

NORTH HELPLINE

**FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

JUNE 30, 2019



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
North Helpline
Seattle, Washington

We have reviewed the accompanying financial statements of North Helpline (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
February 28, 2020

NORTH HELPLINE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 304,815
Accounts receivable	17,291
Pledges receivable, current	15,000
Prepaid expenses	8,662
Inventory	136,979
Total current assets	<u>482,747</u>

Pledges receivable, noncurrent	15,000
Property and equipment, net	<u>1,517,887</u>
	<u>\$ 2,015,634</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and other accrued expenses	<u>\$ 36,792</u>
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NET ASSETS

Without donor restrictions	1,948,842
With donor restrictions	30,000
	<u>1,978,842</u>
	<u>\$ 2,015,634</u>

**NORTH HELPLINE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Government contracts and grants	\$ 164,840	\$ -	\$ 164,840
Contributions			
Foundations and nonprofits	124,753	-	124,753
Businesses	56,192	-	56,192
Individuals	275,962	30,000	305,962
In-kind use of space	17,400	-	17,400
In-kind food	2,475,955	-	2,475,955
Special events, net	53,282	-	53,282
Rent	54,805	-	54,805
Other	6,250	-	6,250
	<u>3,229,439</u>	<u>30,000</u>	<u>3,259,439</u>
Net assets released from restrictions			
Satisfaction of program restrictions	944	(944)	-
Total support and revenues	<u>3,230,383</u>	<u>29,056</u>	<u>3,259,439</u>
EXPENSES			
Program services	2,955,981	-	2,955,981
Management and general	119,264	-	119,264
Fundraising and development	74,770	-	74,770
	<u>3,150,015</u>	<u>-</u>	<u>3,150,015</u>
 CHANGE IN NET ASSETS	 80,368	 29,056	 109,424
NET ASSETS			
Beginning of the year	<u>1,868,474</u>	<u>944</u>	<u>1,869,418</u>
End of the year	<u>\$ 1,948,842</u>	<u>\$ 30,000</u>	<u>\$ 1,978,842</u>

**NORTH HELPLINE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services			Total Program	Support Services		Total
	Food Bank	Homelessness Prevention	Client Services		Management & General	Fundraising & Development	
Donated food	\$ 2,441,346	\$ -	\$ -	\$ 2,441,346	\$ -	\$ -	\$ 2,441,346
Salaries and related	215,684	43,290	19,568	278,542	96,869	56,837	432,248
Grants	17,692	65,263	6,891	89,846	-	-	89,846
Depreciation	53,333	-	-	53,333	294	351	53,978
Occupancy	49,529	-	-	49,529	1,241	-	50,770
Consultants	622	-	50	672	13,122	7,780	21,574
Insurance	12,476	-	-	12,476	1,836	-	14,312
Office	7,237	-	-	7,237	3,327	2,302	12,866
Supplies	7,874	684	315	8,873	341	2,329	11,543
Delivery services	6,765	-	-	6,765	206	-	6,971
Printing and copying	4,890	-	-	4,890	-	1,681	6,571
Postage and shipping	244	-	-	244	1,040	2,517	3,801
Travel and meetings	1,175	-	-	1,175	968	558	2,701
Miscellaneous	243	782	28	1,053	20	415	1,488
Total expenses	2,819,110	110,019	26,852	2,955,981	119,264	74,770	3,150,015
Special event direct donor benefit	-	-	-	-	-	25,235	25,235
Total functional expenses	<u>\$ 2,819,110</u>	<u>\$ 110,019</u>	<u>\$ 26,852</u>	<u>\$ 2,955,981</u>	<u>\$ 119,264</u>	<u>\$ 100,005</u>	<u>\$ 3,175,250</u>

See accompanying notes and independent accountants' review report.

**NORTH HELPLINE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions and grants	\$ 668,824
Cash received from rent and other	61,055
Cash paid to employees and suppliers	<u>(631,939)</u>

NET CHANGE IN CASH AND EQUIVALENTS 97,940

CASH AND CASH EQUIVALENTS

Beginning of the year	<u>206,875</u>
End of the year	<u><u>\$ 304,815</u></u>

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – North Helpline (the Organization) works to make sure its neighbors have food on their tables and a roof over their heads. It was formed in 1989 and offers vital services to prevent homelessness and encourage stability in families and the community by providing food, baby supplies, rental eviction preventions, utility shut off prevention and move-in assistance. The Organization also makes referrals to other community services to help stabilize its clients.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions at June 30, 2019 consist of net assets restricted for use in future years. The Organization had no perpetually restricted net assets at June 30, 2019.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all checking and savings accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Accounts Receivable – Accounts receivable are unsecured and consist primarily of outstanding amounts due on government awards. All balances are due within one year. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

Pledges Receivable – Pledges receivable are recognized as revenues or gains in the period to which they are committed and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met and the pledge becomes unconditional.

Pledges receivable that are expected to be collected in more than one year are recorded at the present value of estimated cash flows. No discount for long-term receivables has been recorded by management as the amount is deemed insignificant to the financial statements as a whole. No allowance for uncollectible balances for receivables has been established by management based on the Organization’s historical experience in the collection of balances due.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Inventory – Inventories consist of donated and purchased food and are stated at the lower of cost or market. Cost is determined using the average value per pound basis, which is determined by the State of Washington Emergency Food Assistance Program for donated food. This valuation was \$1.67 per pound for the year ended June 30, 2019. This method was applied consistently, and the estimated fair value is not expected to be materially different from that determined using a more detailed measurement of the donated food's value.

Property and Equipment – Property and equipment is carried at cost for purchased items and at fair value for donated items. Depreciation is computed using the straight-line method, currently over a period of 5 to 40 years. The Organization follows a policy whereby it capitalizes purchases of property and equipment over \$2,000 that provide future benefits over a period longer than one year.

Revenue Recognition – Contributions and grants are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of donor or grantor restrictions. When a restriction expires, that is when a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to recognize restricted contributions in the net assets without donor restrictions class if the restrictions have been met in the same year.

In-kind Food Contributions – The Organization records food donations on an average value per pound basis, as determined by the State of Washington Emergency Food Assistance Program.

Donated Use of Facilities – Contributions of use of space are recognized on a monthly basis when the lease is a month to month lease, and recognized when promised for a long-term lease.

Donated Services – Volunteers provide valuable services throughout the year to the Organization's program. However, the value of the volunteers' services is not recorded in the accompanying financial statements as it does not meet the criteria for recognition.

Government Contracts – Revenues from government grants and contracts are recognized based on payments received and are subject to audit and retroactive adjustment made by the funding agencies. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no adjustments resulting from governmental audits during the year ended June 30, 2019.

Rental Revenue Recognition – Rental income from tenants is recognized as revenue over the rental period for which it is paid.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries, occupancy, depreciation, insurance, and supplies. Salaries are allocated based on estimates of time and effort made by staff. Occupancy, depreciation, insurance, and supplies are allocated based on best estimates of time and costs associated with each function. These estimates are authorized by the Executive Director.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

New Accounting Pronouncement – On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards update ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. Significant changes include presenting only two classes of net assets; adding disclosures around liquidity and the availability of resources; and providing additional information about expenses. The Organization has adopted the ASU for the year ended June 30, 2019 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events – Subsequent events were evaluated through February 28, 2020, which is the date the financial statements were available to be issued.

NORTH HELPLINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30, 2019:

Financial Assets	
Cash and cash equivalents	\$ 304,815
Accounts receivable	17,291
Pledges receivable	30,000
Total financial assets	<u>352,106</u>
Less those unavailable for general expenditures within one year:	
Receivable balances to be collected in future years	(15,000)
Financial assets available within one year	<u><u>\$ 337,106</u></u>

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipt of contributions. The Organization has additional informal operating reserve funds that have been built up over the years. In the event of financial distress or an immediate liquidity need, these funds are available to be utilized. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Note 3 – Property and Equipment

Property and equipment consists of the following at June 30, 2019:

Building and lot improvements	\$ 1,521,402
Refrigeration equipment	14,450
Furniture and fixtures	5,408
Vehicles	79,312
	<u>1,620,572</u>
Less accumulated depreciation	(398,207)
	<u>1,222,365</u>
Land	56,600
Air rights	238,922
	<u><u>\$ 1,517,887</u></u>

NORTH HELPLINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 4 – Forgivable Note Payable

In 2008, the Organization obtained a \$250,000 promissory note from the City of Seattle for the purpose of constructing its facility. The note is secured by a deed of trust covering the facility. The note and related accrued interest will be forgiven by the City of Seattle on June 30, 2025, provided the facility continues to be used as a food bank and for emergency services to low and moderate income people through June 30, 2025. Because the likelihood that the Organization would change the use of the facility to an unauthorized use is considered remote, the funds received from the City of Seattle were recorded as revenue in 2008, and not as a note payable.

Note 5 – Special Events

Special events revenue is shown in the statement of activities net of consumable costs that directly benefit the participants of the event. The net revenue is composed of the following for the year period ended June 30, 2019:

Special events revenue	\$ 78,517
Less cost of direct donor benefit	(25,235)
	<u>\$ 53,282</u>

Note 6 – Lease Income Commitment

The Organization leased a portion of its building to a tenant with a lease term from April 15, 2017 through April 14, 2020. The tenant has the option to renew the lease for an additional two years. The Organization has the option to terminate the lease with three months' prior written notice. The Organization received \$54,000 under this lease for the year ended June 30, 2019. Future expected rental receipts under this lease is \$42,750 for the year ended June 30, 2020.

Note 7 – Revenue Concentration

For the year ended June 30, 2018, in-kind food contributions from one supplier comprised 20% of total support and revenue.