was in June of 2015, causing a timing variance.
<b>Program Service Revenue</b>					
MOW Home Delivered Meal Revenue	\$99,509	\$113,131	(\$13,622)	14%	program growth
Contract Revenue (Grand Ronde)	\$17,781	\$27,994	(\$10,213)	57%	contract increased for current term (Jan - Dec 2016)
Food Service Revenue	\$19,846	\$24,617	(\$4,771)	24%	
Vocational Training Contract Revenue	\$13,628	\$33,097	(\$19,469)	143%	More program participants are engaged
Food Product Sales	\$8,873	\$2,550	\$6,323	-71%	
Farm Revenue	\$6,700	\$0	\$6,700	-100%	no CSA program this year due to Youth Farm move
Miscellaneous Revenue	\$2,487	\$2,802	(\$315)	13%	
<b>Total Program Service Revenue</b>	<b>\$168,825</b>	<b>\$204,191</b>	<b>(\$35,366)</b>	<b>21%</b>	
Interest and investments	(\$50,679)	\$1,147	(\$51,825)	102%	OCF quarterly statement on the investment accounts has not yet arrived. This information will be added once received.
<b>Total Operating Revenue</b>	<b>\$825,590</b>	<b>\$1,055,317</b>	<b>(\$229,727)</b>	<b>28%</b>	
<b>Operating Expenses</b>					
Emergency Food Purchase (for distribution)	\$80,034	\$30,518	(\$49,516)	62%	Timing. Funds available and food purchase patterns differ from year to year.
Production Food Purchases	\$38,978	\$37,526	(\$1,452)	4%	
Salaries & Related Expenses	\$539,739	\$559,823	\$20,084	-4%	
Contracts & Professional Fees	\$17,822	\$31,480	\$13,658	-77%	Audit fees earlier this year, additional costs related to youth farm stipends, increased cost for VISTA servicemember cost share (timing). Costs are appropriately budgeted for the year.
Supplies, Printing, Postage	\$57,040	\$63,351	\$6,312	-11%	
Program Supplies	\$26,177	\$51,886	\$25,709	-98%	Timing of large supply purchases vary based on program need. Stretch film, repack machine bags and MOW meal trays were all purchased, which are expected to last for several months.
Network Development	\$1,017	\$474	(\$543)	53%	



**Marion-Polk Food Share**  
**Statement of Activities - Prior Year Comparison**

For the month ended September 30, 2016

	<u>Prior Year</u>	<u>Current Year</u>	<u>\$</u>	<u>%</u>	<u>Notes</u>
	<u>Actual</u> <u>7/1/2015-</u> <u>9/30/2015</u>	<u>Actual</u> <u>7/1/2016-</u> <u>9/30/2016</u>			
Occupancy Expenses	\$47,227	\$49,836	\$2,609	-6%	
Equipment and Vehicle Expenses	\$23,881	\$31,853	\$7,972	-33%	
Meetings & Professional Development	\$18,201	\$6,624	(\$11,577)	64%	Last year, more staff training took place in the first quarter due to Closing the Hunger Gap conference and other trainings
Volunteer & Donor Development	\$4,879	\$3,616	(\$1,263)	26%	
Advertising, Marketing & Event Expenses	\$12,949	\$46,434	\$33,485	-259%	Website project expense this year
Computer Expenses	\$31,171	\$17,475	(\$13,696)	44%	no large-scale computer upgrade this year
Membership Dues	\$748	\$1,055	\$307	-41%	
Bank Fees	\$7,137	\$14,861	\$7,724	-108%	increased this year due to processing fees for the CenturyLink campaign
Liability Insurance Expense	\$7,108	\$7,283	\$175	-2%	
Other Expenses	\$200	\$124	(\$76)	38%	
Total Operating Expenses	\$914,308	\$954,220	\$39,912	-4%	
<b>Net surplus/(deficit) - Operating</b>	<b>(\$88,719)</b>	<b>\$101,097</b>	<b>(\$189,816)</b>	<b>214%</b>	
Capital					
Capital Revenue	\$18,881	\$56,648	(\$37,767)	200%	\$45,000 received for truck replacement, additional funds for warehouse dock project, additional funds for Youth Farm relocation
Less: depreciation	\$53,374	\$54,525	\$1,151	-2%	
<b>Net Surplus/(Deficit) - Capital</b>	<b>(\$34,493)</b>	<b>\$2,122</b>	<b>(\$36,616)</b>	<b>106%</b>	
Endowment					
Endowment Revenue	\$100,100	\$50	\$100,050	-100%	
<b>Net Surplus/(Deficit) - Endowment</b>	<b>\$100,100</b>	<b>\$50</b>	<b>\$100,050</b>	<b>-100%</b>	
In-kind					
Contributions	\$9,882	\$15,683	(\$5,800)	59%	
Less: In-kind expense	\$9,882	\$15,683	\$5,800	-59%	
<b>Net surplus/(deficit) - In-Kind</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>(\$23,112)</b>	<b>\$103,269</b>	<b>(\$126,381)</b>	<b>547%</b>	

## 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>Capital</b>	<b>Net surplus/(deficit) - Operating</b>	Operating revenue less operating expenses
	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>Endowment</b>	<b>Net Surplus/(Deficit) - Capital</b>	Capital revenue less depreciation
	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>In-kind</b>	<b>Net Surplus/(Deficit) - Endowment</b>	
	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

	<b>Past Year</b>	<b>Current Year</b>
	<b>Fiscal Year to Date</b>	<b>Fiscal Year to Date</b>
	<b>Actual</b>	<b>Actual</b>
	<b>7/1/2015 -</b>	<b>7/1/2016 -</b>
	<b>9/30/2015</b>	<b>9/30/2016</b>
<b>Operating Revenue</b>		
Donor Communications	\$64,227	\$56,374
Events	\$53,495	\$137,933
Food and Food Drives	\$228,855	\$159,533
Fundraisers	\$1,005	\$0
Grant Proposals	\$73,017	\$80,305
Mission and Brand Awareness	\$111,744	\$48,867
Monthly Sustainer Circle	\$144,158	\$181,714
Online Solicitations	\$0	\$0
Planned Gifts	\$0	\$51,151
Personal Solicitations	\$11,000	\$105,760
<b>Total Operating Revenue</b>	<b>\$687,501</b>	<b>\$821,636</b>
<b>Capital Revenue</b>		
Donor Communications	\$0	\$0
Fundraisers	\$0	\$0
Grant Proposals	\$0	\$8,100
Mission and Brand Awareness	\$0	\$0
Monthly Sustainer Circle	\$0	\$0
Personal Solicitations	\$0	\$45,000
<b>Total Capital Revenue</b>	<b>\$0</b>	<b>\$53,100</b>
<b>Endowment Revenue</b>		
Donor Communications	\$100	\$50
Food and Fund Drives	\$0	\$0
Mission and Brand Awareness	\$0	\$0
Planned Gifts	\$100,000	\$0
Personal Solicitation	\$0	\$0
<b>Total Endowment Revenue</b>	<b>\$100,100</b>	<b>\$50</b>
<b>Total Revenue</b>	<b>\$787,601</b>	<b>\$874,786</b>

Notes:

- Food and Fund Drives: CenturyLink donation was \$175,496 in July 2015 and \$100,000 in July 2016.
- 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