



FINANCIAL REPORT

June 30, 2021 and 2020



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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, 2021 and 2020, 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, 2021 and 2020, 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 Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* as of and for the year ended June 30, 2021. The requirements of the ASU have been applied on a 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 20 and 21, 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
October 27, 2021

FINANCIAL STATEMENTS

HELENA FOOD SHARE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,240,772	\$ 993,928
Promises to give, current, net of allowance	15,004	30,421
Donated inventory	66,937	57,356
Purchased inventory	84,238	27,544
Prepaid expenses	<u>9,135</u>	<u>3,300</u>
Total current assets	<u>1,416,086</u>	<u>1,112,549</u>
INVESTMENTS	<u>355,757</u>	<u>162,217</u>
PROPERTY AND EQUIPMENT, at cost		
Land	68,196	68,196
Buildings and improvements	226,246	226,246
Equipment, furniture and fixtures	62,167	57,017
Technology	28,428	28,428
Vehicles	138,734	95,310
Construction in progress	<u>40,032</u>	<u>-</u>
	563,803	475,197
Less accumulated depreciation	<u>288,875</u>	<u>276,143</u>
	<u>274,928</u>	<u>199,054</u>
OTHER ASSETS		
Promises to give, long-term, net of allowance and discount	-	13,312
Board designated cash reserves	<u>1,144,107</u>	<u>503,463</u>
Total other assets	<u>1,144,107</u>	<u>516,775</u>
Total assets	<u>\$ 3,190,878</u>	<u>\$ 1,990,595</u>

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

HELENA FOOD SHARE, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 5,352
Other liabilities	13,381	-
Accrued payroll and withholdings	23,813	41,889
Accrued compensated absences	17,512	17,449
Refundable grant advances	<u>2,025</u>	<u>2,025</u>
Total current liabilities	<u>56,731</u>	<u>66,715</u>
LONG-TERM DEBT		
Paycheck protection program	<u>-</u>	<u>110,515</u>
Total liabilities	<u>56,731</u>	<u>177,230</u>
NET ASSETS		
Without donor restrictions		
Board designated	1,144,107	503,463
Undesignated	<u>1,717,706</u>	<u>974,996</u>
Total without donor restrictions	2,861,813	1,478,459
With donor restrictions	<u>272,334</u>	<u>334,906</u>
Total net assets	<u>3,134,147</u>	<u>1,813,365</u>
Total liabilities and net assets	<u>\$ 3,190,878</u>	<u>\$ 1,990,595</u>

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

HELENA FOOD SHARE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Food donations	\$ 3,284,836	\$ -	\$ 3,284,836
Individual and business donations	1,779,054	295,852	2,074,906
Community group donations	71,733	42,233	113,966
Investment income, net of fees	32,134	-	32,134
Other income	327,296	-	327,296
Paycheck protection program loan forgiveness	110,515	-	110,515
Grants	<u>92,089</u>	<u>43,800</u>	<u>135,889</u>
	<u>5,697,657</u>	<u>381,885</u>	<u>6,079,542</u>
Net assets released from restrictions			
Satisfaction of program and time restrictions	<u>444,457</u>	<u>(444,457)</u>	<u>-</u>
Total revenues and other support	<u>6,142,114</u>	<u>(62,572)</u>	<u>6,079,542</u>
EXPENSES			
Program services	4,201,217	-	4,201,217
General and administrative	184,930	-	184,930
Fundraising	<u>372,613</u>	<u>-</u>	<u>372,613</u>
Total expenses	<u>4,758,760</u>	<u>-</u>	<u>4,758,760</u>
Changes in net assets	<u>1,383,354</u>	<u>(62,572)</u>	<u>1,320,782</u>
Net assets at beginning of year	<u>1,478,459</u>	<u>334,906</u>	<u>1,813,365</u>
Net assets at end of year	<u>\$ 2,861,813</u>	<u>\$ 272,334</u>	<u>\$ 3,134,147</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 these statements.

HELENA FOOD SHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 6,065	\$ -	\$ 17,168	\$ 23,233
Bad debt	-	-	4,000	4,000
Board of directors	489	127	196	812
Building repairs and maintenance	23,487	1,395	1,359	26,241
Capital campaign	-	-	84,217	84,217
Depreciation	17,133	-	-	17,133
Donated food distributed	3,275,255	-	-	3,275,255
Dues/subscriptions	1,965	508	2,209	4,682
Equipment repairs	1,368	-	-	1,368
Food vouchers redeemed	6,287	-	-	6,287
In-kind	10,714	-	6,649	17,363
Insurance	6,681	1,802	166	8,649
Licenses and permits	175	245	-	420
Miscellaneous	1,076	16,575	-	17,651
Printing/postage	10,000	3,314	52,966	66,280
Professional fees	-	29,264	-	29,264
Purchased food distributed	296,973	-	-	296,973
Rentals	2,876	-	-	2,876
Supplies	20,542	1,464	1,673	23,679
Technology	13,775	3,232	8,862	25,869
Travel and training	511	315	322	1,148
Occupancy	31,755	10,013	10,013	51,781
Vehicles	12,098	234	361	12,693
Volunteer recognition	5,677	-	-	5,677
Special projects and events	-	-	78	78
Wages, taxes and benefits	456,315	116,442	182,374	755,131
Total expenses	<u>\$ 4,201,217</u>	<u>\$ 184,930</u>	<u>\$ 372,613</u>	<u>\$ 4,758,760</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, 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
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
Wages, taxes and benefits	330,100	142,173	174,759	647,032
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 these statements.

HELENA FOOD SHARE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,320,782	\$ 707,576
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Donated food received	(3,284,836)	(3,349,284)
Donated food distributed	3,275,255	3,354,979
Depreciation	17,133	14,901
Unrealized loss (gain) on investments	(254)	3,272
Realized loss (gain) on investments	(26,388)	-
Donated securities	(37,466)	(40,119)
Forgiveness on long-term debt	(110,515)	-
Change in operating assets and liabilities:		
Promises to give	28,729	52,961
Purchased inventory	(56,694)	10,490
Prepaid expenses	(5,835)	8,568
Accounts payable	(5,352)	(3,936)
Other liabilities	13,381	-
Accrued payroll and withholdings	(18,076)	23,385
Accrued compensated absences	63	6,721
Net cash flows from operating activities	<u>1,109,927</u>	<u>789,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(172,280)	(106,542)
Sale of investment securities	42,848	34,303
Purchase of property and equipment	<u>(93,007)</u>	<u>-</u>
Net cash flows from investing activities	<u>(222,439)</u>	<u>(72,239)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	<u>-</u>	<u>110,515</u>
Net cash flows from financing activities	<u>-</u>	<u>110,515</u>
Net change in cash, cash equivalents, and designated cash	887,488	827,790
Cash, cash equivalents, and designated cash, beginning of year	<u>1,497,391</u>	<u>669,601</u>
Cash, cash equivalents, and designated cash, end of year	<u>\$ 2,384,879</u>	<u>\$ 1,497,391</u>
Cash, cash equivalents, and designated cash, above are reported on the statements of financial position as follows:		
Cash and cash equivalents	\$ 1,240,772	\$ 993,928
Board designated cash reserves	<u>1,144,107</u>	<u>503,463</u>
	<u>\$ 2,384,879</u>	<u>\$ 1,497,391</u>
NON-CASH INVESTING AND FINANCING ACTIVITY		
Forgiveness on long-term debt	<u>\$ (110,515)</u>	<u>\$ -</u>

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

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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).

Change in Accounting Principles

The Organization adopted the provisions of FASB Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This update modifies the disclosure requirements on fair value measurements to improve the effectiveness. The ASU has been applied retrospectively to all periods presented, with no effect on net assets.

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, 2021 and 2020, the Organization's bank accounts exceeded FDIC limits by \$879,905 and \$927,034, respectively.

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

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 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, 2021 and 2020, 1,835,104 and 1,924,876 pounds of food were donated by the local community for distribution to individuals, families, and other non-profit organizations, respectively. Donated inventory revenue recognition policy is disclosed in footnote 4. During 2021 and 2020, the agency received 110,040 and 114,030 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 2021 and 2020, community members donated 11,592 and 20,513 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, 2021 and 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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

Building and improvements	15 – 40 years
Equipment, furniture and fixtures	5 – 10 years
Technology	5 – 10 years
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 \$23,233 and \$16,765 during the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain reclassifications have been made to the June 30, 2020 financial statements to conform to the June 30, 2021 presentation. Such reclassifications have had no effect on previously reported net assets or change in net assets.

Subsequent Events

Management has evaluated subsequent events through October 27, 2021, 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, 2021 and 2020, as available for general operations in fiscal year 2022 and 2021, respectively:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 1,223,145	\$ 788,147
Investments	355,757	162,217
Promises to give, current	<u>15,004</u>	<u>30,421</u>
Total financial assets	<u>\$ 1,593,906</u>	<u>\$ 980,785</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 \$254,707 and \$129,125 as of June 30, 2021 and 2020, respectively, available to support the Kids Pack program in the year ending June 30, 2022 and 2021, respectively. 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 \$400,053 and \$347,500 as of June 30, 2021 and 2020, respectively.

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

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 2021 Senior Farmers Market Nutrition Program (SFMNP). At June 30, 2021, 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, 2021. At June 30, 2020, funds advanced but not yet spent amounted to \$2,025, which were subsequently earned and included in revenue for the year ended June 30, 2021.

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 \$1.79 and \$1.74 per pound for fiscal years 2021 and 2020, respectively. During 2021 and 2020, the Organization received 1,835,104 and 1,924,876 pounds of food valued at \$3,284,836 and \$3,349,284, respectively. At June 30, 2021 and 2020, donated food on hand amounted to 37,395 and 32,963 pounds valued at \$66,937 and \$57,356, respectively. Purchased food is recorded at cost. At June 30, 2021 and 2020, purchased food available for distribution amounted to \$84,238 and \$27,544, 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 THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

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 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, 2021, there were no transfers between levels.

As of June 30, 2021, 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>
<u>Equity securities</u>			
Mutual funds	<u>\$ 355,757</u>	<u>\$ 326,980</u>	<u>\$ 28,777</u>

As of June 30, 2020, 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>
<u>Equity securities</u>			
Mutual funds	<u>\$ 162,217</u>	<u>\$ 159,924</u>	<u>\$ 2,293</u>

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 6. PROMISES TO GIVE

Promises to give are as follows:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give before unamortized discount and allowance	\$ 15,468	\$ 45,155
Less: unamortized discount	-	(67)
Less: allowance for uncollectible amounts	<u>(464)</u>	<u>(1,355)</u>
Net unconditional promises to give	15,004	43,733
Less: current portion	<u>(15,004)</u>	<u>(30,421)</u>
Long-term	<u>\$ -</u>	<u>\$ 13,312</u>
Amounts due in:		
2022	<u>\$ 15,468</u>	

As of June 30, 2021, a discount rate was not applicable. The discount rate was 0.45% for 2020.

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 did not receive a contribution for the year ended June 30, 2021. The Organization received a contribution of \$9,206 for the year ended June 30, 2020. 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 \$305,678 and \$226,427 at June 30, 2021 and 2020, respectively.

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted by time:		
Promises to give	\$ 15,468	\$ 45,155
Restricted by purpose:		
COVID-19 operations	-	160,551
Kids packs	254,707	129,125
Equipment	2,159	75
Total purpose restricted	<u>256,866</u>	<u>289,751</u>
Total net assets with donor restrictions	<u>\$ 272,334</u>	<u>\$ 334,906</u>

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

	<u>2021</u>	<u>2020</u>
Food programs	\$ 192,157	\$ 159,369
Equipment	49,916	265
COVID-19 operations	161,596	198,833
Time release of promise to give	29,688	61,713
Other	11,100	-
Total released	<u>\$ 444,457</u>	<u>\$ 420,180</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, 2021 and 2020, board designated net assets without donor restrictions include the following:

	<u>2021</u>	<u>2020</u>
Operating reserves	\$ 400,053	\$ 347,500
Building campaign	644,054	125,963
Capital asset replacement reserve	100,000	30,000
Total board designated	<u>\$ 1,144,107</u>	<u>\$ 503,463</u>

NOTE 9. RETIREMENT PLAN

The Organization has 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 2021 and 2020, the Organization contributed \$14,446 and \$10,817 to the Plan, respectively.

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

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 December 1, 2020, the Organization entered into a three year lease for office space, with monthly lease payments of \$1,072 per month, with an annual increase of 6% each year.

Beginning February 1, 2021, 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, 2021:

2022	\$ 42,242
2023	33,448
2024	<u>7,443</u>
Total	<u>\$ 83,133</u>

Rent expense charged to operations was \$51,781 and \$48,105 for the years ended June 30, 2021 and 2020, respectively.

NOTE 11. LONG-TERM DEBT

Long-term debt at June 30, 2021 and 2020 consists of the following:

Paycheck Protection Program (PPP), note payable unsecured, interest rate of 1%, due April 2022	<u>\$ _____</u>	<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. Helena Food Share applied for loan forgiveness with the Small Business Administration and received notification of full forgiveness in April 2021.

HELENA FOOD SHARE, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 12. RISKS AND UNCERTAINTIES

In early 2020, the global economy was disrupted by the novel coronavirus (COVID-19) pandemic, including the industry in which Helena Food Share operates. The extent of the impact of COVID-19 on Helena Food Share's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on their donors and employees, all of which are uncertain and cannot be predicted. 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, 2021 and 2020

During the years ended June 30, 2021 and 2020, Helena Food Share provided food assistance to neighbors in need in the greater Helena area.

GROCERY SHARE

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. However, this service was replaced with COVID-19 Emergency Assistance services (Grab and Go cart) in March 2020 and continued until June 2021 when choice shopping was available again. The Farmers to Families Food Box program, providing widespread food assistance throughout the community ended in October 2020. At June 30, 2021 and 2020, the number of services provided through the Grocery Share program were as follows:

	<u>2021</u>	<u>2020</u>
Full-Shop Services (all food items, up to once per month)	2,103	12,492
Half-Shop Services (perishable foods, up to once per week)	453	8,529
COVID-19 Emergency Assistance (Grab & Go cart, all food items)	14,726	6,414
Farmers to Families Food Boxes (25-lb box, assorted produce & deli)	<u>15,195</u>	<u>7,000</u>
Total Grocery Share Program Services	<u><u>32,477</u></u>	<u><u>34,435</u></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, 2021 and 2020, Helena Food Share provided these Holiday meal services.

	<u>2021</u>	<u>2020</u>
Thanksgiving Holiday Meal Share Services	1,292	1,191
Christmas Holiday Meal Share Services	<u>954</u>	<u>765</u>
Total	<u><u>2,246</u></u>	<u><u>1,956</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 2021 and 2020, the program served children through the school year in Head Start, pre-school, elementary and middle school classrooms in Helena and East Helena.

	<u>2021</u>	<u>2020</u>
Kid Packs	<u><u>29,944</u></u>	<u><u>45,520</u></u>

HELENA FOOD SHARE, INC.
SCHEDULE OF PROGRAM SERVICES PROVIDED
AND VISITORS ASSISTED (CONTINUED)
June 30, 2021 and 2020

SENIOR ASSISTANCE

Helena Food Share gives targeted food assistance to income-eligible seniors. During 2021 and 2020, 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 2021 and 2020, commodity boxes were distributed to 1,582 and 1,875 seniors, respectively.

AGENCY COLLABORATION

Emergency Snack Pack distribution occurs with many agencies and organizations, including the Friendship Center, God's Love, Good Samaritan, Office of Public Assistance, Our Place, PureView Health Center, YWCA, and others. Helena Food Share distributed 2,005 and 989 Emergency Snack Packs in fiscal years 2021 and 2020, respectively.

In 2021, Helena Food Share began *Food Is Care*, a partnership program with St. Peter's Health serving community members referred by caregivers with St. Peter's Health who experience food insecurity, have mobility or transportation challenges and diet-sensitive chronic health conditions like diabetes, heart disease, or hypertension. 111 *Food Is Care* services were provided by Helena Food Share in fiscal year 2021.

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.



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