

Helena Food Share, Inc. and Related Entity

Helena, Montana

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2024 and 2023



K C O E
I S O M

Helena Food Share, Inc.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Helena Food Share, Inc. and Helena Food Share Holding Company (collectively, the Organization), which comprise the combined statements of financial position as of June 30, 2024; the related combined statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the combined financial statements. We have also audited the basic financial statements of Helena Food Share, Inc. for the year ended June 30, 2023, which were presented comparatively.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP). The comparative financial statements as of June 30, 2023, present fairly, in all material respects, the financial position of Helena Food Share, Inc., and its changes in net assets and cash flows for the year then ended in accordance with GAAP.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

(Continued)

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards (SEFA), as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

The schedule of program services provided and visitors assisted and combining schedules of financial position and schedule of activities are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, except for that portion marked "unaudited," on which we express no opinion nor any assurance, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of Helena Food Share, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Helena Food Share, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Helena Food Share, Inc.'s internal control over financial reporting and compliance.

KCoe Jam, LLP

December 20, 2024
Helena, Montana

FINANCIAL SECTION

Helena Food Share, Inc.

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 870,943	\$ 1,969,040
Restricted cash	3,559,166	-
Promises to give - current	242,240	359,786
Grants receivable	1,253,767	19,399
Donated inventory	93,051	97,826
Purchased inventory	33,644	44,358
Interest receivable	46,161	-
Prepaid expenses	18,075	28,906
Total Current Assets	6,117,047	2,519,315
Investments	1,094,495	969,047
Property and Equipment - at Cost		
Land	820,669	820,126
Buildings and improvements	226,246	226,246
Equipment, furniture, and fixtures	524,511	66,298
Technology	28,429	28,428
Vehicles	162,034	162,034
Construction in progress	8,458,878	658,619
Subtotals	10,220,767	1,961,751
Less: Accumulated depreciation	357,228	331,746
Total Property and Equipment - at Cost	9,863,539	1,630,005
Other Assets		
Loan to Investment Company	8,206,400	-
Operating right-of-use assets	15,500	50,594
Promises to give - long-term - net of discount and allowance	219,504	427,415
Board-designated cash reserves	730,265	1,789,374
Total Other Assets	9,171,669	2,267,383
TOTAL ASSETS	\$ 26,246,750	\$ 7,385,750

The accompanying notes are an integral part of these combined financial statements.

Helena Food Share, Inc.**COMBINED STATEMENTS OF FINANCIAL POSITION**

(Continued)

June 30	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,180,306	\$ 82,314
Other liabilities	6,507	11,631
Interest payable	54,103	-
Retention payable	313,509	-
Accrued payroll and withholdings	31,425	22,809
Accrued compensated absences	31,039	24,118
Current maturities of long-term debt	700,000	-
Refundable grant advance	1,649	-
Operating leases - current	15,500	35,097
Total Current Liabilities	2,334,038	175,969
Long-term debt - net of current portion	12,819,583	-
Unamortized debt issuance costs	(8,596)	-
Long-Term Debt - Net of Current Portion and Unamortized Debt Issuance Costs	12,810,987	-
Operating leases - net of current portion	-	15,497
Total Long-Term Liabilities	12,810,987	15,497
Total Liabilities	15,145,025	191,466
Net Assets		
Without donor restrictions:		
Board designated	730,265	1,789,374
Undesignated	9,830,675	2,724,333
Total Net Assets Without Donor Restrictions	10,560,940	4,513,707
With donor restrictions	540,785	2,680,577
Total Net Assets	11,101,725	7,194,284
TOTAL LIABILITIES AND NET ASSETS	\$ 26,246,750	\$ 7,385,750

The accompanying notes are an integral part of these combined financial statements.

Helena Food Share, Inc.
COMBINED STATEMENTS OF ACTIVITIES

Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Food donations	\$ 2,511,604	\$ -	\$ 2,511,604
Individual and business donations	1,121,888	881,760	2,003,648
Community group donations	69,031	1,331,430	1,400,461
Investment income - net of fees	129,241	-	129,241
Gifts of nonfinancial contributions	46,270	-	46,270
Other revenue	87,285	-	87,285
Grants and foundations	123,960	2,447,206	2,571,166
Net assets released from restrictions	6,800,188	(6,800,188)	-
Total Revenues, Gains, and Other Support	10,889,467	(2,139,792)	8,749,675
Expenses			
Program services	4,054,682	-	4,054,682
General and administrative	357,355	-	357,355
Fundraising	430,197	-	430,197
Total Expenses	4,842,234	-	4,842,234
Change in Net Assets	6,047,233	(2,139,792)	3,907,441
Net Assets - Beginning of Year	4,513,707	2,680,577	7,194,284
Net Assets - End of Year	\$ 10,560,940	\$ 540,785	\$ 11,101,725

The accompanying notes are an integral part of these combined financial statements.

Helena Food Share, Inc.
COMBINED STATEMENTS OF ACTIVITIES
(Continued)

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Food donations	\$ 2,887,928	\$ -	\$ 2,887,928
Individual and business donations	1,630,190	1,075,861	2,706,051
Community group donations	66,003	41,970	107,973
Investment income - net of fees	108,957	-	108,957
Gifts of nonfinancial contributions	69,288	-	69,288
Gain on disposal of asset	500	-	500
Other revenue	1,378	-	1,378
Grants and foundations	162,296	322,201	484,497
Net assets released from restrictions	956,992	(956,992)	-
Total Revenues and Other Support	5,883,532	483,040	6,366,572
Expenses			
Program services	4,214,172	-	4,214,172
General and administrative	221,941	-	221,941
Fundraising	419,159	-	419,159
Total Expenses	4,855,272	-	4,855,272
Change in Net Assets	1,028,260	483,040	1,511,300
Net Assets - Beginning of Year	3,485,447	2,197,537	5,682,984
Net Assets - End of Year	\$ 4,513,707	\$ 2,680,577	\$ 7,194,284

The accompanying notes are an integral part of these combined financial statements.

Helena Food Share, Inc.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 887	\$ -	\$ 10,815	\$ 11,702
Board of Directors	1,488	347	646	2,481
Building utilities	15,825	2,047	2,439	20,311
Interest expense	112,127	26,156	48,672	186,955
Depreciation	25,601	-	-	25,601
Amortization	3,154	-	-	3,154
Donated food distributed	2,516,379	-	-	2,516,379
Dues/Subscriptions	4,541	3,445	9,447	17,433
Equipment	56,073	-	-	56,073
Repairs and maintenance	11,190	-	-	11,190
Food vouchers redeemed	9,536	-	-	9,536
Insurance	8,233	1,997	231	10,461
Licenses and permits	7,188	922	3,020	11,130
Miscellaneous	726	13,800	-	14,526
Printing/Postage	11,073	3,957	68,605	83,635
Professional fees	3,381	148,591	1,359	153,331
Purchased food distributed	561,815	-	-	561,815
Rentals	10,201	-	-	10,201
Supplies	19,307	2,351	2,687	24,345
Technology	21,640	4,376	8,143	34,159
Travel and training	1,729	4,010	445	6,184
Occupancy	36,103	11,194	11,194	58,491
Vehicles expense	37,336	-	-	37,336
Volunteer recognition	5,398	-	-	5,398
Special projects and events	-	-	13,444	13,444
Wages, taxes, and benefits	573,751	134,162	249,050	956,963
Total Expenses	\$ 4,054,682	\$ 357,355	\$ 430,197	\$ 4,842,234

The accompanying notes are an integral part of these combined financial statements.

Helena Food Share, Inc.**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

(Continued)

Year Ended June 30, 2023	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 924	\$ -	\$ 32,315	\$ 33,239
Board of Directors	367	95	152	614
Building utilities	21,199	1,864	2,091	25,154
Capital campaign	-	-	49,827	49,827
Depreciation	29,280	-	-	29,280
Donated food distributed	2,931,965	-	-	2,931,965
Dues and subscriptions	4,723	3,723	6,397	14,843
Equipment repairs	8,108	-	-	8,108
Food vouchers redeemed	10,180	-	-	10,180
Insurance	6,394	1,047	180	7,621
Licenses and permits	221	1,708	-	1,929
Miscellaneous	689	13,085	-	13,774
Printing and postage	14,200	5,168	83,985	103,353
Professional fees	-	59,399	-	59,399
Purchased food distributed	563,456	-	-	563,456
Rentals	9,293	-	-	9,293
Supplies	25,929	2,310	2,641	30,880
Technology	17,228	3,695	11,960	32,883
Travel and training	1,141	596	473	2,210
Occupancy	40,628	-	10,766	51,394
Vehicles	25,197	79	127	25,403
Volunteer recognition	6,620	-	-	6,620
Special projects and events	-	-	12,367	12,367
Wages, taxes, and benefits	496,430	129,172	205,878	831,480
Total Expenses	\$ 4,214,172	\$ 221,941	\$ 419,159	\$ 4,855,272

The accompanying notes are an integral part of these combined financial statements.

Helena Food Share, Inc.

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,907,441	\$ 1,511,300
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated food received	(2,511,604)	(2,887,928)
Donated food distributed	2,516,379	2,931,965
Depreciation	25,601	29,280
Amortization expense	3,154	-
Amortization of operating right-of-use assets	35,094	12,000
Unrealized loss (gain) on investments	(90,491)	(42,511)
Realized loss (gain) on investments	(21,458)	(37,582)
Investment income - net fees	(17,292)	(20,775)
Changes in operating assets and liabilities:		
Promises to give	325,457	(437,914)
Grants receivable	(1,234,368)	(19,399)
Purchased inventory	10,714	33,416
Interest receivable	(46,161)	-
Prepaid expenses	10,831	(2,061)
Accounts payable	(43,092)	64,919
Other liabilities	(5,124)	3,672
Interest payable	54,103	-
Retention payable	313,509	-
Accrued payroll and withholdings	8,616	5,084
Accrued compensated absences	6,921	1,767
Refundable grant advance	1,649	(13,794)
Operating lease liability	(35,094)	(12,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,214,785	1,119,439
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(48,371)	(148,931)
Sale of investment securities	52,164	163,882
Loan to Investment Company	(8,206,400)	-
Purchase of property, equipment, and construction in progress	(8,259,135)	(612,881)
NET CASH USED IN INVESTING ACTIVITIES	\$ (16,461,742)	\$ (597,930)

The accompanying notes are an integral part of these combined financial statements.

Helena Food Share, Inc.**COMBINED STATEMENTS OF CASH FLOWS**

(Continued)

Years Ended June 30	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt - less fees	\$ 15,507,833	\$ -
Payments of long-term debt	(2,000,000)	-
Financed construction in progress	1,141,084	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	14,648,917	-
Net Change in Cash, Cash Equivalents, and Designated Cash	1,401,960	521,509
Cash, Cash Equivalents, and Designated Cash - Beginning of Year	3,758,414	3,236,905
Cash, Cash Equivalents, and Designated Cash - End of Year	\$ 5,160,374	\$ 3,758,414
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH		
Cash flow reconciliation to the statements of financial position:		
Cash and cash equivalents	\$ 870,943	\$ 1,969,040
Restricted cash	3,559,166	-
Board-designated cash reserves	730,265	1,789,374
TOTAL CASH, CASH EQUIVALENTS, AND DESIGNATED CASH	\$ 5,160,374	\$ 3,758,414
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 256,902	\$ -
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated securities	\$ 58,658	\$ 59,427
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 5,499,339	\$ 62,594

The accompanying notes are an integral part of these combined financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Helena Food Share, Inc. is a nonprofit 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 (the Board) is comprised of between 12 and 20 citizens nominated by the External Affairs Committee of the Board. They are approved by the existing Board and serve a three-year term. The Executive Committee, comprised 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, and is responsible for the administrative management of the Organization.

The Organization created Helena Food Share Holding Company, Inc. (the Holding Company), a 501(c)3 organization, to obtain funding from New Markets Tax Credit (NMTC). The Helena Food Share Holding Company received the NMTC funding to build the building. The Helena Food Share Holding Company will then lease the building to the Organization upon completion. The Holding Company's Board of Directors is comprised of three citizens. They serve a 1-year term. The Helena Food Share Holding Company must remain in existence over the next seven years during the NMTC structure.

Basis of Presentation The accompanying financial statements are presented on a combined basis of Helena Food Share, Inc. and the Holding Company (collectively, the Organization), for the year ended June 30, 2024. The financial statements have been combined pursuant to the guidance outlined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810-25-8. In accordance with FASB ASC 958-810-25-8, substantially all of the activities of the Holding Company involve assets that are to be leased to a single lessee, Helena Food Share, Inc. In addition, the expected substantive residual risks and substantially all of the residual rewards of the leased assets and the obligation imposed by the underlying debt of the Holding Company reside directly or indirectly with Helena Food Share, Inc. There are no owners of the Holding Company. All significant inter-entity accounts and balances are eliminated upon combination. As of June 30, 2023, the financial statements are presented for Helena Food Share, Inc. only.

Implementation of New Accounting Standards On July 1, 2023, the Organization adopted FASB Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses*, and all related subsequent amendments. This guidance significantly changed how the Organization will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to this guidance were trade accounts receivable, promises to give, grants receivables, and loans.

The impact of the adoption was not considered material to the combined financial statements and primarily resulted in new or enhanced disclosures only.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

Accounting Estimates The preparation of combined financial statements in conformity with generally accepted accounting principles in the United States of America (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 combined 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 combined 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 combined statements 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, 2024 and 2023, the Organization's bank accounts exceeded FDIC limits by \$3,924,276 and \$2,049,972, respectively.

Board-Designated Cash Reserves As more fully disclosed in note 9, the Board has designated cash reserves to fund an operating reserve, building and 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.

Promises to Give, Grants Receivable, and Loans and Allowance for Credit Losses Receivables are stated at the amount the Organization expects to collect. The Organization maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with customer, current economic industry trends, forecast of future events, and changes in customer payment terms. Past due balances of 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Organization's donors was to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable accounts.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for the receivables held at June 30, 2024, because the composition of the receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Management has determined that the current and reasonable and supportable forecasted economic conditions are similar to the economic conditions included in the historical information.

Promises to give, rent receivables, and grants receivable as of June 30, 2022, were \$349,287, net for the allowance for doubtful accounts of \$36,470.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

Revenue and Support Contributions and support received are recorded as support without donor restrictions or with donor restrictions, 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 are classified as a refundable grant 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, 2024 and 2023, 1,274,926 and 1,496,336 pounds of food were donated by the local community for distribution to individuals, families, and other nonprofit organizations, respectively. This policy for donated inventory revenue recognition is disclosed in note 4. During 2024 and 2023, the agency received 118,452 and 87,600 pounds of food through federal and state commodity programs, respectively.

A significant amount of volunteer labor is utilized in collecting and distributing food donations. During 2024 and 2023, community members donated 17,724 and 16,622 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, Plant, and Equipment The Organization 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 are recorded at its estimated fair value on the date of donation.

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

Building and improvements	15 to 40 years
Equipment, furniture, and fixtures	5 to 10 years
Technology	5 to 10 years
Vehicles	5 to 10 years

Costs incurred to obtain long-term financing are deferred and amortized on a straight-line method over the term of the related debt. Unamortized loan fees cost was \$11,750 and \$-0- for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, \$3,154 and \$-0-, respectively, have been amortized.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

Operating Lease Right-of-Use Assets and Liabilities The Organization obtains the right to control the use of various assets under long-term agreements. The Organization evaluates contracts to determine whether they include a lease, and uses the lessee non-lease component accounting policy election, for all asset classes, to account for the lease and non-lease components separately. Variable lease payments, which are primarily comprised of maintenance, utilities, and real estate taxes, are recognized in operating expenses in the period in which the obligation for those payments are incurred. Leases are recognized on the combined statements of financial position as operating right-of-use assets with a corresponding operating lease liability.

Investments In accordance with GAAP, investments in marketable securities with readily determinable fair values are reported at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income (loss) is reported net of fees.

Advertising Advertising costs are expensed as incurred. Advertising expense was \$11,702 and \$33,239 during the years ended June 30, 2024 and 2023, 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 for 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* (IRC) Section 501(c)(3) as a nonprofit 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, 2024 and 2023, to program, fundraising, and general and administrative based on relative utilization in the combined statements of activities.

Reclassifications Certain reclassifications have been made to the prior-year financial statements to conform to the current-year financial statements. Total net assets for June 30, 2023, are unchanged due to these reclassifications.

Evaluation of Subsequent Events Management has evaluated subsequent events through December 20, 2024, the date the combined financial statements were available to be issued.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

2. LIQUIDITY AND AVAILABILITY

Management has identified the following assets as available for general expenditures in fiscal years 2025 and 2024, respectively:

June 30	2024	2023
Financial Assets		
Cash and cash equivalents	\$ 778,310	\$ 75,664
Investments	1,094,495	969,047
Promises to give - current	242,240	359,786
Total Financial Assets	\$ 2,115,045	\$ 1,404,497

Financial assets available for general expenditure include those without donor or other restrictions limiting their use within one year of the combined statement of financial position 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 \$-0- and \$100,304 as of June 30, 2024 and 2023, respectively, available to support the Kids Pack program in the year ending June 30, 2025 and 2024, respectively.

These funds are considered available to fund general operations. As disclosed in note 1, the Organization receives significant amounts of 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 in 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 \$530,265 and \$472,616 as of June 30, 2024 and 2023, respectively.

3. CONDITIONAL GRANT AWARDS

In March 2023, the Organization obtained a Local Food Purchase Assistance Grant from the Montana Department of Agriculture. At June 30, 2024 and 2023, the Organization recognized \$76,998 and \$14,239, respectively, of restricted grant revenue on the combined statements of activities, and \$3,719 and \$14,239, respectively, is included in grants receivable on the combined statements of financial position.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

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 \$1.97 and \$1.93 per pound for fiscal years 2024 and 2023, respectively. During 2024 and 2023, the Organization received 1,274,926 and 1,496,336 pounds of food valued at \$2,511,604 and \$2,887,928, respectively. At June 30, 2024 and 2023, donated food on hand amounted to 47,234 and 50,687 pounds valued at \$93,051 and \$97,826, respectively. Purchased food is recorded at cost. At June 30, 2024 and 2023, purchased food available for distribution amounted to \$33,644 and \$44,358, respectively.

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.

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 minimize 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-ended mutual funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value and transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

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, 2024, there were no transfers between levels.

Investment securities consisted of the following assets, which are held by third-party money managers:

June 30, 2024	Fair Value Level 1	Cost	Net Unrealized Loss
Equity Securities			
Mutual funds	\$ 1,094,495	\$ 1,119,452	\$ (24,957)

June 30, 2023	Fair Value Level 1	Cost	Net Unrealized Loss
Equity Securities			
Mutual funds	\$ 969,047	\$ 1,084,495	\$ (115,448)

6. PROMISES TO GIVE

Promises to give were as follows:

June 30	2024	2023
Unconditional promises to give before unamortized discount and allowance	\$ 540,786	\$ 860,181
Unamortized discount	(38,737)	(47,175)
Allowance for unexpected credit losses	(40,305)	(25,805)
Net Unconditional Promises to Give	461,744	787,201
Current portion	(242,240)	(359,786)
Total Promises to Give	\$ 219,504	\$ 427,415

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

Amounts due in:

Years Ending June 30

2025	\$	242,240
2026		186,545
2027		89,350
2028		22,651
2029		-
Total	\$	540,786

As of June 30, 2024 and 2023, the discount rate was 4.25% and 5.50%, respectively.

7. NOTES RECEIVABLE

During the year ended June 30, 2024, Helena Food Share, Inc, entered into a note agreement in the amount of \$8,206,400 with Food Share Investment Fund, LLC (the Investment Company). The note is receivable on demand, if requested, but will remain on the repayment schedule described herein if no demand is made. The note bears interest at 1.125% with annual interest payments due until December 31, 2030. Afterwards, annual principal and interest payments are due sufficient to pay the loan in full by December 2048. At June, 30, 2024, the Organization had \$46,161 of interest receivable from this note.

8. 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, and 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 combined financial statements. Earnings distributed by MCF to the Organization are recorded as contributions in the year of receipt. The Organization did not receive contributions for the years ended June 30, 2024 or 2023. The earnings on these funds are reinvested in the endowment at the discretion of the Organization's Board. The total amount in the endowment account not included in Helena Food Share, Inc.'s statements of financial position was \$374,699 and \$333,513 at June 30, 2024 and 2023, respectively.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

9. BOARD-DESIGNATED AND NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted for time and/or purpose for the following:

June 30	2024	2023
Restricted by time:		
Promises to give	\$ 540,785	\$ 500,395
Restricted by purpose:		
Building campaign	-	2,051,403
Building - education kitchen	-	20,000
Kids packs	-	100,304
Equipment	-	8,475
Total Purpose Restricted	-	2,180,182
Total Net Assets With Donor Restrictions	\$ 540,785	\$ 2,680,577

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

June 30	2024	2023
Food programs	\$ 356,196	\$ 252,484
Building campaign	6,432,071	686,875
Equipment	-	3,628
Time release of promise to give	-	2,083
Other	11,921	11,922
Total Released	\$ 6,800,188	\$ 956,992

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, Board-designated net assets without donor restrictions include the following:

June 30	2024	2023
Operating reserves	\$ 530,265	\$ 472,616
Building and capital campaign	-	1,116,758
Capital asset replacement reserve	200,000	200,000
Total Board Designated	\$ 730,265	\$ 1,789,374

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

10. 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 Internal Revenue Service contribution limits, and manage their own investments. The Organization makes dollar-for-dollar matching contributions of 1% to 3% of participating employees' compensation. During 2024 and 2023, the Organization contributed \$15,546 and \$13,651 to the Plan, respectively.

11. LONG-TERM DEBT

Long-term debt consisted of the following:

June 30, 2024

Bridge loan from Valley Bank of Helena to Helena Food Share, Inc. maturing on May 31, 2025, interest only per annum of 6.95%. Loan principal and any accrued and unpaid interest due in lump sum at maturity date. This loan is collateralized by restricted cash.	\$ 700,000
Loan from Valley Bank of Helena to Helena Food Share, Inc., payable in monthly installments of \$15,839 beginning July 2025, including interest at 7.17% per annum, through May 2045. Interest only paid through July 2025 at a rate of 6.95%. Loan is collateralized by restricted cash	2,000,000
Loan from Investment Company to Holding Company, payable in monthly installments of \$45,444 beginning January 1, 2031, including interest at 1.00% per annum, through December 2053. Interest only paid through December 2023 at a rate of 1.00%. The loan is collateralized by the building.	10,819,583
Total Long-Term Debt	13,519,583
Unamortized debt issuance costs	(8,596)
Subtotal	13,510,987
Less: Current maturities	700,000
Long-Term Debt - Net	\$ 12,810,987

As of June 30, 2023, the Organization did not have any long-term debt.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

Annual debt maturities for each of the next five years and thereafter are as follows:

Years Ending June 30	
2025	\$ 700,000
2026	46,184
2027	49,665
2028	53,008
2029	57,372
Thereafter	12,613,354
Total	\$ 13,519,583

12. LEASE OBLIGATIONS

Operating Leases

The Organization has two operating leases. The operating lease agreements may include renewal options. These renewals are not considered reasonably certain to be exercised. One of these operating leases is with the Holding Company, and the payments for this lease and the right-of-use (ROU) asset and offsetting operating lease liability are eliminating when combining the financial statements. The lease began November 8, 2023, and terminates December 31, 2048. The total lease payments and income eliminated for the fiscal year ending June 30, 2024, were \$214,450. The ROU asset and offsetting liability eliminated were \$5,494,588.

The Organization's operating leases generally do not specify an implicit interest rate. Therefore, the risk-free rate was used, based on information available at the commencement date, to determine the present value of future payments when capitalizing the operating lease right-of-use assets and operating lease liabilities.

The Organization leases office space under lease agreements with durations less than 12 months, and has elected to use the short-term lease exemptions, which allows for the expense to be recognized on a straight-line basis over the lease term.

The Organization's lease expense was as follows:

June 30	2024		2023	
Operating leases	\$	28,800	\$	12,000
Short-term leases		24,940		39,394
Total Lease Expense	\$	53,740	\$	51,394

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

The all leases obligations are current and disclosed on the financial statement. The discount factors used in calculating minimum lease payments on right-of-use assets are as follows:

Years Ended June 30	2024	2023
Weighted-average remaining lease term:		
Operating leases	0.42 years	1.42 years
Weighted-average discount rate:		
Operating leases	4.11%	3.16%

13. NONFINANCIAL CONTRIBUTIONS

Helena Food Share, Inc. receives various types of donated goods and services throughout the year, including professional services, grocery expenses, equipment maintenance, and supplies. These contributions were recorded in the statement of activities as gifts of nonfinancial contribution and as an expenses for the following items:

June 30	2024	2023
Grocery	\$ 1,263	\$ 44,423
Auto, building repairs, and maintenance	3,431	3,158
Garden	256	1,829
Program	2,340	2,298
Other	29,600	1,358
Event and fundraising	9,380	16,222
Totals	\$ 46,270	\$ 69,288

Helena Food Share, Inc. makes a determination on whether to utilize or monetize any contributed services or material at the time the contribution is received.

14. RELATED-PARTY TRANSACTIONS

Helena Food Share, Inc. receives pledges from members of its Board of Director and staff members. For the years ended June 30, 2024 and 2023, the Helena Food Share, Inc. recorded pledge income from related parties of \$11,100 and \$10,950, respectively. Pledges receivable from related parties totaled \$23,350 as of June 30, 2024.

During the year ended June 30, 2024, Helena Food Share Inc. and the Holding Company entered into transactions to finance and develop the construction of a new facility at 1280 Boulder Ave., Helena, Montana (the Project). The Project was partially financed through the use of the NMTC program under IRC Section 45(d) and involved offsetting transactions with Food Share SUB CDE, LLC and Food Share Investment Fund, LLC. The note receivable between Helena Food Share, Inc. and the Investment Company is more fully described at note 7.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

The Managing Member of the Helena Food SUB CDE, LLC, with a 0.01% ownership interest, is Montana Community Development Corporation. The Investor Member of the Helena Food SUB CDE, LLC, with a 99.99% ownership interest, is Food Share Investment Fund, LLC. The Holding Company received its initial loan funding from Food Share SUB CDE, LLC, whose funding was received through transactions involving Helena Food Share, Inc. and the Investment Company, whose sole member is Valley Bank of Helena, a Division of Glacier Bank. All of these entities are considered related parties for the purposes of facilitating the financing and development of the Project. The notes payable between Helena Food Share, Inc. and Food Share SUB CDE, LLC is more fully described in note 11.

All rental property owned by the Holding Company is to be leased to Helena Food Share, Inc. under an operating lease that expires in 2048. Rental revenue recognized on a straight line basis for the year ended June 30, 2024, amounted to \$214,450. The following is a schedule of minimum future rents to be received:

Years Ending June 30	Leases
2025	\$ 428,900
2026	428,900
2027	428,900
2028	428,900
2029	428,900
Thereafter	8,363,550
Total	\$ 10,508,050

15. CONSTRUCTION OF NEW FACILITY AND FINANCING THROUGH NMTC PROGRAM

In 2023, Helena Food Share, Inc began the construction of a new facility located in Helena, Montana, which was identified as a low-income community. The facility, expected to be completed in the future, aims to provide nutritional assistance and community support services.

The total cost of constructing the new facility is estimated to be \$12 million. To finance this project, Helena Food Share, Inc. has utilized a combination of donor contributions, traditional financing, and benefits derived from participation in the NMTC program. Details of the NMTC financing structure are as follows:

Helena Food Share, Inc. secured a NMTC allocation of \$2 million from community donations. This allocation facilitated a leverage loan and an NMTC equity investment structured as follows:

- \$4.7 million leverage loan provided by Valley Bank of Helena.
- \$3.4 million, provided by Valley Bank of Helena in exchange for allocation of NMTCs throughout the seven-year compliance period of the NMTC program.

The NMTC program is expected to provide a total of \$4,485,000 in tax credits claimed over seven years. These credits are anticipated to reduce the overall cost of the facility by providing tax benefits to the investor, who in turn provided Helena Food Share, Inc. with favorable financing terms.

Helena Food Share, Inc.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Continued)

Upon completion, the leverage loan will be outstanding with principal repayments structured over a period of 20 years at an interest rate of 5% per annum. See note 11 for details of the leverage loan.

Once completed, the new facility will be capitalized at an estimated net cost of \$10.1 million after accounting for NMTC equity contributions. Depreciation will be charged on a straight-line basis over the estimated useful life of 30 years, starting from the month when the facility becomes operational.

Helena Food Share, Inc. is committed to maintaining compliance with all NMTC program requirements, including the sustained use of the facility for purposes benefiting the low-income community. Noncompliance could result in recapture of the NMTCs, significantly impacting the combined financial position and operations of Helena Food Share, Inc.

This facility is poised to significantly enhance Helena Food Share, Inc.'s ability to serve the Helena community and aligns with its mission to combat hunger and foster community development. The NMTC program has not only facilitated this expansion but has also enabled Helena Food Share, Inc. to leverage substantial tax benefits, reducing the overall financial burden of the project.

16. COMMITMENTS AND CONTINGENCIES

Helena Food Share signed a contract with Dick Anderson Construction for the construction of new facilities on September 28, 2023. The original contract price was \$7,980,976. At June 30, 2024, \$5,956,664 had been incurred, and \$736,081 included in accounts payable.

Helena Food Share, Inc. signed a contract with Bargreen Ellingson for the construction of new facilities on December 8, 2023. The original contract price was \$858,090. There have been change orders of \$335,087. At June 30, 2024, \$1,193,177 had been incurred, and \$382,066 included in accounts payable.

16. SUNSEQUENT EVENTS

Since June 30, 2024, an additional \$1,985,000 has been added to the construction in progress as of the report date.

Additionally, since June 30, 2024, Helena Food Share has made payments of \$700,000 toward the Bridge Loan and \$535,000 toward the Term Loan, reducing the remaining balance to \$1,465,000 as of the report date..

SUPPLEMENTARY INFORMATION SECTION

Helena Food Share, Inc.

SCHEDULE OF PROGRAM SERVICES PROVIDED AND VISITORS ASSISTED (UNAUDITED)

During the fiscal years ended June 30, 2024 and 2023, Helena Food Share, Inc. provided food assistance to neighbors in need in the greater Helena area.

Grocery Share

Helena Food Share, Inc. operates a Grocery Share program at the Lewis Street Pantry, the East Helena Pantry, and with the Mobile Pantry. The number of services provided through the Grocery Share program was as follows:

June 30	2024	2023
Full-shop services:		
All food items - up to once per month	16,036	15,773
Half-shop services:		
Perishable foods - up to once per week	15,148	15,742
Total Grocery Share Program Services	31,184	31,515

Holiday Service

At Thanksgiving and Christmas, Helena Food Share, Inc. provides a turkey and extra sides for a traditional holiday meal. Helena Food Share, Inc. provided the following Holiday meal services:

June 30	2024	2023
Thanksgiving holiday meal share services	1,304	1,223
Christmas holiday meal share services	1,014	1,001
Totals	2,318	2,224

Kid Packs

Helena Food Share, Inc. serves local elementary-school children through the Kid Packs Program. Identified by teachers and staff, students are given a pack of kid-friendly foods as a source of weekend nutrition. The program served children in 26 classrooms in Helena and East Helena.

June 30	2024	2023
Kid Packs	45,347	46,222

Helena Food Share, Inc.

SCHEDULE OF PROGRAM SERVICES PROVIDED AND VISITORS ASSISTED (UNAUDITED)

(Continued)

Senior Assistance

Helena Food Share, Inc. gives targeted food assistance to income-eligible seniors. During fiscal years 2024 and 2023, the Senior Farmers Market Nutrition Program provided a \$48 supply of coupons for shopping at Helena-area farmers markets to 264 and 304 seniors, respectively. This lets seniors enhance their food resources with fresh, Montana-grown vegetables, fruit, and herbs. Helena Food Share, Inc. also is the Helena distribution partner to Rocky Mountain Development Council for its Senior Commodities Food Program. Eligible seniors receive nutritious, USDA-supplied food items on a bimonthly basis. During fiscal years 2024 and 2023, commodity boxes were distributed to 1,501 and 1,464 seniors, respectively.

Agency Collaboration

Emergency Snack Pack distribution occurs with many agencies and organizations, including the Friendship Center, Good Samaritan, Our Place, PureView Health Center, Leo Pocha, YWCA, and others. Helena Food Share, Inc. distributed 5,608 and 5,326 Emergency Snack Packs in fiscal years 2024 and 2023, respectively.

In 2021, Helena Food Share, Inc. 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 have diet-sensitive chronic health conditions like diabetes, heart disease, or hypertension. Helena Food Share, Inc. provided 508 and 323 Food Is Care services in fiscal years 2024 and 2023, respectively.

Helena Food Share, Inc. distributes surplus food to other local nonprofit agencies, such as God's Love and the Center for Mental Health Services. Helena Food Share, Inc. also assists the Montana Food Bank Network by providing a delivery and pickup center for food it distributes to other local agencies.

Helena Food Share, Inc.
COMBINING SCHEDULES OF FINANCIAL POSITION

June 30	Helena Food Share	Helena Food Share Holding Company	Eliminating Entry	2024	2023
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 870,943	\$ -	\$ -	\$ 870,943	\$ 1,969,040
Restricted cash	-	3,559,166	-	3,559,166	-
Promises to give - current	242,240	-	-	242,240	359,786
Related-party receivables	-	549,537	(549,537)	-	-
Grants receivable	1,253,767	-	-	1,253,767	19,399
Donated inventory	93,051	-	-	93,051	97,826
Purchased inventory	33,644	-	-	33,644	44,358
Interest receivable	46,161	-	-	46,161	-
Prepaid expenses	18,075	-	-	18,075	28,906
Total Current Assets	2,557,881	4,108,703	(549,537)	6,117,047	2,519,315
Investments	1,094,495	-	-	1,094,495	969,047
Property and Equipment - at Cost					
Land	68,196	752,473	-	820,669	820,126
Buildings and improvements	226,246	-	-	226,246	226,246
Equipment, furniture, and fixtures	84,953	439,558	-	524,511	66,298
Technology	28,429	-	-	28,429	28,428
Vehicles	162,034	-	-	162,034	162,034
Construction in progress	-	8,458,878	-	8,458,878	658,619
Subtotals	569,858	9,650,909	-	10,220,767	1,961,751
Less: Accumulated depreciation	357,228	-	-	357,228	331,746
Total Property and Equipment - at Cost	212,630	9,650,909	-	9,863,539	1,630,005
Other Assets					
Loan to Investment Company	8,206,400	-	-	8,206,400	-
Investment in HFS Holding Company	1,335,944	-	(1,335,944)	-	-
Operating right-of-use assets	5,300,389	-	(5,284,889)	15,500	50,594
Promises to give - long term - net of discount and allowance	219,504	-	-	219,504	427,415
Board-designated cash reserves	730,265	-	-	730,265	1,789,374
Total Other Assets	15,792,502	-	(6,620,833)	9,171,669	2,267,383
TOTAL ASSETS	\$ 19,657,508	\$ 13,759,612	\$ (7,170,370)	\$ 26,246,750	\$ 7,385,750

The accompanying notes are an integral part of these financial statements.

Helena Food Share, Inc.
COMBINING SCHEDULES OF FINANCIAL POSITION
(Continued)

June 30	Helena Food Share	Helena Food Share Holding Company	Eliminating Entry	2024	2023
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 376,963	\$ 1,143,180	\$ (339,837)	\$ 1,180,306	\$ 82,314
Other liabilities	6,507	-	-	6,507	11,631
Interest payable	-	54,103	-	54,103	-
Retention payable	-	313,509	-	313,509	-
Accrued payroll and withholdings	31,425	-	-	31,425	22,809
Accrued compensated absences	31,039	-	-	31,039	24,118
Current maturities of long-term debt	700,000	-	-	700,000	-
Refundable grant advance	1,649	-	-	1,649	-
Operating leases - current	77,250	-	(61,750)	15,500	35,097
Total Current Liabilities	1,224,833	1,510,792	(401,587)	2,334,038	175,969
Long-term debt - net current portion	2,000,000	10,819,583	-	12,819,583	-
Unamortized debt issuance costs	(8,596)	-	-	(8,596)	-
Long-Term Debt - Net of Current Portion and Unamortized Debt Issuance Costs	1,991,404	10,819,583	-	12,810,987	-
Operating leases - net of current portion	5,432,839	-	(5,432,839)	-	15,497
Total Long-Term Liabilities	7,424,243	10,819,583	(5,432,839)	12,810,987	15,497
Total Liabilities	8,649,076	12,330,375	(5,834,426)	15,145,025	191,466
Net Assets					
Without donor restrictions:					
Board designated	730,265	-	-	730,265	1,789,374
Undesignated	9,737,382	1,429,237	(1,335,944)	9,830,675	2,724,333
Total Net Assets Without Donor Restrictions	10,467,647	1,429,237	(1,335,944)	10,560,940	4,513,707
With donor restrictions	540,785	-	-	540,785	2,680,577
Total Net Assets	11,008,432	1,429,237	(1,335,944)	11,101,725	7,194,284
TOTAL LIABILITIES AND NET ASSETS	\$ 19,657,508	\$ 13,759,612	\$ (7,170,370)	\$ 26,246,750	\$ 7,385,750

The accompanying notes are an integral part of these financial statements.

Helena Food Share, Inc.
COMBINING SCHEDULE OF ACTIVITIES

Year Ended June 30, 2024	Helena Food Share	Helena Food Share Holding Company	Eliminating Entry	Total
Revenues, Gains, and Other Support				
Food donations	\$ 2,511,604	\$ -	\$ -	\$ 2,511,604
Individual and business donations	2,003,648	-	-	2,003,648
Community group donations	1,400,461	-	-	1,400,461
Investment income - net of fees	129,241	-	-	129,241
Gifts of nonfinancial contributions	44,270	2,000	-	46,270
Other revenue	87,285	214,450	(214,450)	87,285
Grants and foundations	2,571,166	-	-	2,571,166
Total Revenues, Gains, and Other Support	8,747,675	216,450	(214,450)	8,749,675
Expenses				
Program services	3,998,606	-	-	3,998,606
General and administrative	504,722	123,157	(214,450)	413,429
Fundraising	430,199	-	-	430,199
Total Expenses	4,933,527	123,157	(214,450)	4,842,234
Change in Net Assets	3,814,148	93,293	-	3,907,441
Net Assets Contributed	-	1,335,944	(1,335,944)	-
Net Assets - Beginning of Year	7,194,284	-	-	7,194,284
Net Assets - End of Year	\$ 11,008,432	\$ 1,429,237	\$ (1,335,944)	\$ 11,101,725

The accompanying notes are an integral part of these financial statements.

SINGLE AUDIT SECTION

Helena Food Share, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Federal Agency/Pass-Through Grantor/Program Title	Contract Number	Federal Assistance Listing Number	Federal Expenditures	Passed Through To Subrecipients
U.S. Department of Agriculture				
Senior Farmer's Market Nutrition Program - ARPA		10.576 \$	13,958 \$	-
LFPA through MT Dept Ag - USDA	58LFPA002	10.182	131,040	-
Total U.S. Department of Agriculture			144,998	-
U.S. Department of Housing and Urban Development				
Passthrough to Montana Department of Commerce - CDBG	MT-CDBG-CF-22-03	14.228	750,000	-
U.S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds - ARPA	SLFRP4035	21.027	500,000	-
TOTAL OF EXPENDITURES OF FEDERAL AWARDS			\$ 1,394,998 \$	-

See the accompanying notes to the schedule of expenditures of federal awards.

Helena Food Share, Inc.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Helena Food Share, Inc. (the Organization). The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the combined financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

All federal awards received by the Organization are considered conditional grants, and therefore, revenue is recognized when qualifying expenses have been incurred.

3. INDIRECT COST RATE

The Organization has elected to use the 10% de minimis cost rate.

OTHER REPORTS SECTION



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of Helena Food Share, Inc. (the Organization), which comprise the combined statement of financial position as of June 30, 2024; the related combined statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the combined financial statements, and have issued our report thereon dated December 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's combined financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCoe Jam, LLP

December 20, 2024
Helena, Montana



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Helena Food Share, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2024. The Organization's major federal program is identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KCae Isom, LLP

December 20, 2024
Helena, Montana

FINDINGS AND QUESTIONED COSTS SECTION

Helena Food Share, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

SECTION I

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
Community Development Block Grant Program	AL No. 14.228
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Helena Food Share, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

(Continued)

SECTION II

**FINDINGS AND SIGNIFICANT DEFICIENCIES OR MATERIAL WEAKNESSES - FINANCIAL STATEMENT
AUDIT**

None.

Helena Food Share, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

(Continued)

SECTION III

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

Helena Food Share, Inc.

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS

June 30, 2024

Helena Food Share, Inc. did not qualify for a single audit during the fiscal year ended June 30, 2023.