

**FISH EMERGENCY  
SERVICE, INC.**

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**Audited Financial  
Statements**

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**For the Year Ended  
September 30, 2009**



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, 2009, 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 2008 financial statements and, in our report dated January 27, 2009, 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2009, 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 16, 2009 *Strength in Numbers*

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**FISH EMERGENCY SERVICE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2009**  
**(With comparative totals for 2008)**

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,487	\$ 60,667
Inventories	117,817	99,046
Prepaid expenses	4,195	4,034
Investments	526,167	519,649
Property and equipment, net	145,610	150,243
Perpetual trust	72,057	72,565
TOTAL ASSETS	\$ 879,333	\$ 906,204
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,387	\$ 7,273
Net assets:		
Unrestricted:		
Undesignated	125,515	103,657
Board designated	530,764	565,849
Net property and equipment	145,610	150,243
Total unrestricted	801,889	819,749
Temporarily restricted	-	6,617
Permanently restricted	72,057	72,565
Total net assets	873,946	898,931
TOTAL LIABILITIES AND NET ASSETS	\$ 879,333	\$ 906,204

See notes to financial statements.

**FISH EMERGENCY SERVICE, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2009**  
**(With comparative totals for 2008)**

	2009				2008 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
<b>Support and revenue:</b>					
Contributions	\$ 201,386	\$ 15,765	\$ -	\$ 217,151	\$ 224,766
Donated goods and services	947,278	-	-	947,278	942,668
Investment income (loss)	32,681	-	-	32,681	(38,971)
Special events, net of direct expenses of \$5,187 for 2009 and \$3,948 for 2008	6,219	-	-	6,219	10,072
Change in value of perpetual trust	-	-	(508)	(508)	(42,149)
Miscellaneous income	3,436	-	-	3,436	5,249
Net assets released from restrictions:					
Satisfaction of purpose restrictions	<u>22,382</u>	<u>(22,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,213,382</u>	<u>(6,617)</u>	<u>(508)</u>	<u>1,206,257</u>	<u>1,101,635</u>
<b>Expenses:</b>					
Program services:					
Emergency food	799,540	-	-	799,540	806,646
Emergency clothing and household	260,604	-	-	260,604	268,711
Information and referral	10,651	-	-	10,651	10,197
Community service workers	<u>20,023</u>	<u>-</u>	<u>-</u>	<u>20,023</u>	<u>16,299</u>
Total program services	<u>1,090,818</u>	<u>-</u>	<u>-</u>	<u>1,090,818</u>	<u>1,101,853</u>
Supporting services:					
Management and general	95,602	-	-	95,602	82,428
Fundraising	<u>44,822</u>	<u>-</u>	<u>-</u>	<u>44,822</u>	<u>51,953</u>
Total supporting services	<u>140,424</u>	<u>-</u>	<u>-</u>	<u>140,424</u>	<u>134,381</u>
Total expenses	<u>1,231,242</u>	<u>-</u>	<u>-</u>	<u>1,231,242</u>	<u>1,236,234</u>
Change in net assets	(17,860)	(6,617)	(508)	(24,985)	(134,599)
<b>Net assets:</b>					
Beginning of year	<u>819,749</u>	<u>6,617</u>	<u>72,565</u>	<u>898,931</u>	<u>1,033,530</u>
End of year	<u>\$ 801,889</u>	<u>\$ -</u>	<u>\$ 72,057</u>	<u>\$ 873,946</u>	<u>\$ 898,931</u>

See notes to financial statements.

**FISH EMERGENCY SERVICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended September 30, 2009**  
**(With comparative totals for 2008)**

	Program Services				Supporting Services		Total Expenses 2009	Total Expenses 2008
	Emergency Food	Emergency Clothing and Household	Information and Referral	Community Service Workers	Management and General	Fund- raising		
<b>Emergency disbursements:</b>								
Food	\$ 694,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 694,541	\$ 692,051
Clothing	-	77,234	-	-	-	-	77,234	103,049
Household	-	77,210	-	-	-	-	77,210	86,069
Interagency transfers	2,406	66,909	-	-	-	-	69,315	42,242
Food spoilage	25,194	-	-	-	-	-	25,194	29,894
Total emergency disbursements	<u>722,141</u>	<u>221,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,494</u>	<u>953,305</u>
<b>Operating expenses:</b>								
Salaries	43,433	20,164	6,035	14,296	59,536	20,178	163,642	147,328
Payroll taxes and employee benefits	8,994	4,176	1,250	2,960	12,329	4,178	33,887	22,667
Utilities	3,265	3,265	816	816	1,530	510	10,202	9,745
Telephone	1,564	469	782	313	587	196	3,911	3,321
Repairs and maintenance	7,014	-	-	-	1,315	438	8,767	19,418
Insurance - property	1,123	1,123	281	281	526	175	3,509	3,509
Insurance - board liability	-	-	-	-	1,478	-	1,478	1,371
Vehicle expense	1,605	1,605	-	-	-	-	3,210	6,612
Supplies	2,603	651	651	521	1,757	325	6,508	6,711
Newsletter and public relations	-	-	-	-	-	9,900	9,900	9,961
Professional fees	4,455	4,455	-	-	8,909	8,400	26,219	37,087
Depreciation	3,343	3,343	836	836	1,567	522	10,447	10,080
Miscellaneous	-	-	-	-	6,068	-	6,068	5,119
Total operating expenses	<u>77,399</u>	<u>39,251</u>	<u>10,651</u>	<u>20,023</u>	<u>95,602</u>	<u>44,822</u>	<u>287,748</u>	<u>282,929</u>
Total expenses	<u>\$ 799,540</u>	<u>\$ 260,604</u>	<u>\$ 10,651</u>	<u>\$ 20,023</u>	<u>\$ 95,602</u>	<u>\$ 44,822</u>	<u>\$ 1,231,242</u>	<u>\$ 1,236,234</u>

See notes to financial statements.

**FISH EMERGENCY SERVICE, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended September 30, 2009**  
**(With comparative totals for 2008)**

	2009	2008
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (24,985)	\$ (134,599)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	10,447	10,080
Net realized/unrealized (gain) loss on investments	(17,377)	66,252
Change in value of perpetual trust	508	42,149
(Increase) decrease in:		
Inventories	(18,771)	(5,793)
Prepaid expenses	(161)	(897)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,886)	(1,836)
Net cash used in operating activities	(52,225)	(24,644)
<b>Cash flows from investing activities:</b>		
Additions to property and equipment	(5,814)	(3,171)
Investment purchases	(74,552)	(563,117)
Proceeds from investment sales	85,411	577,775
Net cash provided by investing activities	5,045	11,487
Net decrease in cash and cash equivalents	(47,180)	(13,157)
Cash and cash equivalents - beginning of year	60,667	73,824
Cash and cash equivalents - end of year	\$ 13,487	\$ 60,667

See notes to financial statements.

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**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.

Inventories

Inventories, consisting of donated food, clothing and household items, are valued at an average estimated fair value.

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 \$500 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, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period notification is received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

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 Goods 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.

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 \$244,000 for 2009 and \$207,000 for 2008.

Income Taxes

Fish Emergency Service, Inc. is a nonprofit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Subsequent Events

The Organization has evaluated all subsequent events through December 16, 2009, the date the financial statements were available to be issued.

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 2008 financial statements, from which the summarized information was derived.

**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>2009</u>	<u>2008</u>
Food	\$2.00	\$2.00
Clothing	4.02	4.02
Household items	4.32	4.32

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2009**

**3. INVESTMENTS**

Investments are stated at fair value and consist of the following at September 30, 2009 and 2008:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (loss)</u>
<b>2009:</b>			
Equity mutual funds	\$ 252,152	\$ 275,096	\$ 22,944
Certificates of deposit	171,038	171,038	-
Accrued interest	3,667	3,667	-
Cash management fund	<u>76,366</u>	<u>76,366</u>	<u>-</u>
 Total investments	 \$ <u>503,223</u>	 \$ <u>526,167</u>	 \$ <u>22,944</u>
 <b>2008:</b>			
Equity mutual funds	\$ 93,306	\$ 86,087	\$ (7,219)
Certificates of deposit	35,994	35,994	-
Accrued interest	154	154	-
Cash management fund	<u>397,414</u>	<u>397,414</u>	<u>-</u>
 Total investments	 \$ <u>526,868</u>	 \$ <u>519,649</u>	 \$ <u>(7,219)</u>

Investment return is summarized as follows:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 9,940	\$ 18,951
Distributions from perpetual trust	5,364	8,330
Net realized and unrealized gain (loss)	<u>17,377</u>	<u>(66,252)</u>
 Total investment income (loss)	 \$ <u>32,681</u>	 \$ <u>(38,971)</u>

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2009**

**4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at September 30, 2009 and 2008:

	2009	2008
Land	\$ 25,888	\$ 25,888
Building	208,948	208,948
Furniture and fixtures	150,086	144,272
Vehicles	18,766	18,766
Total property and equipment	403,688	397,874
Accumulated depreciation	(258,078)	(247,631)
Property and equipment, net	\$ 145,610	\$ 150,243

**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. Fair value of the perpetual trust was \$72,057 and \$72,565 at September 30, 2009 and 2008, respectively.

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2009**

**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. (See Note 9).

The endowment fund and other designated net assets are as follows at September 30, 2009 and 2008:

	2009	2008
Endowment fund	\$ 526,167	\$ 519,649
Jean Higginbottom Emergency Fund	-	41,603
Reserve for building repairs and maintenance	4,597	4,597
Total designated net assets	\$ 530,764	\$ 565,849

The board designated endowment fund at September 30, 2008 was restated to agree the balance to the corresponding investment fund, with the offsetting adjustment to undesignated net assets. The restatement did not impact total unrestricted net assets.

**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at September 30, 2009 and 2008 are restricted as follows:

	2009	2008
Public relations	\$ -	\$ 1,175
Food and personal care goods	-	5,442
Total temporarily restricted net assets	\$ -	\$ 6,617

**8. PERMANENTLY RESTRICTED NET ASSETS**

As discussed in Note 5, permanently restricted net assets represent net assets of the perpetual trust totaling \$72,057 and \$72,565 at September 30, 2009 and 2008, respectively.

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2009**

**9. ENDOWMENT**

Fish Emergency Service, Inc.'s endowment consists of funds established for long-term support of the Organization as designated by the board of directors to function as an endowment. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Changes in endowment net assets for the year ended September 30, 2009:

	2009	2008
Beginning of year	\$ 519,649	\$ 583,232
Additions	-	17,718
Investment income	9,940	18,951
Unrealized/realized gain (loss)	17,377	(66,252)
Appropriation of endowment assets for expenditure	(20,799)	(34,000)
End of year	\$ 526,167	\$ 519,649

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to achieve a favorable annualized return, as compared with prevailing market conditions. Performance benchmarks used are the S&P 500 index, the EAFE Index, and the Barclays Capital Aggregate Bond Indexes. Attaining 90% of the annualized return of these indices is the stated objective.

Strategies for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a reasonably stable distribution of assets among major asset classes and has adopted an asset allocation objective of 40-80% fixed income and cash equivalents and 20-60% common stock.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization appropriates up to \$45,000 per year, as needed, to meet administrative and program needs of Fish operations. The Organization's objective is the preservation of capital, with a maximum annual loss of capital not to exceed 10% in any fiscal year.

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2009**

**10. 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 at two 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 (\$250,000 effective October 3, 2008 through December 31, 2013. In addition, effective October 14, 2008 through June 30, 2010, amounts held in noninterest-bearing checking accounts and NOW accounts earning 0.5% or less have unlimited FDIC insurance coverage). Cash balances in brokerage accounts are not FDIC insured. Total uninsured cash balances approximated \$76,000 and \$439,000 at September 30, 2009 and 2008, respectively.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**11. FAIR VALUE MEASUREMENT**

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

**FISH EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2009**

**11. FAIR VALUE MEASUREMENT, Continued**

Fair values of assets measured on a recurring basis at September 30, 2009 and 2008 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
2009:			
Inventories	\$ 117,817	\$ -	\$ 117,817
Investments:			
Certificates of deposit	171,038	-	171,038
Fixed income and equity securities	275,096	275,096	-
Perpetual trust held by third party	72,057	-	72,057
2008:			
Inventories	99,046	-	99,046
Investments:			
Certificates of deposit	35,994	-	35,994
Fixed income and equity securities	86,087	86,087	-
Perpetual trust held by third party	72,565	-	72,565

Fair value of inventories is measured using the approximate average value per bag of goods which is based on similar items. Fair value for certificates of deposit is based on amounts as reported by the financial institutions that hold the funds. Fair values for debt and equity securities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for perpetual trust are calculated at the Organization's percentage interest in the total fair value of the trust assets, consisting of marketable securities, as reported by the trustee.