

NORTH HELPLINE

Financial Statements
June 30, 2023 and 2022

Table of Contents

	Page
Independent Auditor's Report	1 and 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – 2023	5
Statement of Functional Expenses – 2022	6
Statements of Cash Flows	7
Notes to Financial Statements	8-11

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Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA
Andrew Van Ness, CPA



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Helpline
Seattle, Washington

Opinion

We have audited the accompanying financial statements of North Helpline (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Helpline 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted 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 financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 North Helpline'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Helpline's ability to continue as a going concern for a reasonable period of time.

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.

Greenwood Ohlund

Seattle, Washington
March 5, 2024

NORTH HELPLINE

STATEMENTS OF FINANCIAL POSITION June 30, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 1,746,923	\$ 1,602,873
Contributions receivable	29,626	9,830
Government grants receivable	94,939	68,150
Food inventory	123,977	94,982
Prepaid expenses	12,575	15,982
Total current assets	2,008,040	1,791,817
Property and Equipment, net	1,349,826	1,410,434
Total assets	<u>\$ 3,357,866</u>	<u>\$ 3,202,251</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 51,441	\$ 19,719
Accrued payroll, taxes, and benefits	72,937	39,046
Total liabilities	124,378	58,765
Net Assets Without Donor Restrictions	3,233,488	3,143,486
Total liabilities and net assets	<u>\$ 3,357,866</u>	<u>\$ 3,202,251</u>

See accompanying notes to financial statements.

NORTH HELPLINE

STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Support and Revenue		
Donated food	\$ 4,250,133	\$ 4,080,195
Contributions	1,235,705	1,418,259
Government grants	594,217	392,204
Special events	129,179	39,465
Special events – direct benefit to donor	(35,784)	(13,712)
Rental and other income	<u>60,887</u>	<u>56,299</u>
Total support and revenue	6,234,337	5,972,710
Expenses		
Program services	5,635,349	5,466,251
Management and general	311,361	232,297
Fundraising and development	<u>197,625</u>	<u>97,935</u>
Total expenses	<u>6,144,335</u>	<u>5,796,483</u>
Change in net assets without donor restrictions	90,002	176,227
Net Assets without Donor Restrictions, beginning of year	<u>3,143,486</u>	<u>2,967,259</u>
Net Assets without donor restrictions, end of year	<u><u>\$ 3,233,488</u></u>	<u><u>\$ 3,143,486</u></u>

See accompanying notes to financial statements.

NORTH HELPLINE

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2023

	Program Services			Total Program Services	Management and General	Fundraising and Development	Total
	Food Bank	Homelessness Prevention	Client Services				
Donated food	\$ 4,351,940	\$ -	\$ -	\$ 4,351,940	\$ -	\$ -	\$ 4,351,940
Salaries and related	384,884	1,800	246,393	633,077	166,838	115,701	915,616
Grants	883	352,458	85,435	438,776	-	-	438,776
Consultants	16,950	100	-	17,050	58,821	42,258	118,129
Occupancy	71,268	-	323	71,591	10,252	8,434	90,277
Office	12,618	-	480	13,098	23,380	28,975	65,453
Depreciation	59,964	-	-	59,964	293	351	60,608
Event expenses	-	-	-	-	-	35,784	35,784
Supplies	29,565	-	277	29,842	205	870	30,917
Staff and board development	471	-	-	471	27,149	225	27,845
Insurance	-	-	-	-	23,440	-	23,440
Delivery services	9,421	-	-	9,421	-	-	9,421
Information technology	6,731	-	-	6,731	-	-	6,731
Advertising	2,886	-	-	2,886	505	488	3,879
Travel and meetings	502	-	-	502	478	323	1,303
Total expenses	4,948,083	354,358	332,908	5,635,349	311,361	233,409	6,180,119
Less: Special events – direct benefit to donor	-	-	-	-	-	(35,784)	(35,784)
	<u>\$ 4,948,083</u>	<u>\$ 354,358</u>	<u>\$ 332,908</u>	<u>\$ 5,635,349</u>	<u>\$ 311,361</u>	<u>\$ 197,625</u>	<u>\$ 6,144,335</u>

See accompanying notes to financial statements.

NORTH HELPLINE

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2022

	Program Services			Total Program Services	Management and General	Fundraising and Development	Total
	Food Bank	Homelessness Prevention	Client Services				
Donated food	\$ 4,178,394	\$ -	\$ -	\$ 4,178,394	\$ -	\$ -	\$ 4,178,394
Salaries and related	534,690	-	14,026	548,716	119,482	52,312	720,510
Grants	108,543	392,209	12,997	513,749	-	-	513,749
Consultants	23,330	-	250	23,580	57,401	22,696	103,677
Occupancy	75,654	-	96	75,750	7,942	6,725	90,417
Depreciation	57,614	-	-	57,614	293	351	58,258
Office	14,254	-	379	14,633	9,547	10,911	35,091
Staff and board development	12,746	-	-	12,746	15,619	95	28,460
Supplies	23,579	-	-	23,579	51	246	23,876
Insurance	-	-	-	-	19,953	-	19,953
Event expenses	-	-	-	-	-	13,712	13,712
Advertising	4,635	-	1,875	6,510	180	2,490	9,180
Delivery services	7,309	-	-	7,309	-	-	7,309
Information technology	3,084	-	169	3,253	1,805	2,089	7,147
Travel and meetings	418	-	-	418	24	20	462
Total expenses	5,044,250	392,209	29,792	5,466,251	232,297	111,647	5,810,195
Less: Special events – direct benefit to donor	-	-	-	-	-	(13,712)	(13,712)
	<u>\$ 5,044,250</u>	<u>\$ 392,209</u>	<u>\$ 29,792</u>	<u>\$ 5,466,251</u>	<u>\$ 232,297</u>	<u>\$ 97,935</u>	<u>\$ 5,796,483</u>

See accompanying notes to financial statements.

NORTH HELPLINE

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from contributions and grants	\$ 1,912,516	\$ 1,910,142
Cash received from rent and other	60,887	56,299
Cash paid to employees	(881,725)	(720,440)
Cash paid to suppliers	(508,852)	(467,757)
Cash paid to grantees	<u>(438,776)</u>	<u>(513,749)</u>
Net cash flows from operating activities	144,050	264,495
Cash Flows from Investing Activity		
Purchase of property and equipment	<u>-</u>	<u>(10,065)</u>
Net change in cash and cash equivalents	144,050	254,430
Cash and Cash Equivalents, beginning of year	<u>1,602,873</u>	<u>1,348,443</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,746,923</u></u>	<u><u>\$ 1,602,873</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) believes that all deserve adequate food, housing and respect. Since 1989, the Organization has assisted its neighbors in obtaining basic needs that affirm their human dignity and worth. North Helpline has two locations, each offering an in-person food bank, home grocery delivery, a monthly homelessness prevention fund, and community connectors who bridge neighbors with complementary resources. You can learn more about volunteering or accessing North Helpline's services on their website at northhelpline.org.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without 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, 2023 and 2022 and therefore this classification of net assets is not presented.

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 Organization believes 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. Management reviews the collectability of contributions and government grants receivable on a periodic basis and writes off receivables deemed uncollectible. No allowance for uncollectible accounts was considered necessary at June 30, 2023 and 2022.

At June 30, 2023 and 2022, 60% and 87% of contributions and government grants receivable, respectively, were due from one government agency.

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 as of and for the years ended June 30, 2023 and 2022, was \$1.82/lb. The total value of donated food and commodities for the years ended June 30, 2023 and 2022, was \$4,250,133 and \$4,080,195, respectively, and is recognized as donated food on the statements of activities.

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.

Property and equipment consist of the following at June 30:

	2023	2022
Building and improvements	\$ 1,531,467	\$ 1,531,467
Furniture and equipment	72,641	72,641
Vehicles	79,312	79,312
	1,683,420	1,683,420
Less: Accumulated depreciation	(629,116)	(568,508)
	1,054,304	1,114,912
Land	295,522	295,522
	<u>\$ 1,349,826</u>	<u>\$ 1,410,434</u>

NORTH HELPLINE

NOTES TO FINANCIAL STATEMENTS

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 each of the years ended June 30, 2023 and 2022, and are included in contributions on the statements 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.

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 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 years ended June 30, 2023 and 2022, no such adjustments were made.

Conditional promises to give – that is, those with a measurable performance-related barrier or other measurable 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 \$188,000 at June 30, 2023. Revenue from these conditional awards is contingent upon incurring certain qualified expenditures under the grant agreements.

Rental Income

Rental income is recognized on the straight-line basis over the lease term as it becomes receivable according to the provisions of the lease. Rent received in advance of the lease period is recognized as prepaid rent.

The Organization receives regular monthly income from one tenant with an operating lease for office space. Future noncancelable minimum rental payments to be received for the leasable space are as follows for the years ending June 30:

2024	\$	60,000
2025		60,000
2026		5,000
		<hr/>
	\$	<u>125,000</u>

At June 30, 2023, the cost and accumulated depreciation of leased buildings and improvements totaled \$404,526 and \$136,112, respectively.

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, office and other. Salaries and related are allocated based on estimates of time and effort made by staff each payroll. Consultants, depreciation, occupancy, office and other are allocated based on best estimates of time and costs associated with each function.

Income Taxes

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

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was March 5, 2024.

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 at June 30, available to meet cash needs for general expenditures within one year of the statement of financial position date:

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 1,746,923	\$ 1,602,873
Contributions receivable	29,626	9,830
Government grants receivable	94,939	68,150
	<u>\$ 1,871,488</u>	<u>\$ 1,680,853</u>