

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.





FINANCIAL REPORT

June 30, 2019 and 2018



C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 and 2
 FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4 and 5
Statements of Functional Expenses	6 and 7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 through 17
 ACCOMPANYING INFORMATION	
Program Services Provided and Visitors Assisted.....	18 and 19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Helena Food Share, Inc.
1616 Lewis Street
Helena, Montana

We have audited the accompanying financial statements of Helena Food Share, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helena Food Share, Inc. as of June 30, 2019 and 2018, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As discussed in Note 1, Helena Food Share adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2016-14, *Not-for-Profit (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program services provided and visitors assisted on pages 17 and 18, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. This non-accounting information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Anderson Zurmuehlen & Co., P.C.

Helena, Montana
October 4, 2019

FINANCIAL STATEMENTS

HELENA FOOD SHARE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 198,410	\$ 126,912
Current portion of promises to give	42,442	26,270
Donated inventory	63,051	59,526
Purchased inventory	38,034	45,739
Prepaid expenses	<u>11,868</u>	<u>3,932</u>
Total current assets	<u>353,805</u>	<u>262,379</u>
INVESTMENTS	<u>53,131</u>	<u>26,132</u>
PROPERTY AND EQUIPMENT, at cost		
Land	68,196	68,196
Buildings and improvements	226,246	226,264
Equipment, furniture and fixtures	57,017	68,555
Technology	28,428	50,729
Vehicles	<u>95,310</u>	<u>95,310</u>
	475,197	509,054
Less accumulated depreciation	<u>261,242</u>	<u>280,004</u>
	<u>213,955</u>	<u>229,050</u>
OTHER ASSETS		
Long-term promises to give, net	54,252	51,027
Board designated cash reserves	<u>471,191</u>	<u>423,821</u>
Total other assets	<u>525,443</u>	<u>474,848</u>
Total assets	<u>\$ 1,146,334</u>	<u>\$ 992,409</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 9,288	\$ 38,759
Accrued payroll and withholdings	18,504	16,646
Accrued compensated absences	10,728	9,949
Refundable grant advances	<u>2,025</u>	<u>2,100</u>
Total liabilities	<u>40,545</u>	<u>67,454</u>
NET ASSETS		
Without donor restrictions		
Board designated	471,191	423,821
Undesignated	<u>478,703</u>	<u>393,595</u>
Total without donor restrictions	949,894	817,416
With donor restrictions	<u>155,895</u>	<u>107,539</u>
Total net assets	<u>1,105,789</u>	<u>924,955</u>
Total liabilities and net assets	<u>\$ 1,146,334</u>	<u>\$ 992,409</u>

The Notes to Financial Statements are an integral part of these statements.

HELENA FOOD SHARE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Food donations	\$ 2,665,580	\$ -	\$ 2,665,580
Individual and business donations	852,625	207,145	1,059,770
Community group donations	62,165	15,738	77,903
Investment income, net of fees	11,975	-	11,975
Other income	638	-	638
Grants	<u>114,207</u>	<u>32,986</u>	<u>147,193</u>
	<u>3,707,190</u>	<u>255,869</u>	<u>3,963,059</u>
Net assets released from restrictions			
Satisfaction of program and time restrictions	<u>207,513</u>	<u>(207,513)</u>	<u>-</u>
Total revenues and other support	<u>3,914,703</u>	<u>48,356</u>	<u>3,963,059</u>
EXPENSES			
Program services	3,351,054	-	3,351,054
General and administrative	154,954	-	154,954
Fundraising	<u>276,217</u>	<u>-</u>	<u>276,217</u>
Total expenses	<u>3,782,225</u>	<u>-</u>	<u>3,782,225</u>
Changes in net assets	<u>132,478</u>	<u>48,356</u>	<u>180,834</u>
Net assets at beginning of year	<u>817,416</u>	<u>107,539</u>	<u>924,955</u>
Net assets at end of year	<u>\$ 949,894</u>	<u>\$ 155,895</u>	<u>\$ 1,105,789</u>

The Notes to Financial Statements are an integral part of these statements.

HELENA FOOD SHARE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Food donations	\$ 2,358,524	\$ -	\$ 2,358,524
Individual and business donations	792,799	93,604	886,403
Community group donations	109,080	30,972	140,052
Investment income, net of fees	1,660	-	1,660
Other income	1,514	-	1,514
Grants	<u>105,572</u>	<u>28,910</u>	<u>134,482</u>
	<u>3,369,149</u>	<u>153,486</u>	<u>3,522,635</u>
Net assets released from restrictions			
Satisfaction of program and time restrictions	<u>145,215</u>	<u>(145,215)</u>	<u>-</u>
Total revenues and other support	<u>3,514,364</u>	<u>8,271</u>	<u>3,522,635</u>
EXPENSES			
Program services	3,076,928	-	3,076,928
General and administrative	162,782	-	162,782
Fundraising	<u>182,879</u>	<u>-</u>	<u>182,879</u>
Total expenses	<u>3,422,589</u>	<u>-</u>	<u>3,422,589</u>
Changes in net assets	<u>91,775</u>	<u>8,271</u>	<u>100,046</u>
Net assets at beginning of year	<u>725,641</u>	<u>99,268</u>	<u>824,909</u>
Net assets at end of year	<u>\$ 817,416</u>	<u>\$ 107,539</u>	<u>\$ 924,955</u>

The Notes to Financial Statements are an integral part of these statements.

HELENA FOOD SHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ -	\$ -	\$ 2,936	\$ 2,936
Board of directors	171	1,281	-	1,452
Building repairs and maintenance	15,828	1,273	1,252	18,353
Capital campaign	-	4,277	4,277	8,554
Depreciation	18,082	-	-	18,082
Disposal of asset	-	649	-	649
Donated food distributed	2,662,055	-	-	2,662,055
Dues/subscriptions	881	-	95	976
Wages, taxes and benefits	273,679	97,760	172,338	543,777
Equipment repairs	2,958	-	-	2,958
Food vouchers redeemed	12,347	-	-	12,347
In-kind	16,784	-	17,807	34,591
Insurance	5,495	2,095	104	7,694
Licenses and permits	136	255	-	391
Miscellaneous	-	6,634	-	6,634
Printing/postage	4,842	1,407	49,210	55,459
Professional fees	-	27,984	-	27,984
Purchased food distributed	261,025	-	-	261,025
Rentals	3,560	-	-	3,560
Supplies	15,145	389	2,833	18,367
Technology	11,688	3,775	11,133	26,596
Travel and training	730	528	110	1,368
Occupancy	34,443	6,464	6,464	47,371
Vehicles	7,186	183	292	7,661
Volunteer recognition	4,019	-	-	4,019
Special projects and events	-	-	7,366	7,366
Total expenses	<u>\$ 3,351,054</u>	<u>\$ 154,954</u>	<u>\$ 276,217</u>	<u>\$ 3,782,225</u>

The Notes to Financial Statements are an integral part of these statements.

HELENA FOOD SHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ -	\$ -	\$ 989	\$ 989
Bad debt	-	-	759	759
Board of directors	254	102	484	840
Building repairs and maintenance	22,903	1,128	1,099	25,130
Capital campaign	-	-	6,780	6,780
Depreciation	14,926	-	-	14,926
Donated food distributed	2,369,001	-	-	2,369,001
Dues/subscriptions	576	792	1,190	2,558
Wages, taxes and benefits	269,419	98,817	113,906	482,142
Equipment repairs	2,211	-	-	2,211
Food vouchers redeemed	14,274	-	-	14,274
In-kind	13,396	8,631	18,565	40,592
Insurance	5,340	1,399	104	6,843
Licenses and permits	117	-	-	117
Miscellaneous	-	7,910	-	7,910
Printing/postage	43,237	1,000	9,397	53,634
Professional fees	-	27,289	-	27,289
Purchased food distributed	255,245	-	-	255,245
Rentals	1,126	-	-	1,126
Supplies	8,767	1,092	1,560	11,419
Technology	13,065	6,495	7,808	27,368
Travel and training	992	889	474	2,355
Occupancy	28,800	7,114	10,670	46,584
Vehicles	9,956	124	759	10,839
Volunteer recognition	3,323	-	-	3,323
Special projects and events	-	-	8,335	8,335
Total expenses	<u>\$ 3,076,928</u>	<u>\$ 162,782</u>	<u>\$ 182,879</u>	<u>\$ 3,422,589</u>

The Notes to Financial Statements are an integral part of these statements.

HELENA FOOD SHARE, INC.
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 180,834	\$ 100,046
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Donated food received	(2,665,580)	(2,358,524)
Donated food distributed	2,662,055	2,369,001
Depreciation	18,082	14,926
Donated property and equipment	-	(4,500)
Loss on disposal of asset	649	-
Unrealized (gain) on investments	(7,614)	(1,611)
Donated securities	(25,343)	-
Change in operating assets and liabilities:		
Purchased inventory	7,705	645
Prepaid expenses	(7,936)	485
Promises to give	(19,397)	17,504
Accounts payable	(29,471)	34,631
Accrued payroll and withholdings	1,858	(968)
Accrued compensated absences	779	3,155
Refundable grant advances	(75)	1,943
Net cash flows from operating activities	<u>116,546</u>	<u>176,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(23,979)	(24,521)
Sale of investment securities	29,937	-
Purchase of property and equipment	<u>(3,636)</u>	<u>(32,928)</u>
Net cash flows from investing activities	<u>2,322</u>	<u>(57,449)</u>
Net change in cash and cash equivalents	118,868	119,284
Cash and cash equivalents, beginning of year	<u>550,733</u>	<u>431,449</u>
Cash and cash equivalents, end of year	<u>\$ 669,601</u>	<u>\$ 550,733</u>
Cash and cash equivalents above are reported on the statements of financial position as follows:		
Cash and cash equivalents	\$ 198,410	\$ 126,912
Board designated cash reserves	<u>471,191</u>	<u>423,821</u>
	<u>\$ 669,601</u>	<u>\$ 550,733</u>

The Notes to Financial Statements are an integral part of these statements.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Helena Food Share, Inc. (the Organization) is a non-profit corporation organized in 1987 to provide food to families in need in the Helena area. Support is provided by the public, local churches, local businesses, social service organizations and private groups.

The Board of Directors is comprised of between twelve and twenty citizens nominated by the External Affairs Committee of the Board. They are approved by the existing Board of Directors and serve a three year term. The Executive Committee, composed of the four Board Officers who serve a one year term, is responsible for drafting all Board meeting agendas and coordinating the work of other committees. The Executive Director is hired by the Board of Directors, and is responsible for the administrative management of the Organization.

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

Accounting Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reported period. Actual results could differ from those estimates.

Classification of Net Assets

In accordance with GAAP, the Organization reports its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be all cash maintained in the Organization's checking account and cash management fund. The Organization's bank accounts are insured by the FDIC up to \$250,000. From time to time, certain bank accounts that are subject to limited FDIC coverage exceed their insured limits. At June 30, 2019 and 2018, the Organization's bank accounts exceeded FDIC limits by \$66,203 and \$57,901, respectively.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board Designated Cash Reserves

As more fully disclosed in Note 8, the Board has designated cash reserves to fund an operating reserve, capital campaign fund, and a capital asset replacement reserve. The Board set an operating cash reserve requirement of 25% of the annual operating budget. The Board has designated the earnings from the Montana Community Foundation account and additional cash flows for a capital campaign. The Board has designated funds for a capital asset replacement reserve for vehicles and equipment.

Revenue and Support With and Without Donor Restrictions

Contributions and support received are recorded as without donor restriction or with donor restriction support depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Funds advanced under the Senior Farmers Market Nutrition Program (SFMNP) are classified as a refundable advance until expenses for the purpose of the grant are incurred or other conditions of the grant are satisfied.

In-Kind Contributions

During the fiscal years ended June 30, 2019 and 2018, 1,645,420 and 1,397,647 pounds of food were donated by the local community for distribution to individuals, families, and other non-profit organizations. During 2019 and 2018, respectively, the agency received 214,629 and 208,645 pounds of food through federal and state commodity programs.

Similarly, a significant amount of volunteer labor is utilized in collecting and distributing food donations. During 2019 and 2018, community members donated 22,375 and 21,692, respectively, of work hours to pick up, process, and distribute food. The value of this labor is not reflected in the financial statements as it does not meet the standard for reporting under GAAP.

Inventories

The Organization accepts contributions of food for distribution to individuals and families in need. This contributed food is priced annually at an industry standard donated value and is reflected as inventory in the statement of financial position on a first-in, first-out (FIFO) basis. Purchased food for distribution is stated at lower of cost or net realizable value utilizing the first-in, first-out (FIFO) method.

Property and Equipment

Helena Food Share Inc. capitalizes all fixed assets acquired with an economic life over one year and with a cost of greater than \$3,500. Purchased fixed assets are recorded at cost. Donated property and equipment is recorded at its estimated fair value on the date of donation.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense is computed using the straight-line method over the following estimated useful lives:

Building and improvements	15 – 40 years
Machinery, equipment and vehicles	5 – 10 years

Investments

In accordance with GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income is reported net of fees.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$2,936 and \$989 in 2019 and 2018, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give that will be collected beyond one year are reported at the present value of the anticipated cash flows using the discount rate established at the date of the pledge, net of an allowance of uncollectible amounts based on an allowance rate of two percent. Conditional promises to give are recognized when the specified conditions are satisfied. Promises to give are reviewed periodically to determine their collectability and whether any promises should be charged off.

Income Taxes

The Organization operates under Internal Revenue Code section 501(c)(3) as a non-profit organization and, therefore, is exempt from income taxes unless taxable income would result from business operations not directly related to the organization's exempt purpose.

Functional Allocation of Expenses

Salaries, wages and related benefits, office and occupancy expense and the cost of professional and other services have been allocated for the years ended June 30, 2019 and 2018, to program, fundraising, and general and administrative based on relative utilization in the statements of activities.

New Accounting Pronouncement

On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement (Continued)

Helena Food Share has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which had no effect on the total change in net assets or total assets previously reported. Certain items in the 2018 financial statements have been reclassified for consistency with the 2019 presentation.

Subsequent Events

Management has evaluated subsequent events through October 4, 2019, the date which the financial statements were available for distribution.

NOTE 2. LIQUIDITY AND AVAILABILITY

Management has identified the following assets as of June 30, 2019 as available for general operations in fiscal year 2020:

Cash and cash equivalents	\$ 198,410
Investments	53,131
Pledge receivables, current portion	<u>42,442</u>
	<u>\$ 293,983</u>

Financial assets available for general expenditure include those without donor or other restrictions limiting their use within one year of the balance sheet date. In addition, the Organization receives contributions restricted by donors, and considers those restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures, including \$54,027 as of June 30, 2019, available to support the Kids Pack program in the year ending June 30, 2020. These funds are considered available to fund general operations. As disclosed in Note 1, the Organization receives significant donated food and labor.

Cash balances are routinely monitored in light of projected cash needs and excess balances are transferred to a savings account, where they are managed to both provide for short-term liquidity and to grow the funds value over time.

The Organization has board designated operating reserves that are available and could be accessed for unanticipated needs or in the event of cash flow shortages. The operating reserve balance was \$324,434 as of June 30, 2019.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 3. CONDITIONAL GRANT AWARDS

The Organization reports payments received on conditional grant awards as refundable grant advances until conditions imposed by the grantor have been satisfied. The Organization has been awarded \$13,500 for the 2019 Senior Farmers Market Nutrition Program (SFMNP). At June 30, 2019, funds advanced but not yet spent under this program were \$2,025, reflected in these financial statements as a refundable grant advance, leaving \$11,475 to be distributed prior to the grant end date of December 31, 2019. At June 30, 2018, funds advanced but not yet spent amounted to \$2,100, which were subsequently earned and included in revenue for the year ended June 30, 2019.

NOTE 4. INVENTORIES

The Organization performs an annual inventory of donated food items, in addition to purchased food items on hand at year-end. Donated food is tracked during the year. The value of donated food is based on an industry standard amount of \$1.62 and \$1.68 per pound for fiscal years 2019 and 2018, respectively. During 2019 and 2018, the Organization received 1,645,420 and 1,403,883 pounds of food valued at \$2,665,580 and \$2,358,524, respectively. At June 30, 2019 and 2018, donated food on hand amounted to 38,920 and 35,432 pounds valued at \$63,051 and \$59,526, respectively. Purchased food is recorded at cost. At June 30, 2019 and 2018, purchased food available for distribution amounted to \$38,034 and \$45,739, respectively.

NOTE 5. FAIR VALUE MEASUREMENTS

GAAP provides a framework for measuring fair value, defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels, as described below:

- Level 1 Quoted prices in active markets as of the measurement date;
- Level 2 Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 Significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimizes the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value.

- *Mutual funds* – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding method described 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 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. As of June 30, 2019, there were no transfers between levels.

As of June 30, 2019, investment securities consist of the following assets, which are held by third-party money managers.

	<u>Fair Value Level 1</u>	<u>Cost</u>	<u>Net Unrealized Gain</u>
Mutual funds	<u>\$ 53,131</u>	<u>\$ 51,731</u>	<u>\$ 1,400</u>

As of June 30, 2018, investment securities consist of the following assets, which are held by third-party money managers.

	<u>Fair Value Level 1</u>	<u>Cost</u>	<u>Net Unrealized Gain</u>
Mutual funds	<u>\$ 26,132</u>	<u>\$ 25,565</u>	<u>\$ 567</u>

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 6. PROMISES TO GIVE

Promises to give are as follows:

	<u>2019</u>	<u>2018</u>
Unconditional promises to give before unamortized discount and allowance	\$ 101,868	\$ 81,997
Less: unamortized discount	(2,118)	(2,452)
Less: allowance for uncollectible amounts	<u>(3,056)</u>	<u>(2,248)</u>
Net unconditional promises to give	96,694	77,297
Less: current portion	<u>(42,442)</u>	<u>(26,270)</u>
Long-term	<u>\$ 54,252</u>	<u>\$ 51,027</u>
Amounts due in:		
2020	\$ 42,442	
2021	40,100	
2022	16,990	
2023	2,133	
2024	<u>203</u>	
Total	<u>\$ 101,868</u>	

The discount rate was 2% and 3% for 2019 and 2018, respectively.

NOTE 7. MONTANA COMMUNITY FOUNDATION

The Organization has an endowment fund held at the Montana Community Foundation (MCF). The portion of the funds contributed by unrelated third party donors is considered to be a contribution to the endowment. In accordance with GAAP, MCF holds variance power over these funds thus reports contributions to this fund as additions to its net assets. These assets are included in MCF's financial statements and not the Organization's financial statements. Earnings distributed by MCF to the Organization are recorded as contributions in the year of receipt. The Organization received a contribution of \$8,686 and \$8,071 for the years ended June 30, 2019 and 2018, respectively. In previous years, the earnings on these funds were reinvested in the endowment at the discretion of the Organization's Board of Directors. The total amount in the endowment account not included in Helena Food Share's statements of financial position was \$214,126 and \$210,310 at June 30, 2019 and 2018, respectively.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 8. BOARD DESIGNATED AND NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019, net assets of \$101,868 was donor restricted due to time restrictions on promises to give and \$54,027 was restricted for the Kids Pack program. At June 30, 2018, net assets of \$81,997 was donor restricted due to time restrictions on promises to give and \$25,542 was restricted for the Kids Pack program.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Purpose restriction accomplished:		
Food programs	\$ 160,684	\$ 98,575
Equipment	5,800	12,418
Time release of promises to give	<u>41,029</u>	<u>34,222</u>
Total released	<u>\$ 207,513</u>	<u>\$ 145,215</u>

As disclosed in Note 1, the Board has designated cash reserves and related net assets for operating projects, a building capital campaign, and a capital asset replacement reserve fund. Accordingly, at June 30, 2019 and 2018, board designated unrestricted net assets include the following:

	<u>2019</u>	<u>2018</u>
Operating reserves	\$ 324,434	\$ 285,750
Building campaign	116,757	108,071
Capital asset replacement reserve	<u>30,000</u>	<u>30,000</u>
Total board designated	<u>\$ 471,191</u>	<u>\$ 423,821</u>

NOTE 9. RETIREMENT PLAN

Starting in January 2018, the Organization established a Simple IRA retirement plan (the Plan). The Plan covers all employees who meet statutory requirements. Participants may make contributions through pre-tax salary deferrals on a percentage basis, up to annual contribution limits, and manage their own investments. The Organization makes dollar-for-dollar matching contributions of 1% to 3% of participating employees' compensation. During 2019 and 2018, the Organization contributed \$11,915 and \$4,950 to the Plan, respectively.

HELENA FOOD SHARE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 10. OPERATING LEASE COMMITMENTS

Beginning July 15, 2014, a two year lease for separate office space was signed with monthly lease payments of \$750. This office space lease is on a month to month basis, once the initial lease agreement expired. Beginning November 1, 2017, the Organization entered into a three year lease for office space, with monthly lease payments of \$900 per month, with an annual increase of 6% each year. Beginning February 1, 2019, the Organization entered into a two year lease for warehouse space, with monthly lease payments of \$2,400 per month. The following is a schedule by years of future minimum rentals under the leases at June 30, 2019:

2020	\$ 40,763
2021	<u>23,306</u>
Total	<u>\$ 64,069</u>

Rent charged to operations was \$47,370 and \$46,584 for the years ended June 30, 2019 and 2018, respectively.

ACCOMPANYING INFORMATION

HELENA FOOD SHARE, INC.
 SCHEDULE OF PROGRAM SERVICES PROVIDED AND VISITORS ASSISTED
 June 30, 2019 and 2018

During the years ended June 30, 2019 and 2018, Helena Food Share provided food assistance to neighbors in need in the greater Helena area.

CORE PROGRAMS

Helena Food Share operates a Grocery Share program in three locations: the Lewis Street Pantry, the East Helena Pantry, and the Mobile Pop-Up Pantry. Accordingly, at June 30, 2019 and 2018, the number of services provided through the Grocery Share program follows:

	<u>2019</u>	<u>2018</u>
Full-Shop Services (all food items, up to once per month)	17,051	17,089
Half-Shop Services (perishable foods, up to once per week)	<u>11,504</u>	<u>11,610</u>
Total Grocery Share Program Services	<u><u>28,555</u></u>	<u><u>28,699</u></u>

HOLIDAY SERVICE

Helena Food Share provides traditional Thanksgiving and Christmas meals. Foods available for families include a turkey and extra sides so they can serve traditional holiday meals. Accordingly, at June 30, 2019 and 2018, Helena Food Share provided Holiday meals to the following number of families:

	<u>2019</u>	<u>2018</u>
Thanksgiving Holiday Meal Share Services	1,248	1,279
Christmas Holiday Meal Share Services	<u>934</u>	<u>815</u>
Total	<u><u>2,182</u></u>	<u><u>2,094</u></u>

KID PACKS

Helena Food Share serves local elementary-school children through the Kid Packs Program. Students identified by school teachers and staff are given a special pack of kid-friendly foods to provide a source of weekend nutrition. During 2019 and 2018, the program served children weekly through the school year in Head Start, pre-school, elementary and middle school classrooms in Helena and East Helena. At June 30, 2019 and 2018, Helena Food Share provided the following number of Kid Packs throughout the school year:

	<u>2019</u>	<u>2018</u>
Kid Packs	<u><u>41,538</u></u>	<u><u>39,019</u></u>

SENIOR ASSISTANCE

Helena Food Share gives targeted food assistance to income-eligible seniors. During 2019 and 2018, the Senior Farmers Market Nutrition Program provided a \$50 supply of coupons to 300 eligible seniors for shopping at the Helena Farmers Market. This lets seniors enhance their food resources with fresh, Montana-grown vegetables, fruit and herbs. Helena Food Share also is the Helena distribution partner for Rocky Mountain Development Council's Senior Commodities Food Program. Eligible seniors are provided with a staple of nutritious, USDA-supplied food items on a bimonthly basis. During 2019 and 2018, 2,149 and 2,219 commodity boxes, respectively, were distributed.

HELENA FOOD SHARE, INC.
SCHEDULE OF PROGRAM SERVICES PROVIDED AND
VISITORS ASSISTED (CONTINUED)
June 30, 2019 and 2018

AGENCY COLLABORATION

Helena Food Share distributes surplus food to other local nonprofit agencies, such as God's Love and the Center for Mental Health Services. Helena Food Share also assists the Montana Food Bank Network by providing a delivery and pickup center for food it distributes to other local agencies. Emergency Snack Pack distribution occurs with many agencies and organizations, including the Office of Public Assistance, the Montana Job Service, Pure View and others. Helena Food Share distributed 989 and 702 Emergency Snack Packs in 2019 and 2018, respectively.



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

www.azworld.com

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS