

NORTH HELPLINE

Financial Statements

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Helpline
Seattle, Washington

We have audited the accompanying financial statements of North Helpline (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Helpline as of June 30, 2021, and the changes 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.

Greenwood Ohlund

Seattle, Washington
February 16, 2022

NORTH HELPLINE

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,348,443
Contributions receivable	12,887
Government grants receivable	76,589
Food inventory	123,875
Prepaid expenses	<u>8,758</u>

Total current assets 1,570,552

Property and Equipment, net 1,458,627

Total assets \$ 3,029,179

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 22,944
Accrued payroll, taxes and benefits	<u>38,976</u>

Total liabilities 61,920

Net Assets Without Donor Restrictions 2,967,259

Total liabilities and net assets \$ 3,029,179

See accompanying notes to financial statements.

NORTH HELPLINE

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Donated food	\$ 3,302,264	\$ -	\$ 3,302,264
Contributions	1,434,199	-	1,434,199
Government grants	514,513	-	514,513
Special events	95,465	-	95,465
Special events - direct benefit to donor	(24,257)	-	(24,257)
Rental and other income	5,828	-	5,828
Net assets released from restrictions	35,089	(35,089)	-
Total public support and revenue	5,363,101	(35,089)	5,328,012
Expenses			
Program services	4,413,488	-	4,413,488
Management and general	117,876	-	117,876
Fundraising and development	115,021	-	115,021
Total expenses	4,646,385	-	4,646,385
Change in net assets	716,716	(35,089)	681,627
Net Assets, beginning of year	2,250,543	35,089	2,285,632
Net Assets, end of year	\$ 2,967,259	\$ -	\$ 2,967,259

See accompanying notes to financial statements.

NORTH HELPLINE

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2021

	Program Services			Total Program Services	Management and General	Fundraising and Development	Total
	Food Bank	Homelessness Prevention	Client Services				
Donated food	\$ 3,283,389	\$ -	\$ -	\$ 3,283,389	\$ -	\$ -	\$ 3,283,389
Salaries and related	338,584	64,345	56,475	459,404	55,755	59,525	574,684
Grants	58,197	381,903	19,629	459,729	-	-	459,729
Consultants	38,512	-	-	38,512	29,310	36,663	104,485
Depreciation	57,782	-	-	57,782	293	351	58,426
Occupancy	56,319	-	-	56,319	1,043	-	57,362
Supplies	29,936	-	-	29,936	1,857	119	31,912
Office	12,640	113	1,132	13,885	3,532	11,039	28,456
Event expenses	-	-	-	-	-	24,257	24,257
Insurance	-	-	-	-	18,663	-	18,663
Delivery services	8,504	-	155	8,659	-	-	8,659
Advertising	1,759	-	-	1,759	-	5,592	7,351
Staff and board development	1,140	-	-	1,140	4,565	285	5,990
Information technology	1,168	-	-	1,168	2,296	1,362	4,826
Travel and meetings	1,806	-	-	1,806	562	85	2,453
	3,889,736	446,361	77,391	4,413,488	117,876	139,278	4,670,642
Total expenses							
Less: Special events - direct benefit to donor	-	-	-	-	-	(24,257)	(24,257)
	\$ 3,889,736	\$ 446,361	\$ 77,391	\$ 4,413,488	\$ 117,876	\$ 115,021	\$ 4,646,385

See accompanying notes to financial statements.

NORTH HELPLINE

STATEMENT OF CASH FLOWS For the Year Ended June 30, 2021

Cash Flows from Operating Activities	
Cash received from contributions and grants	\$ 1,977,186
Cash received from rent and other	5,828
Cash paid to employees and suppliers	<u>(1,295,938)</u>
Net cash flows from operating activities	687,076
Cash Flows from Investing Activity	
Purchase of property and equipment	<u>(48,889)</u>
Net change in cash and cash equivalents	638,187
Cash and Cash Equivalents, beginning of the year	<u>710,256</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 1,348,443</u></u>

See accompanying notes to financial statements.

NORTH HELPLINE

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

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.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Grants and contributions that are received are recorded depending on the existence and/or nature of any donor restrictions.

Net Assets with and without Donor Restriction

Net assets with donor restrictions consist of unexpended contributions restricted for particular programs or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as the time restrictions are met. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service. There are no net assets with donor restrictions at June 30, 2021.

Net assets without donor restrictions are available for support of the Organization's operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents are defined as any short term, highly liquid instruments with original maturities of three months or less. At times, the Organization maintains amounts on deposit in banks in excess of the federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

NORTH HELPLINE

NOTES TO FINANCIAL STATEMENTS

Contributions and Government Grants Receivable

Contributions and government grants receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in one year or more are recognized at fair value (at the date of donation) and are measured at the present value of their expected cash flow. In arriving at fair value, management considers a discount of the contributions receivable using an estimated risk-adjusted discount rate and an allowance for doubtful accounts. Amortization of any discount is included in contribution revenue. At June 30, 2021, all amounts were due within one year.

Management reviews the collectability of contributions and government grants receivable on a periodic basis and writes off receivables deemed uncollectible. No discount or allowance for uncollectible accounts was considered necessary at June 30, 2021.

Food Inventory and Donated Food Contributions

Inventory consists entirely of unused donated food and commodities that will be provided to persons in need. Inventory is stated at the lower of cost or net realizable value. Cost is estimated based on the fair value for donated goods at the time of donation, which is recognized based on the dollar value per pound of food established by the State of Washington, Emergency Food Assistance Program. The valuation at June 30, 2021 was \$1.75/lb. The total value of donated food and commodities for the year ended June 30, 2021, was \$3,302,264 and is recognized as donated food on the statement of activities.

Donated Services

Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services (consisting of donated use of programmatic facilities) totaled \$17,400 for the year ended June 30, 2021 and are included in contributions on the statement of activities.

Volunteers provide valuable services throughout the year including food collection, distribution and home delivery that are not recognized as contributions in the financial statements since the recognition criteria are not met.

Property and Equipment

Property and equipment are carried at cost for purchased items and at fair value for donated items. The Organization capitalizes purchases of property and equipment over \$2,000 that provide future benefits over a period longer than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years.

NORTH HELPLINE

NOTES TO FINANCIAL STATEMENTS

Property and equipment consist of the following at June 30, 2021:

Building and improvements	\$ 1,521,402
Furniture and equipment	72,640
Vehicles	<u>79,312</u>
	1,673,354
Less: Accumulated depreciation	<u>(510,249)</u>
	1,163,105
Land	<u>295,522</u>
	<u>\$ 1,458,627</u>

Revenue Recognition

Contribution revenue (including those earned from special events) is recognized when the pledge is made, and all conditions have been met. Conditional contributions, grants, and promises to give are not recognized until they become unconditional; that is, the conditions on which they depend are substantially met.

Revenues from government grants are recognized when the service is provided, or the related qualified expenditure is incurred. Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the year ended June 30, 2021, no such adjustments were made.

During the year ended June 30, 2020, the Organization received a Paycheck Protection Program loan from the Small Business Administration of \$75,000. This loan included forgivable conditions which were met during the year ended June 30, 2021 and, therefore, the loan amount was recognized to government grant revenue.

Conditional promises to give – that is, those with a measurable performance or barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization has conditional awards outstanding from government agencies of approximately \$165,000 at June 30, 2021. Revenue from these conditional awards is contingent upon incurring certain qualified expenditures under the grant agreements.

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

NORTH HELPLINE

NOTES TO FINANCIAL STATEMENTS

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and related, consultants, depreciation, occupancy, and other. Salaries and related are allocated based on estimates of time and effort made by staff each payroll. Consultants, depreciation, occupancy and other are allocated based on best estimates of time and costs associated with each function.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was February 16, 2022.

Note 2 – Liquidity and Availability of Resources

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.

The following table reflects the Organization's financial assets as of June 30, 2021, available to meet cash needs for general expenditures within one year of the statement of financial position date:

Financial Assets	
Cash and cash equivalents	\$ 1,348,443
Contributions receivable	12,887
Government grants receivable	76,589
	<hr/>
	\$ 1,437,919

Note 3 – Lease Commitment

Subsequent to year end, the Organization entered into an operating lease commitment for office space. The lease matures in June 2025, with monthly payments ranging between \$2,000 and \$2,200. Future minimum payments under these leases are as follows for the years ending June 30:

2022	\$ 24,000
2023	24,720
2024	25,476
2025	26,220
	<hr/>
	\$ 100,416