



FINANCIAL REPORT

June 30, 2020 and 2019



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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash* as of and for the year ended June 30, 2020. The requirements of the ASUs have been applied on a modified retrospective approach to all periods presented. Our opinion is not modified with respect to this matter.

Accompanying Information

Our audits were 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 19 and 20, 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 audits 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
November 20, 2020

FINANCIAL STATEMENTS

HELENA FOOD SHARE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,069,889	\$ 198,410
Promises to give, current	30,421	42,442
Donated inventory	57,356	63,051
Purchased inventory	27,544	38,034
Prepaid expenses	<u>3,300</u>	<u>11,868</u>
Total current assets	<u>1,188,510</u>	<u>353,805</u>
INVESTMENTS	<u>86,256</u>	<u>53,131</u>
PROPERTY AND EQUIPMENT, at cost		
Land	68,196	68,196
Buildings and improvements	226,246	226,246
Equipment, furniture and fixtures	57,017	57,017
Technology	28,428	28,428
Vehicles	<u>95,310</u>	<u>95,310</u>
	475,197	475,197
Less accumulated depreciation	<u>276,143</u>	<u>261,242</u>
	<u>199,054</u>	<u>213,955</u>
OTHER ASSETS		
Promises to give, long-term, net of allowance and discount	13,312	54,252
Board designated cash reserves	<u>503,463</u>	<u>471,191</u>
Total other assets	<u>516,775</u>	<u>525,443</u>
Total assets	<u>\$ 1,990,595</u>	<u>\$ 1,146,334</u>

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

HELENA FOOD SHARE, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,352	\$ 9,288
Accrued payroll and withholdings	41,889	18,504
Accrued compensated absences	17,449	10,728
Refundable grant advances	<u>2,025</u>	<u>2,025</u>
Total current liabilities	<u>66,715</u>	<u>40,545</u>
NONCURRENT LIABILITIES		
Paycheck protection program	<u>110,515</u>	<u>-</u>
Total liabilities	<u>177,230</u>	<u>40,545</u>
NET ASSETS		
Without donor restrictions		
Board designated	503,463	471,191
Undesignated	<u>974,996</u>	<u>478,703</u>
Total without donor restrictions	1,478,459	949,894
With donor restrictions	<u>334,906</u>	<u>155,895</u>
Total net assets	<u>1,813,365</u>	<u>1,105,789</u>
Total liabilities and net assets	<u>\$ 1,990,595</u>	<u>\$ 1,146,334</u>

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

HELENA FOOD SHARE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Food donations	\$ 3,349,284	\$ -	\$ 3,349,284
Individual and business donations	1,213,056	411,478	1,624,534
Community group donations	65,027	35,243	100,270
Investment income, net of fees	5,966	-	5,966
Other income	4,456	-	4,456
Grants	<u>122,420</u>	<u>152,470</u>	<u>274,890</u>
	<u>4,760,209</u>	<u>599,191</u>	<u>5,359,400</u>
Net assets released from restrictions			
Satisfaction of program and time restrictions	<u>420,180</u>	<u>(420,180)</u>	<u>-</u>
Total revenues and other support	<u>5,180,389</u>	<u>179,011</u>	<u>5,359,400</u>
EXPENSES			
Program services	4,168,449	-	4,168,449
General and administrative	209,376	-	209,376
Fundraising	<u>273,999</u>	<u>-</u>	<u>273,999</u>
Total expenses	<u>4,651,824</u>	<u>-</u>	<u>4,651,824</u>
Changes in net assets	<u>528,565</u>	<u>179,011</u>	<u>707,576</u>
Net assets at beginning of year	<u>949,894</u>	<u>155,895</u>	<u>1,105,789</u>
Net assets at end of year	<u>\$ 1,478,459</u>	<u>\$ 334,906</u>	<u>\$ 1,813,365</u>

The Notes to Financial Statements are an integral part of this statement.

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 this statement.

HELENA FOOD SHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ -	\$ -	\$ 16,765	\$ 16,765
Bad debt	14,360	-	-	14,360
Board of directors	397	734	210	1,341
Building repairs and maintenance	23,087	1,377	1,377	25,841
Capital campaign	-	-	8,279	8,279
Depreciation	14,901	-	-	14,901
Donated food distributed	3,354,979	-	-	3,354,979
Dues/subscriptions	-	1,666	-	1,666
Wages, taxes and benefits	330,100	142,173	174,759	647,032
Equipment repairs	2,361	-	-	2,361
Food vouchers redeemed	12,336	-	-	12,336
In-kind	5,009	831	4,342	10,182
Insurance	4,944	2,097	158	7,199
Licenses and permits	119	347	-	466
Miscellaneous	-	12,837	-	12,837
Printing/postage	4,520	5,525	47,282	57,327
Professional fees	-	27,085	-	27,085
Purchased food distributed	325,430	-	-	325,430
Rentals	3,989	-	-	3,989
Supplies	9,038	1,732	4,605	15,375
Technology	18,587	2,397	3,750	24,734
Travel and training	1,576	501	613	2,690
Occupancy	28,863	9,621	9,621	48,105
Vehicles	10,314	453	777	11,544
Volunteer recognition	3,539	-	-	3,539
Special projects and events	-	-	1,461	1,461
Total expenses	<u>\$ 4,168,449</u>	<u>\$ 209,376</u>	<u>\$ 273,999</u>	<u>\$ 4,651,824</u>

The Notes to Financial Statements are an integral part of this statement.

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 this statement.

HELENA FOOD SHARE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 707,576	\$ 180,834
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Donated food received	(3,349,284)	(2,665,580)
Donated food distributed	3,354,979	2,662,055
Depreciation	14,901	18,082
Loss on disposal of asset	-	649
Unrealized loss (gain) on investments	3,272	(7,614)
Donated securities	(40,119)	(25,343)
Change in operating assets and liabilities:		
Purchased inventory	10,490	7,705
Prepaid expenses	8,568	(7,936)
Promises to give	52,961	(19,397)
Accounts payable	(3,936)	(29,471)
Accrued payroll and withholdings	23,385	1,858
Accrued compensated absences	6,721	779
Refundable grant advances	-	(75)
Net cash flows from operating activities	<u>789,514</u>	<u>116,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(30,581)	(23,979)
Sale of investment securities	34,303	29,937
Purchase of property and equipment	-	(3,636)
Net cash flows from investing activities	<u>3,722</u>	<u>2,322</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	<u>110,515</u>	-
Net cash flows from financing activities	<u>110,515</u>	-
Net change in cash, cash equivalents, and designated cash	903,751	118,868
Cash, cash equivalents, and designated cash, beginning of year	<u>669,601</u>	<u>550,733</u>
Cash, cash equivalents, and designated cash, end of year	<u>\$ 1,573,352</u>	<u>\$ 669,601</u>
Cash, cash equivalents, and designated cash, above are reported on the statements of financial position as follows:		
Cash and cash equivalents	\$ 1,069,889	\$ 198,410
Board designated cash reserves	<u>503,463</u>	<u>471,191</u>
	<u>\$ 1,573,352</u>	<u>\$ 669,601</u>

The Notes to Financial Statements are an integral part of this statement.

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

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 (FASB).

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 Federal Deposit Insurance Corporation (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, 2020 and 2019, the Organization's bank accounts exceeded FDIC limits by \$927,034 and \$66,203, respectively.

HELENA FOOD SHARE INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

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.

With and Without Donor Restrictions Revenue and Support

Contributions and support received are recorded as without donor restrictions or with donor restrictions 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, 2020 and 2019, 1,924,876 and 1,645,420 pounds of food were donated by the local community for distribution to individuals, families, and other non-profit organizations, respectively. During 2020 and 2019, the agency received 114,030 and 214,629 pounds of food through federal and state commodity programs, respectively.

Similarly, a significant amount of volunteer labor is utilized in collecting and distributing food donations. During 2020 and 2019, community members donated 20,513 and 22,375 of work hours to pick up, process, and distribute food, respectively. 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 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 THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

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 \$16,765 and \$2,936 in 2020 and 2019, 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 three 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 expenses, and the cost of professional and other services have been allocated for the years ended June 30, 2020 and 2019, to program, fundraising, and general and administrative based on relative utilization in the statements of activities.

HELENA FOOD SHARE INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

The Organization has adopted the provisions of FASB Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* including the subsequent revisions (collectively referred to as *Topic 606*). This accounting standard was issued to clarify the principles of recognizing revenue and to develop a common standard for U.S. GAAP and International Financial Reporting Standards. Implementation of the standard had no effect on the Organization's existing revenue recognition policies, nor required any adjustment of activity reported in the prior year.

The Organization has adopted the provisions of FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. The update addresses the classification and presentation of changes in restricted cash on the statement of cash flows. The Organization has implemented ASU 2016-18 on a retrospective basis. Implementation of the standard had no effect on the presentation of the Organization's existing presentation of the statement of cash flows.

Subsequent Events

Management has evaluated subsequent events through November 20, 2020, 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, 2020 and 2019, as available for general operations in fiscal year 2021 and 2020, respectively:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,069,889	\$ 198,410
Investments	86,256	53,131
Promises to give, current	<u>30,421</u>	<u>42,442</u>
	<u>\$ 1,186,566</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 \$129,125 and \$54,027 as of June 30, 2020 and 2019, respectively, available to support the Kids Pack program in the year ending June 30, 2021. These funds are considered available to fund general operations. As disclosed in Note 1, the Organization receives significant donated food and labor.

HELENA FOOD SHARE INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

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 \$347,500 and \$324,434 as of June 30, 2020 and 2019, respectively.

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 2020 Senior Farmers Market Nutrition Program (SFMNP). At June 30, 2020, 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, 2020. At June 30, 2019, funds advanced but not yet spent amounted to \$2,025, which were subsequently earned and included in revenue for the year ended June 30, 2020.

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 \$1.74 and \$1.62 per pound for fiscal years 2020 and 2019, respectively. During 2020 and 2019, the Organization received 1,924,876 and 1,645,420 pounds of food valued at \$3,349,284 and \$2,665,580, respectively. At June 30, 2020 and 2019, donated food on hand amounted to 32,963 and 38,920 pounds valued at \$57,356 and \$63,051, respectively. Purchased food is recorded at cost. At June 30, 2020 and 2019, purchased food available for distribution amounted to \$27,544 and \$38,034, 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.

HELENA FOOD SHARE INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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 Securities Exchange Commission (SEC). These funds are required to publish their daily net asset value (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, 2020, there were no transfers between levels.

As of June 30, 2020, investment securities consist of the following assets, which are held by third-party money managers.

	Fair Value Level 1	Cost	Net Unrealized Gain
Mutual funds	\$ 86,256	\$ 83,963	\$ 2,293

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

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

HELENA FOOD SHARE INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

NOTE 6. PROMISES TO GIVE

Promises to give are as follows:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give before unamortized discount and allowance	\$ 45,155	\$ 101,868
Less: unamortized discount	(67)	(2,118)
Less: allowance for uncollectible amounts	<u>(1,355)</u>	<u>(3,056)</u>
Net unconditional promises to give	43,733	96,694
Less: current portion	<u>(30,421)</u>	<u>(42,442)</u>
Long-term	<u>\$ 13,312</u>	<u>\$ 54,252</u>
Amounts due in:		
2021	\$ 30,421	
2022	12,584	
2023	1,150	
2024	<u>1,000</u>	
Total	<u>\$ 45,155</u>	

The discount rate was 0.45% and 2% for 2020 and 2019, 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 \$9,206 and \$8,686 for the years ended June 30, 2020 and 2019, 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 \$226,427 and \$214,126 at June 30, 2020 and 2019, respectively.

HELENA FOOD SHARE INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

NOTE 8. BOARD DESIGNATED AND NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted for time and/or purpose for the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restricted by time:		
Promises to give	\$ 45,155	\$ 101,868
Restricted by purpose:		
COVID-19 operations	160,551	-
Kids packs	129,125	54,027
Equipment	75	-
Total purpose restricted	<u>289,751</u>	<u>54,027</u>
Total net assets with donor restrictions	<u>\$ 334,906</u>	<u>\$ 155,895</u>

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

	<u>2020</u>	<u>2019</u>
Food programs	\$ 159,369	\$ 160,684
Equipment	265	5,800
COVID-19 operations	198,833	-
Time release of promise to give	<u>61,713</u>	<u>41,029</u>
Total released	<u>\$ 420,180</u>	<u>\$ 207,513</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, 2020 and 2019, board designated unrestricted net assets include the following:

	<u>2020</u>	<u>2019</u>
Operating reserves	\$ 347,500	\$ 324,434
Building campaign	125,963	116,757
Capital asset replacement reserve	<u>30,000</u>	<u>30,000</u>
Total board designated	<u>\$ 503,463</u>	<u>\$ 471,191</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 2020 and 2019, the Organization contributed \$10,817 and \$11,915 to the Plan, respectively.

HELENA FOOD SHARE INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020, and 2019

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, 2020:

2021	<u>\$ 24,378</u>
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Rent charged to operations was \$48,105 and \$47,370 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11. NOTES PAYABLE AND LONG-TERM DEBT

Long-term debt at June 30, 2020 consists of the following:

Paycheck Protection Program (PPP), note payable unsecured, interest rate of 1%, due April 2022 with expectation of forgiveness in fiscal 2021	<u>\$ 110,515</u>
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On April 30, 2020, Helena Food Share received loan proceeds in the amount of \$110,515 under the Paycheck Protection Program (PPP). The loan and accrued interest are forgivable after their covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Organization has not yet applied for loan forgiveness with Small Business Administration (SBA), but believes that its use of the loan proceeds have met conditions for forgiveness. Final approval will need to be received from the SBA.

NOTE 12. SUBSEQUENT EVENT

In early 2020, the global economy was disrupted by the novel coronavirus (COVID-19) pandemic, including the industry in which the Organization operates. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's donors, employees, and partners, all of which are uncertain and cannot be predicted. These economic events have also had a significant impact on investment portfolios. As a result, the Organization's investments have likely incurred a significant decline in fair value since June 30, 2020. Because of the uncertainty of future market conditions, management is carefully monitoring the situation as it continues to evolve.

ACCOMPANYING INFORMATION

HELENA FOOD SHARE, INC.
 SCHEDULE OF PROGRAM SERVICES PROVIDED AND
 VISITORS ASSISTED
 June 30, 2020 and 2019

During the years ended June 30, 2020 and 2019, Helena Food Share provided food assistance to neighbors in need in the greater Helena area.

CORE PROGRAMS

Helena Food Share normally operates a Grocery Share program (choice shopping) in three locations: the Lewis Street Pantry, the East Helena Pantry, and the Mobile Pop-Up Pantry. Beginning March 16, 2020, Helena Food Share ended the Full and Half-Shop services due to COVID-19 operational requirements and began distributing COVID-19 Emergency Assistance services. Starting on May 26, 2020 the Farmers to Families Food Box program started, providing widespread food assistance throughout the community. At June 30, 2020 and 2019, the number of services provided through the Grocery Share program were as follows:

	<u>2020</u>	<u>2019</u>
Full-Shop Services (all food items, up to once per month)	12,492	17,051
Half-Shop Services (perishable foods, up to once per week)	8,529	11,504
COVID-19 Emergency Assistance (Grab & Go cart, all food items)	6,414	--
Farmers to Families Food Boxes (25-lb box, assorted produce & deli)	7,000	--
Total Grocery Share Program Services	<u>34,435</u>	<u>28,555</u>

HOLIDAY SERVICE

At Thanksgiving and Christmas, Helena Food Share provides a turkey and extra sides so they can serve traditional holiday meals. At June 30, 2020 and 2019, Helena Food Share provided these Holiday meal services.

	<u>2020</u>	<u>2019</u>
Thanksgiving Holiday Meal Share Services	1,191	1,248
Christmas Holiday Meal Share Services	765	934
Total	<u>1,956</u>	<u>2,182</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 2020 and 2019, the program served children through the school year in Head Start, pre-school, elementary and middle school classrooms in Helena and East Helena.

	<u>2020</u>	<u>2019</u>
Kid Packs	<u>45,520</u>	<u>41,538</u>

HELENA FOOD SHARE, INC.
SCHEDULE OF PROGRAM SERVICES PROVIDED AND
VISITORS ASSISTED (CONTINUED)
June 30, 2020 and 2019

SENIOR ASSISTANCE

Helena Food Share gives targeted food assistance to income-eligible seniors. During 2020 and 2019, the Senior Farmers Market Nutrition Program provided a \$50 supply of coupons to 300 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 to Rocky Mountain Development Council for its Senior Commodities Food Program. Eligible seniors receive a nutritious, USDA-supplied food items on a bimonthly basis. During 2020 and 2019, commodity boxes were distributed to 1,875 and 2,149 seniors, respectively.

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 765 and 989 Emergency Snack Packs in 2020 and 2019, respectively. Beginning in May 2020, Helena Food Share also developed partnerships with and distributed Farmer to Families Food Boxes through 33 organizations.



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