

**FISH EMERGENCY
SERVICE, INC.**

**Audited Financial
Statements**

**For the Year Ended
September 30, 2007**



MCDONALD JACOBS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fish Emergency Service, Inc.
Portland, Oregon

We have audited the accompanying statement of financial position of Fish Emergency Service, Inc. (a nonprofit corporation) as of September 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Fish Emergency Service, Inc.'s 2006 financial statements and, in our report dated November 8, 2006, we expressed an unqualified opinion on those statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fish Emergency Service, Inc. as of September 30, 2007, and 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.

McDonald Jacobs, P.C.

December 10, 2007

Strength in Numbers

ACCOUNTANTS & CONSULTANTS

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FISH EMERGENCY SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2007
(With comparative totals for 2006)

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 73,824	\$ 89,676
Inventories	93,253	132,804
Prepaid expenses	3,137	4,647
Investments	600,559	573,705
Property and equipment, net	157,152	165,608
Perpetual trust	114,714	121,795
 TOTAL ASSETS	 \$ 1,042,639	 \$ 1,088,235
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 9,109	\$ 7,382
Net assets:		
Unrestricted:		
Undesignated	170,315	213,549
Board designated	586,299	579,901
Net property and equipment	157,152	165,608
Total unrestricted	913,766	959,058
Temporarily restricted	5,050	-
Permanently restricted	114,714	121,795
 Total net assets	 1,033,530	 1,080,853
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,042,639	 \$ 1,088,235

See notes to financial statements.

FISH EMERGENCY SERVICE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2007
(With comparative totals for 2006)

	2007				2006 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Support and revenue:					
Contributions	\$ 187,391	\$ 10,445	\$ -	\$ 197,836	\$ 183,749
Donated goods and services	852,100	-	-	852,100	899,987
Investment income	82,832	-	-	82,832	60,773
Special events, net of direct expenses of \$4,961 for 2007	10,219	-	-	10,219	-
Change in value of perpetual trust	-	-	(7,081)	(7,081)	4,015
Miscellaneous income	2,886	-	-	2,886	3,241
Net assets released from restrictions:					
Satisfaction of program restrictions	5,395	(5,395)	-	-	-
 Total support and revenue	<u>1,140,823</u>	<u>5,050</u>	<u>(7,081)</u>	<u>1,138,792</u>	<u>1,151,765</u>
 Expenses:					
Program services:					
Emergency food	715,358	-	-	715,358	674,452
Emergency clothing and household	323,655	-	-	323,655	321,546
Information and referral	28,222	-	-	28,222	27,234
Community service workers	17,519	-	-	17,519	16,848
Total program services	<u>1,084,754</u>	<u>-</u>	<u>-</u>	<u>1,084,754</u>	<u>1,040,080</u>
 Supporting services:					
Management and general	61,686	-	-	61,686	72,435
Fundraising	39,675	-	-	39,675	19,473
Total supporting services	<u>101,361</u>	<u>-</u>	<u>-</u>	<u>101,361</u>	<u>91,908</u>
 Total expenses	<u>1,186,115</u>	<u>-</u>	<u>-</u>	<u>1,186,115</u>	<u>1,131,988</u>
 Change in net assets	<u>(45,292)</u>	<u>5,050</u>	<u>(7,081)</u>	<u>(47,323)</u>	<u>19,777</u>
 Net assets:					
Beginning of year	<u>959,058</u>	<u>-</u>	<u>121,795</u>	<u>1,080,853</u>	<u>1,061,076</u>
 End of year	<u>\$ 913,766</u>	<u>\$ 5,050</u>	<u>\$ 114,714</u>	<u>\$ 1,033,530</u>	<u>\$ 1,080,853</u>

See notes to financial statements.

FISH EMERGENCY SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2007
(With comparative totals for 2006)

	Program Services				Supporting Services		Total Expenses 2007	Total Expenses 2006
	Emergency Food	Emergency Clothing and Household	Information and Referral	Community Service Workers	Management and General	Fund- raising		
Emergency disbursements:								
Food	\$ 614,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,285	\$ 584,425
Clothing	-	163,347	-	-	-	-	163,347	155,166
Household	-	90,790	-	-	-	-	90,790	103,150
Interagency transfers	-	19,209	-	-	-	-	19,209	18,029
Food spoilage	12,811	-	-	-	-	-	12,811	10,474
Total emergency disbursements	<u>627,096</u>	<u>273,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900,442</u>	<u>871,244</u>
Operating expenses:								
Salaries	54,541	30,641	21,067	12,719	31,343	9,973	160,284	151,927
Payroll taxes and employee benefits	9,999	5,618	3,862	2,332	5,746	1,828	29,385	29,324
Utilities	2,643	2,643	661	661	1,239	413	8,260	7,882
Telephone	1,293	388	647	259	485	162	3,234	3,393
Repairs and maintenance	7,458	-	-	-	1,398	466	9,322	6,291
Insurance - property	1,134	1,134	284	284	532	177	3,545	3,560
Insurance - board liability	-	-	-	-	1,371	-	1,371	1,371
Vehicle expense	2,094	2,094	-	-	-	-	4,188	4,286
Supplies	2,182	873	873	436	818	273	5,455	5,051
Newsletter and public relations	-	-	-	-	-	6,365	6,365	6,100
Professional fees	3,606	3,606	-	-	9,512	19,500	36,224	20,623
Depreciation	3,312	3,312	828	828	1,553	518	10,351	11,471
Miscellaneous	-	-	-	-	7,689	-	7,689	9,465
Total operating expenses	<u>88,262</u>	<u>50,309</u>	<u>28,222</u>	<u>17,519</u>	<u>61,686</u>	<u>39,675</u>	<u>285,673</u>	<u>260,744</u>
Total expenses	<u>\$ 715,358</u>	<u>\$ 323,655</u>	<u>\$ 28,222</u>	<u>\$ 17,519</u>	<u>\$ 61,686</u>	<u>\$ 39,675</u>	<u>\$ 1,186,115</u>	<u>\$ 1,131,988</u>

See notes to financial statements.

FISH EMERGENCY SERVICE, INC.
STATEMENT OF CASH FLOWS
For the year ended September 30, 2007
(With comparative totals for 2006)

	2007	2006
Cash flows from operating activities:		
Change in net assets	\$ (47,323)	\$ 19,777
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	10,351	11,471
Net realized and unrealized gain on investments	(54,770)	(30,681)
Change in value of perpetual trust	7,081	(4,015)
In-kind contribution of equipment	-	(500)
(Increase) decrease in:		
Inventories	39,551	(27,533)
Prepaid expenses	1,510	(1,617)
Increase in:		
Accounts payable and accrued expenses	1,727	4,701
Net cash used by operating activities	(41,873)	(28,397)
Cash flows from investing activities:		
Additions to property and equipment	(1,895)	(13,786)
Investment purchases	(126,890)	(146,036)
Proceeds from investment sales	154,806	169,809
Net cash provided by investing activities	26,021	9,987
 Net decrease in cash and cash equivalents	 (15,852)	 (18,410)
 Cash and cash equivalents - beginning of year	 89,676	 108,086
 Cash and cash equivalents - end of year	 \$ 73,824	 \$ 89,676

See notes to financial statements.

FISH EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Fish Emergency Service, Inc. (Fish or the Organization) was founded in 1967 and incorporated in 1974 to provide temporary assistance to people in the Portland area who are unable to meet their basic needs. Support received consists primarily of contributions of cash and donated goods received from individuals. Program services include emergency food and clothing and information and referral. In addition, Fish provides employment for community service volunteers.

Basis of Presentation

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of the Organization's fund balances and transactions into three classes of net assets – unrestricted, temporarily restricted and permanently restricted, as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Property and Equipment

Property and equipment purchased are valued at cost. Donated assets are reflected as contributions at their estimated fair value at the date of receipt. Additions of \$200 or greater are capitalized.

Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the assets.

FISH EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period notification is received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Assets and Services

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a special purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended September 30, 2007, Fish recorded donated accounting services of \$2,300 to management and general.

Many of Fish's daily operations are staffed by volunteers. These volunteer services which are not reflected on the financial statements are valued at approximately \$180,000 for 2007 and \$194,000 for 2006.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on units of service and support costs are allocated to a program based on total program costs.

FISH EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes

Fish Emergency Service, Inc. is a non-profit charitable organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Fish is not a private foundation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's 2006 financial statements, from which the summarized information was derived.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the following notes.

2. INVENTORIES

Inventories consist of donated food, clothing and household items which are valued at an average value per pound. The average value per pound is based upon a detailed analysis of in-kind contributions and disbursements and is adjusted for inflation. The average value per pound by category is as follows:

	<u>2007</u>	<u>2006</u>
Food	\$1.54	\$ 1.54
Clothing	3.89	3.89
Household items	4.17	4.17

FISH EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2007

3. INVESTMENTS

Investments are stated at fair value and consist of the following at September 30, 2007 and 2006:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (loss)</u>
2007:			
U.S. Treasury obligations	\$ 45,048	\$ 44,618	\$ (430)
Common stocks	197,637	249,529	51,892
Equity mutual funds	112,778	147,480	34,702
Corporate bonds	67,568	67,965	397
Certificates of deposit	28,328	28,274	(54)
Accrued interest	1,110	1,110	-
Cash management fund	<u>61,583</u>	<u>61,583</u>	<u>-</u>
	<u>\$ 514,052</u>	<u>\$ 600,559</u>	<u>\$ 86,507</u>
2006:			
U.S. Treasury obligations	\$ 102,822	\$ 100,184	\$ (2,638)
Common stocks	186,154	224,112	37,958
Equity mutual funds	102,809	120,573	17,764
Corporate bonds	10,753	10,164	(589)
Certificates of deposit	72,688	72,335	(353)
Accrued interest	1,466	1,466	-
Cash management fund	<u>44,871</u>	<u>44,871</u>	<u>-</u>
	<u>\$ 521,563</u>	<u>\$ 573,705</u>	<u>\$ 52,142</u>

Investment return is summarized as follows:

	<u>2007</u>	<u>2006</u>
Interest and dividend income	\$ 18,116	\$ 23,497
Distributions from perpetual trust	9,946	6,595
Net realized and unrealized gains	<u>54,770</u>	<u>30,681</u>
Total investment income	<u>\$ 82,832</u>	<u>\$ 60,773</u>

FISH EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2007

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2007 and 2006:

	2007	2006
Land	\$ 25,888	\$ 25,888
Building	208,948	208,948
Furniture and fixtures	141,101	139,206
Vehicles	18,766	18,766
Total property and equipment	394,703	392,808
Accumulated depreciation	(237,551)	(227,200)
Property and equipment, net	\$ 157,152	\$ 165,608

5. PERPETUAL TRUST

On September 2, 1999, Fish was named as a beneficiary of the Thelma Golding Foundation, a perpetual trust. Under the terms of the trust, Fish has the irrevocable right to receive income earned on the trust assets in perpetuity. The value of the contributions recognized as revenue is based on Fish's share of the fair value of the assets contributed to the trust. The initial contribution is classified as permanently restricted support. Annual distributions from the trust are reported as investment income and increase unrestricted net assets. Adjustments to the amount reported as Fish's share of the trust assets are reflected as change in value of perpetual trust.

FISH EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2007

6. BOARD DESIGNATED NET ASSETS

Designated net assets include a board-designated endowment fund established by the Board to function as a quasi-endowment. The interest generated by the endowment fund will be available for operating needs. The principal of the endowment may be withdrawn only for emergency purposes as determined by majority vote of the Board of Directors.

The endowment fund and other designated net assets are as follows at September 30, 2007 and 2006:

	2007	2006
Endowment fund	\$ 541,500	\$ 541,500
Jean Higginbottom Emergency Fund	40,202	38,177
Reserve for building repairs and maintenance	4,597	224
Total designated net assets	\$ 586,299	\$ 579,901

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2007 are restricted to capital improvements.

8. PERMANENTLY RESTRICTED NET ASSETS

As discussed in Note 5, permanently restricted net assets represent net assets of the perpetual trust.

9. CONCENTRATIONS OF CREDIT RISK

Financial instruments that may subject Fish to concentrations of credit risk include cash, cash equivalents, and investments. Fish maintains its cash balances in several financial institutions located in Portland. The balances in some of those institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash balances in brokerage accounts are not FDIC insured. Total uninsured cash balances approximated \$102,000 and \$83,000 at September 30, 2007 and 2006, respectively. The values of securities are subject to changes in market values. Management believes that risk with respect to investment balances is minimal due to the establishment of a diversified investment policy which limits Fish's exposure to credit risk and to concentrations of credit risk.