

NORTHWEST HARVEST/E.M.M.

Financial Statements

For the Year Ended June 30, 2025

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Independent Auditor's Report

**To the Board of Directors
Northwest Harvest/E.M.M.
Seattle, Washington**

Opinion

We have audited the accompanying financial statements of Northwest Harvest/E.M.M. (the Organization), which comprise the statement of financial position as June 30, 2025, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Clark Nuber PS

Certified Public Accountants
November 25, 2025

NORTHWEST HARVEST/E.M.M.**Statement of Financial Position****June 30, 2025****(With Comparative Totals for June 30, 2024)**

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,523,484	\$ 2,636,713
Investments, short-term	3,258,458	
Contributions, grants, and other receivables, current portion	1,427,087	1,159,017
Inventory	2,378,343	2,013,687
Prepays expenses	938,422	868,522
Total Current Assets	12,525,794	6,677,939
Investments, long-term	27,673,340	34,917,697
Endowment investments	13,641,613	11,922,751
Contributions, grants, and other receivables, net of current portion	1,000	2,000
Security deposits	84,916	84,916
Beneficial interests in trusts and funds held by others	1,286,602	1,207,826
Operating lease right-of-use assets	1,739,544	2,545,672
Property and equipment, net	33,531,524	35,705,739
Total Assets	\$ 90,484,333	\$ 93,064,540
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 703,455	\$ 441,670
Accrued liabilities	1,097,675	888,838
Current portion of operating lease liabilities	916,690	855,460
Total Current Liabilities	2,717,820	2,185,968
Long-term portion of operating lease liabilities	1,034,503	1,951,194
Total Liabilities	3,752,323	4,137,162
Net Assets:		
Without donor restrictions	70,895,135	74,806,528
With donor restrictions	15,836,875	14,120,850
Total Net Assets	86,732,010	88,927,378
Total Liabilities and Net Assets	\$ 90,484,333	\$ 93,064,540

See accompanying notes.

NORTHWEST HARVEST/E.M.M.

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)**

	Without Donor Restriction	With Donor Restriction	2025 Total	2024 Total
Operating Activities				
Public Support and Revenue:				
Cash contributions and pledges	\$ 21,589,936	\$ 3,806,236	\$ 25,396,172	\$ 22,610,351
Contributions of goods and services	24,490,460		24,490,460	11,271,321
Grants from government agencies	1,898,823		1,898,823	4,740,405
Investment return, net	2,002,848	1,873,203	3,876,051	3,088,577
Other revenue	990,098		990,098	288,040
Net assets released from restrictions	3,963,414	(3,963,414)		
Total Public Support and Revenue	54,935,579	1,716,025	56,651,604	41,998,694
Expenses:				
Program services	50,230,595		50,230,595	42,803,132
Management and general	3,963,300		3,963,300	3,731,563
Fundraising	4,653,077		4,653,077	3,584,462
Total Expenses	58,846,972		58,846,972	50,119,157
Change in Net Assets	(3,911,393)	1,716,025	(2,195,368)	(8,120,463)
Net assets, beginning of year	74,806,528	14,120,850	88,927,378	97,047,841
Net Assets, End of Year	\$ 70,895,135	\$ 15,836,875	\$ 86,732,010	\$ 88,927,378

See accompanying notes.

NORTHWEST HARVEST/E.M.M.

**Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)**

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Food and nonfood distribution	\$ 31,621,633	\$ -	\$ -	\$ 31,621,633	\$ 23,604,113
Labor, taxes, and benefits	7,505,695	3,030,604	2,654,491	13,190,790	12,959,519
Facilities and equipment	2,803,392	190,291	167,781	3,161,464	2,899,168
Partner capacity grants	3,047,752			3,047,752	3,646,520
Depreciation	2,444,233	11,150	18,766	2,474,149	2,414,565
Food and nonfood transportation	1,192,974			1,192,974	816,342
In-kind media services			1,222,569	1,222,569	496,300
Other operating	551,272	114,828	190,012	856,112	808,098
Professional services	393,383	315,980	27,810	737,173	1,167,769
Technology and telecommunications	256,735	93,730	85,442	435,907	380,041
Travel, learning, and outreach	173,496	176,291	85,431	435,218	462,057
Branding, marketing, and solicitations	124,534	30,426	200,775	355,735	313,911
Other in-kind goods and services	115,496			115,496	150,754
Total Expenses	\$ 50,230,595	\$ 3,963,300	\$ 4,653,077	\$ 58,846,972	50,119,157

See accompanying notes.

NORTHWEST HARVEST/E.M.M.

Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (2,195,368)	\$ (8,120,463)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Noncash items included in change in net assets:		
In-kind inventory revenue	(23,083,871)	(10,647,226)
In-kind inventory expense	22,372,052	11,671,094
Depreciation	2,474,149	2,414,565
Realized and unrealized gain on investments	(2,540,892)	(2,127,037)
Change in beneficial interests	(154,341)	(113,784)
Contributions and grants received for investment in long-term assets and endowment		(71,415)
Changes in operating assets and liabilities:		
Contributions, grants, and other receivables	(267,070)	3,626,736
Inventory	347,163	4,122,728
Prepaid expenses	(69,900)	(183,193)
Security deposits		
Beneficial interest in trust	75,565	46,421
Operating lease liabilities net of right-of-use-assets	(49,333)	(21,989)
Accounts payable	261,785	(524,336)
Accrued liabilities	208,837	61,477
Net Cash (Used in) Provided by Operating Activities	(2,621,224)	133,578
Cash Flows From Investing Activities:		
Purchase of investments	(23,856,786)	(18,316,932)
Proceeds from sale of investments	28,664,715	17,392,598
Purchase of property and equipment	(299,934)	(717,213)
Net Cash Provided by (Used in) Investing Activities	4,507,995	(1,641,547)
Cash Flows From Financing Activities:		
Proceed from contributions and grants restricted for investments in long-term assets and endowments		68,415
Net Cash Provided by Investing Activities		68,415
Net Change in Cash and Cash Equivalents	1,886,771	(1,439,554)
Cash and cash equivalents balance, beginning of year	2,636,713	4,076,267
Cash and Cash Equivalents Balance, End of Year	\$ 4,523,484	\$ 2,636,713

See accompanying notes.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 1 - Summary of Organization and Significant Accounting Policies

Organization and Operation - Northwest Harvest/E.M.M. (the Organization) is a Washington nonprofit corporation. The Organization's mission is growing food justice through collective action. The Organization's vision is ending hunger in Washington State.

The Organization recognizes that repairing the centuries-old systems of oppression that perpetuate hunger and poverty is not something one organization can do on its own. The Organization is part of a nationwide movement that advocates for equitable policies, distributed leadership, and a right to food for all people nationwide. It partners with a network of over 400 organizations to operate an emergency food supply chain in every county in Washington and runs two no-cost grocery market in Seattle and in Yakima where people can shop with dignity. Through food distribution, Northwest Harvest gets nutritious food to its partners and promotes more equitable systems along the way.

Fiscal Sponsorships - The Organization has a memorandum of understanding with the Anti-Hunger Nutrition Coalition (AHNC), Soul of Seattle (SOS), and National Right to Food Community of Practice (NRFCP). Under these agreements, the Organization will serve as a fiscal sponsor until AHNC, SOS, and NRFCP incorporate and obtain tax exempt status. All donations received by the Organization on behalf of AHNC, SOS, and NRFCP are treated as donor-restricted donations and are released when spent on a AHNC, SOS, or NRFCP program. During the years ended June 30, 2025 and 2024, amounts received and paid on behalf of AHNC, SOS, and NRFCP were not significant to the financial statements.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time, or net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 1 - Continued

Contributions, Grants, and Other Receivables - Contributions and grants, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are met. No conditional contributions existed at June 30, 2025 or 2024. The unrecognized amounts of these grants and contributions will be recognized as revenue in future periods when, and if, the related conditions are met. Any cash advances in which conditions have not yet been met as of year end are recorded as deferred revenue.

Unconditional promises to give to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

An allowance for uncollectible pledges is recorded using an estimated percentage of outstanding contributions receivable. At June 30, 2025 and 2024, an allowance of \$20,643 was recorded.

Donated Goods and Services - The Organization has included the value of donated goods and qualifying services as a part of total revenue and expenses. Food and non-food products are recorded at values using average fair value per pound or fair value of donated services, equipment, and software. Facility rental and advertising are valued at comparable costs quoted to the general public.

Cash and Cash Equivalents - The Organization considers all highly liquid assets purchased, with an original maturity of three months or less, to be cash equivalents, except those held in its investment portfolio. Cash and cash equivalents include money market funds, which are not subject to withdrawal restrictions or penalties and are stated at cost, which approximates fair value. The Organization maintains its cash and cash equivalents in depository institution accounts and money market accounts that at times exceed federally insured limits.

Investments - Investments are comprised of equity securities, fixed income securities, and money market funds. Money market funds are recorded at cost plus accrued interest, which approximates fair value. Investments with readily determinable market values are stated at fair value based on quoted market prices. The Organization maintains its investments in accounts that at times exceed federally insured limits.

The Organization maintains a portion of its investment portfolio in highly liquid securities that are available to fund operations in a short-term investment portfolio all other investments are considered long-term.

Inventory Valuation - Inventory consists principally of food held for distribution and is valued at cost if purchased and at \$2.16 and \$1.73 per pound if donated for the years ended June 30, 2025 and 2024, respectively.

Beneficial Interests in Trusts and Funds Held by Others - Amounts represent a trust and two endowment funds held and managed by others. The Organization initially records such amounts at their net present value when notified by the donor or donor representative. Thereafter, the interests are adjusted annually to fair value.

Property, Equipment, and Depreciation - The Organization capitalized all assets with a cost greater than \$5,000 and an estimated useful life of one or more years. Property and equipment are recorded at cost if purchased and at fair value if donated. Leasehold improvements are depreciated over the shorter of the lease term or useful life. Depreciation is computed using the straight-line method, half-year convention, over the estimated useful lives of the assets.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 1 - Continued

Advertising - The Organization uses advertising to promote its programs among the community it serves. Donated amounts for radio and television advertising and billboard space are recorded as in-kind support with an offsetting amount as fundraising expense. Costs incurred directly by the Organization include periodic informational newsletters and script for media advertising, which are expensed as incurred.

Concentrations - The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Functional Allocation of Expenses - Expenses that directly relate to program and support services are reported accordingly. Some categories of expenses are attributable to one or more program or supporting services of the Organization. These expenses include information technology costs, depreciation, and facilities and related occupancy costs. These costs are allocated based on the percentage of payroll costs for each department.

Income Taxes - The Internal Revenue Service (IRS) has determined that the Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). As such, the Organization is subject to income taxes only on unrelated business income. During the years ended June 30, 2025 and 2024, the Organization had no unrelated business income; and, accordingly, no provision for federal income taxes has been reported in the accompanying financial statements.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Leases - The Organization determines if an arrangement contains a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's leases do not provide an implicit rate of return; thus, the Organization uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. The ROU asset also includes prepaid lease payments and unamortized initial direct costs, and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less or when total lease payments are less than \$5,000.

Summarized Information for Prior Year - The financial statements include certain prior year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through November 25, 2025, the date on which the financial statements were available to be issued.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 2 - Donated Goods and Services

The following summary of donated goods and services revenue is reflected in the accompanying financial statements for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Food and non-food goods received	\$ 23,083,871	\$ 10,647,226
Donated media	1,222,569	496,300
Other donated goods and services	<u>184,020</u>	<u>127,795</u>
Total Contributed Goods and Services	<u>\$ 24,490,460</u>	<u>\$ 11,271,321</u>

All in-kind contributions received are used in the Organization's program activities. In-kind contributions of food were valued using an estimated price per pound of \$2.16 and \$1.73 for the years ended June 30, 2025 and 2024, respectively. Other donated goods and services are valued at their estimated fair value when received. Donated media is valued based on the price that would have been paid for the similar services if they had not been donated as communicated by the donor.

Note 3 - Unemployment Self-Insurance

The Organization is a member of the 501(c) Agencies Trust (the Trust). The Trust facilitates the utilization by member agencies of the reimbursement financing method of meeting obligations under State Unemployment Insurance Statutes. The reserve balance totaled \$219,383 and \$199,965 at June 30, 2025 and 2024, respectively, and is included in prepaid expenses on the statement of financial position. On a quarterly basis the Organization reviews the activity in its Trust account and reduces the reserve balance by any claims disbursed out of its account. As of both June 30, 2025 and 2024, an accrual of \$10,000 has been made for any potential incurred but not reported unemployment claims that may exist at each date and is included in accrued liabilities on the statement of financial position.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 4 - Property and Equipment

The components of property and equipment and related useful lives for depreciation at June 30 were as follows:

	Useful Lives	2025	2024
Land		\$ 2,556,385	\$ 2,556,385
Buildings and improvements	5 - 10 years	24,307,129	24,307,129
Leasehold improvements	Lesser of 10 years or lease term	2,527,716	2,527,716
Office furniture and equipment	5 - 10 years	8,247,820	8,191,475
Food storage equipment	5 - 7 years	2,725,881	2,753,199
Automotive equipment	5 years	3,202,538	3,295,266
Computers and software	3 - 5 years	1,620,151	1,605,543
Construction in progress		135,483	
Property and equipment, at cost		45,323,103	45,236,713
Less accumulated depreciation		(11,791,579)	(9,530,974)
Total Property and Equipment, Net		\$ 33,531,524	\$ 35,705,739

Note 5 - Beneficial Interests in Trust and Funds Held by Others

Perpetual Trust - The Organization was named as a beneficiary of a perpetual trust. Under the terms of the trust, an independent trustee will make semi-annual distributions, in perpetuity, to the Organization based upon 2.5% of the trust net assets. The distributions are available for general operations. Accordingly, contribution revenue and the related asset were recognized at fair value in the period in which the Organization received notice that the trust agreement conveyed an unconditional, irrevocable right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities and changes in net assets as a component of donor restricted investment return.

Seattle Foundation - In November 2007, the Organization established two donor restricted endowment funds (the Funds) at the Seattle Foundation (the Foundation). Donors granted no variance power to the Foundation. Donors granted no variance power to the Foundation as such these funds are considered agency funds by the Foundation. The Foundation must distribute not less often than annually, unless otherwise requested by the Organization, approximately 5% (determined by the Board of Trustees of the Foundation) of the fair market value of the Funds, with the excess earnings, if any, remaining donor restricted until appropriated for expenditure. The endowment must be retained, administered, and managed by the Foundation for the benefit of the Organization.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 5 - Continued

Beneficial interests in trusts and funds held by others are summarized as follows at June 30:

	<u>2025</u>	<u>2024</u>
Perpetual trust	\$ 1,112,726	\$ 1,047,131
Endowments held at the Seattle Foundation	173,876	160,695
Total Beneficial Interest in Trust and Funds Held by Others	<u>\$ 1,286,602</u>	<u>\$ 1,207,826</u>

Note 6 - Investments and Fair Value Measurements

Investments are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 285,155	\$ 20,660,101
Mutual funds	24,999,505	
Equity securities	5,391,660	11,747,270
Fixed income securities-		
U.S. Treasury securities	1,987,244	
Municipal bonds	3,820,237	3,923,810
Corporate bonds	8,089,610	10,509,267
Total Investments	<u>\$ 44,573,411</u>	<u>\$ 46,840,448</u>

U.S. GAAP provides a framework for measuring fair value. To increase consistency and comparability in fair value measurements, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants.

The framework uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Assets classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Money Market Funds - Consist primarily of money market funds and are valued at the closing price reported on the active markets in which the securities are traded at fiscal year end.

NORTHWEST HARVEST/E.M.M.

**Notes to Financial Statements
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)**

Note 6 - Continued

Equity Securities - Valued at the closing price reported on the active market on which the securities are traded.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at year end.

Fixed Income Securities - Valued at the closing price reported for similar instruments on the active market on which the securities are traded.

Beneficial Interests in Trusts and Funds Held by Others - Valued using the proportionate share of fair value of the underlying investments held by the trustee or Seattle Foundation as provided by the trustee or Seattle Foundation.

The valuation methodologies used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Values Measured on a Recurring Basis - Fair values of assets and liabilities measured on a recurring basis at June 30 are as follows:

	Investments and Fair Value Measurements			
	June 30, 2025			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 285,155	\$ -	\$ -	\$ 285,155
Mutual funds	24,999,505			24,999,505
Equities	5,391,660			5,391,660
Fixed income securities-				
U.S. Treasury securities	1,987,244			1,987,244
Municipal bonds		3,820,237		3,820,237
Corporate bonds		8,089,610		8,089,610
Total investments	32,663,564	11,909,847		44,573,411
Beneficial interest in funds held by others			1,286,602	1,286,602
Total Assets at Fair Value	\$ 32,663,564	\$ 11,909,847	\$ 1,286,602	\$ 45,860,013

NORTHWEST HARVEST/E.M.M.

**Notes to Financial Statements
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)**

Note 6 - Continued

	Investments and Fair Value Measurements			
	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 20,660,101	\$ -	\$ -	\$ 20,660,101
Equities	11,747,270			11,747,270
Fixed income securities-				
Municipal bonds		3,923,810		3,923,810
Corporate bonds		10,509,267		10,509,267
Total investments	32,407,371	14,433,077		46,840,448
Beneficial interest in funds held by others			1,207,826	1,207,826
Total Assets at Fair Value	\$32,407,371	\$14,433,077	\$ 1,207,826	\$48,048,274

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs for the years ended June 30:

	2025	2024
Beginning balance	\$ 1,207,826	\$ 1,140,463
Distributions	(55,862)	(52,816)
Investment returns, net	134,638	120,179
Ending Balance	\$ 1,286,602	\$ 1,207,826

Note 7 - Retirement Plan

The Organization has a 401(k) salary deferral plan for eligible employees who have one year of continuous service. At the discretion of the Board of Directors, the Organization may contribute an additional uniform percentage to each employee eligible to participate in the plan. Employer contributions for the years ended June 30, 2025 and 2024, were \$553,610 and \$487,942, respectively.

Note 8 - Lease Obligations

The Organization leases facilities and equipment under various operating lease agreements expiring through March 2029. Additionally, the leases include payments for common area maintenance, utilities, taxes, and insurance that are considered variable lease payments and are excluded from determining the lease liability.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 8 - Continued

The components of operating lease expense for the year ended June 30 were as follows:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 882,598	\$ 877,241
Variable lease costs	260,191	213,227
Short-term lease costs	<u>6,125</u>	<u>6,125</u>
Total Leasing Costs	<u>\$ 1,148,914</u>	<u>\$ 1,096,593</u>

Supplemental cash flow information related to leases as of June 30 was as follows:

	<u>2025</u>	<u>2024</u>
Operating leases-		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ -	\$ 267,007
Weighted average remaining lease term	2.3	3.3
Weighted average discount rate	3.30%	3.30%
Cash paid for amounts included in measurement of lease liabilities	\$ 931,930	\$ 891,486

The future minimum lease payments under lease agreements are as follows:

For the Year Ending June 30,

2026	\$ 963,770
2027	770,618
2028	163,119
2029	<u>125,073</u>
Total undiscounted cash flows	2,022,580
Less present value discount	<u>(71,387)</u>
Total Operating Lease Liabilities	<u>\$ 1,951,193</u>

Note 9 - Contingently Payable Property Liabilities and Contingencies

Contingently Payable Property Liabilities - In April 2023, the Organization was awarded a \$3,150,000 grant from the Washington State Department of Commerce to use towards specific components of the construction of the Yakima distribution center. The grant includes a clause that it shall be secured by a deed of trust on the property. The deed of trust is to remain in full force and effect for a period of ten years following final payment of state funds, which was received in June 2023.

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Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 9 - Continued

During the ten year period, the Organization is required to use the assets acquired with the grant funds for the purposes outlined in the grant agreement, or the Organization would be required to repay the grant funds. The Organization recognized the full grant amount as revenue during the year ended June 30, 2023, when the funds were spent on purchase of cold storage equipment for the distribution center and the related conditions were met.

Contingencies - The Organization is involved, from time to time, in various claims and other legal issues arising in the normal course of business. Management believes that any uninsured costs that may be incurred in the resolution of such claims would not be material to the Organization's financial position.

Note 10 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2025</u>	<u>2024</u>
Subject to the passage of time or expenditure for specific purpose-		
Food and other program services	\$ 535,167	\$ 657,535
Right to food	9,805	
Anti-Hunger Nutrition Coalition	120,023	102,968
Soul of Seattle	27,823	29,402
Restricted other (advocacy)	129,545	129,545
Health community advisory network	42,805	27,331
Other	43,492	43,492
Unappropriated endowment earnings	<u>5,196,154</u>	<u>3,464,111</u>
Total Subject to the Passage of Time or Expenditure for Specific Purpose	6,104,814	4,454,384
Endowment corpus-		
Floyd Jones Endowment	8,499,909	8,499,909
Endowments held at the Seattle Foundation	<u>119,426</u>	<u>119,426</u>
Total endowment corpus	8,619,335	8,619,335
Beneficial interests in perpetual trusts	<u>1,112,726</u>	<u>1,047,131</u>
Total Net Assets With Donor Restrictions	<u>\$ 15,836,875</u>	<u>\$ 14,120,850</u>

Donor restricted net assets were released during the years ended June 30, 2025 and 2024 by meeting the purpose restrictions.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 11 - Endowments

The Organization's endowments consist of the Floyd Jones endowment held by the Organization and two funds held at the Seattle Foundation (Note 5). As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of the Organization has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this determination, the Organization classifies as net assets with donor restriction to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund representing accumulated earnings is held as net assets with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

NORTHWEST HARVEST/E.M.M.

Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 11 - Continued

Endowment net assets consisted of the following at June 30:

	<u>Net Assets With Donor Restrictions</u>		<u>2025 Total</u>	<u>2024 Total</u>
	<u>Accumulated Earnings</u>	<u>Endowment Corpus</u>		
Donor restricted endowment funds-				
Floyd Jones endowment	\$ 5,141,704	\$ 8,499,909	\$ 13,641,613	\$ 11,922,751
Endowments held at the Seattle Foundation	54,450	119,426	173,876	160,695
Endowment Net Assets	<u>\$ 5,196,154</u>	<u>\$ 8,619,335</u>	<u>\$ 13,815,489</u>	<u>\$ 12,083,446</u>

Changes to endowment net assets are as follows for the year ended June 30:

	<u>Net Assets With Donor Restrictions</u>		<u>2025 Total</u>	<u>2024 Total</u>
	<u>Accumulated Earnings</u>	<u>Endowment Corpus</u>		
Endowment net assets, beginning of year	\$ 3,464,111	\$ 8,619,335	\$ 12,083,446	\$ 10,454,142
Endowment investment return	1,740,616		1,740,616	1,635,699
Appropriations for expenditure	(8,573)		(8,573)	(6,395)
Endowment Net Assets, End of Year	<u>\$ 5,196,154</u>	<u>\$ 8,619,335</u>	<u>\$ 13,815,489</u>	<u>\$ 12,083,446</u>

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur after the investment of new endowment contributions and continued appropriation for certain programs as deemed prudent by the Board of Directors. There were no such deficiencies as of June 30, 2025 and 2024.

Endowment Policies and Strategies - The Organization's endowments invested at the Seattle Foundation are subject to its investment policies. As discussed in Note 5, the Foundation must distribute not less often than annually, unless otherwise requested by the Organization, approximately 5% (determined by the Board of Trustees of the Foundation) of the fair market value of the Funds, with the excess earnings, if any, being added to principal.

The Floyd Jones Endowment is held by the Organization following the Organization's investment and spending policies for the that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The specific financial objective is for total return, less expenses and distribution of income, to equal or exceed the Consumer Price Index for that period. Actual returns in any given year may vary from this amount.

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Notes to Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

Note 11 - Continued

To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the endowment investments for the prior 12 quarters at June 30 of each year to determine the spending amount for the upcoming year and is generally between 4% and 5% as determined by the Board. In establishing this policy, the Organization considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Note 12 - Liquidity and Availability of Financial Assets

The Organization strives to maintain liquid financial assets sufficient to cover a minimum of three months, including expected food purchases, of total operating expenses, including the following: Cash reserves representing a minimum of three months of total operating expenses comprised of checking and money market accounts held in FDIC insured bank accounts or other cash equivalent accounts. Operating expenses are defined as the 12 months forward looking average cash basis expenses based on budget or forecast.

The following table reflects the Organization's financial assets as of June 30, 2025 and 2024, respectively, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or designations by the board of directors.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,523,484	\$ 2,636,713
Contributions, grants, and other receivables	1,428,087	1,159,017
Investments	30,931,798	34,917,697
Endowment investments	13,641,613	11,922,751
Beneficial interest in trusts and funds held by others	<u>1,286,602</u>	<u>1,207,826</u>
Total financial assets, excluding noncurrent receivables	51,811,584	51,844,004
Contractual or donor-imposed restrictions-		
Net assets subject to the passage of time or purpose	(908,660)	(990,273)
Beneficial interest in perpetual trust	(1,112,726)	(1,047,131)
Endowment funds	<u>(13,815,489)</u>	<u>(12,083,446)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 35,974,709</u>	<u>\$ 37,723,154</u>