

Financial Statements



June 30, 2021

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Mid Coast Hunger Prevention Program

June 30, 2021

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Independent Auditors' Report

To the Board of Directors Mid Coast Hunger Prevention Program Brunswick, Maine

We have audited the accompanying financial statements of Mid Coast Hunger Prevention Program (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement 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.

Auditors' 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 Mid Coast Hunger Prevention Program 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 19 is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited Mid Coast Hunger Prevention Program's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Professional Association

**Portland, Maine
January 4, 2022**

Statement of Financial Position

Mid Coast Hunger Prevention Program

As of June 30, 2021

(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 1,040,273	\$ 676,491
Board restricted cash	418,989	399,689
Accounts receivable	55,880	43,022
Receivable - Employee Retention Tax Credit	151,253	-
Inventory	85,674	135,446
Prepaid expenses	25,569	7,605
	<hr/>	<hr/>
Total Current Assets	1,777,638	1,262,253
Property and Equipment , net of accumulated depreciation	944,204	927,656
Other Assets		
Long-term investments	1,194,757	320,612
	<hr/>	<hr/>
Total Assets	\$ 3,916,599	\$ 2,510,521
Current Liabilities		
Accounts payable and accrued expenses	\$ 19,132	\$ 13,430
Payroll and related accruals	42,939	26,291
Accrued compensated absences	27,012	25,670
Paycheck Protection Program loan	-	99,100
	<hr/>	<hr/>
Total Current Liabilities	89,083	164,491
Net Assets		
Without donor restrictions	3,743,296	2,236,663
With donor restrictions	84,220	109,367
	<hr/>	<hr/>
Total Net Assets	3,827,516	2,346,030
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 3,916,599	\$ 2,510,521

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Mid Coast Hunger Prevention Program

For the Year Ended June 30, 2021
(with comparative totals for June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions	\$ 1,213,760	\$ 54,857	\$ 1,268,617	\$ 1,043,732
Fundraising	13,049	-	13,049	4,217
Donated food	2,417,417	-	2,417,417	2,270,790
Grants and bequests	721,278	273,530	994,808	279,350
United Way	65,462	-	65,462	59,151
Government	105,910	-	105,910	91,767
Interest	12,517	-	12,517	7,659
In-kind	13,644	-	13,644	500
Other	7,419	-	7,419	7,150
Paycheck Protection Program loan forgiveness	99,100	-	99,100	-
Net assets released from restrictions	353,534	(353,534)	-	-
Total Revenues and Other Support	5,023,090	(25,147)	4,997,943	3,764,316
Expenses				
Program services	3,384,853	-	3,384,853	2,977,055
Management and general	121,728	-	121,728	118,905
Fundraising	107,980	-	107,980	99,232
Total Expenses	3,614,561	-	3,614,561	3,195,192
Revenues Over (Under) Expenses	1,408,529	(25,147)	1,383,382	569,124
Other Income (Expense)				
Loss on disposal of fixed assets	-	-	-	(268)
Unrealized investment gains	98,104	-	98,104	955
Total Other Income	98,104	-	98,104	687
Increase (Decrease) in Net Assets	1,506,633	(25,147)	1,481,486	569,811
Net assets at beginning of year	2,236,663	109,367	2,346,030	1,776,219
Net Assets at End of Year	\$ 3,743,296	\$ 84,220	\$ 3,827,516	\$ 2,346,030

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Mid Coast Hunger Prevention Program

For the Year Ended June 30, 2021

(with comparative totals for June 30, 2020)

	2021				2020
	Program Services	Supporting Services		Total	Total
	Food Programs	Management & General	Fundraising	Total	Total
Office management	\$ 20,398	\$ 31,538	\$ 8,820	\$ 60,756	\$ 44,662
Volunteer management	1,469	-	-	1,469	415
Professional development	2,921	2,474	2,475	7,870	13,761
Salaries and benefits	532,540	103,255	87,815	723,610	582,464
Employee Retention Tax Credit	(114,952)	(19,663)	(16,638)	(151,253)	-
Purchased food and supplies	204,965	-	-	204,965	137,832
Auto expense	14,042	-	-	14,042	12,033
Building management	157,226	4,124	4,124	165,474	109,114
Fundraising expenses	-	-	15,989	15,989	12,513
Depreciation	87,578	-	-	87,578	79,292
Bad debt expense	-	-	4,185	4,185	-
Food distributed	2,478,666	-	-	2,478,666	2,201,944
Miscellaneous	-	-	1,210	1,210	1,162
	<u>\$ 3,384,853</u>	<u>\$ 121,728</u>	<u>\$ 107,980</u>	<u>\$ 3,614,561</u>	<u>\$ 3,195,192</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows

Mid Coast Hunger Prevention Program

For the Year Ended June 30, 2021
(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Operating Activities		
Increase (decrease) in net assets	\$ 1,481,486	\$ 569,811
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	87,578	79,292
Unrealized gains on investments	(98,104)	(955)
Change in value of donated inventory	65,434	(71,490)
Donated investments	(107,617)	(23,631)
Loss on disposition of assets	-	268
Paycheck Protection Program loan forgiveness	(99,100)	-
(Increase) decrease in operating assets:		
Accounts receivable	(12,858)	(31,241)
Receivable - Employee Retention Tax Credit	(151,253)	-
Inventory (purchased)	(15,662)	391
Promises to give	-	6,500
Prepaid expenses	(17,964)	(1,524)
Increase (decrease) in operating liabilities:		
Accounts payable	5,702	(11,085)
Payroll and related accruals	16,648	6,797
Accrued compensated absences	1,342	5,473
Net Cash Provided by Operating Activities	<u>1,155,632</u>	<u>528,606</u>
Investing Activities		
Purchase of equipment and building improvements	(104,126)	(27,512)
Acquisition of investments	(776,041)	(5,265)
Sale of investments - stock gifts	107,617	23,165
Net Cash Used by Investing Activities	<u>(772,550)</u>	<u>(9,612)</u>
Financing Activities		
Proceeds from Paycheck Protection Program loan	-	99,100
Net Cash Provided by Financing Activities	<u>-</u>	<u>99,100</u>
Increase in Cash	383,082	618,094
Cash at beginning of year	<u>1,076,180</u>	<u>458,086</u>
Cash at End of Year	<u>\$ 1,459,262</u>	<u>\$ 1,076,180</u>
Components of Cash:		
Cash	\$ 1,040,273	\$ 676,491
Board restricted cash	<u>418,989</u>	<u>399,689</u>
	<u>\$ 1,459,262</u>	<u>\$ 1,076,180</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Mid Coast Hunger Prevention Program

Note A - Summary of Significant Accounting Policies

Nature of Activities

Mid Coast Hunger Prevention Program, Inc. (the Organization) was incorporated in 1994 as the Brunswick Area Church Council Hunger Prevention Program, Inc. In 1998, the Organization changed its name to Mid Coast Hunger Prevention Program, Inc. The mission of the Organization is to offer dignity and empowerment by providing all members of our community with access to healthy food. The Organization is supported primarily through contributions and donated food from individuals and local area businesses. During the years ended June 30, 2021 and 2020, approximately 74% and 89%, respectively of the Organization revenues were from these sources.

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Organization's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note A - Summary of Significant Accounting Policies - Continued

Contributed Services and Materials

The Organization receives without charge a variety of services consisting of personal time that is used for the benefit of the Organization's programs. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skill. The Organization received 20,300 and 32,700 volunteer hours with a value of \$518,868 and \$791,667 from 380 and 928 volunteers during the years ended June 30, 2021 and 2020, respectively. The value was computed using an hourly rate of \$25.56 and \$24.21 based on the Independent Sector's value of volunteer time for the State of Maine for 2020 and 2019, respectively. The Organization also received donated pet food, dental supplies, and facility improvements valued at \$13,644 that met the requirements for recognition in the financial statements and are included in in-kind revenue on the statement of activities during the year ended June 30, 2021.

Revenue and Expense Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.

In accordance with ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Expenses are recognized as incurred. Expense amounts are allocated among the various programs on both a direct basis and according to a cost allocation basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less, that are not included in investments, to be cash equivalents. The Organization maintains its cash in bank deposit accounts, and at times balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note A - Summary of Significant Accounting Policies – Continued

Inventory

Inventory consists primarily of nonperishable food items, fresh produce, and baked goods. The cost of donated inventory is calculated based on the national cost of \$1.74 per pound, determined in 2020 by Feeding America, a large nonprofit organization. Purchased inventory is stated at the lower of cost or net realizable value, which is determined on the first-in, first-out (FIFO) basis.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over appropriate estimated useful lives as follows:

	<u>Years</u>
Furniture and equipment	7
Vehicles	5
Buildings	40

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized. Depreciation expense for the years ended June 30, 2021 and 2020 was \$87,578 and \$79,292, respectively.

Investments

The Organization reports its investments in equity securities with readily determinable values at fair market value. Unrealized gains and losses are included in the change in net assets, in the accompanying statement of activities.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class and functional expenses by program. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Organization. Those expenses include salaries and benefits, professional development, office management, and building management. Salaries and benefits are allocated based on estimates of time and effort. Certain costs of professional development, office management, building management, and other expense categories are based on management's estimate of the appropriate allocations for each expense.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note A - Summary of Significant Accounting Policies - Continued

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842). This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the organization for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Note B - Board Restricted Cash and Investments

The Board of Directors has internally restricted cash and investments for purposes of a general operating reserve and future facilities repairs and replacement that totaled \$609,295 and \$591,313 at June 30, 2021 and 2020, respectively.

Note C - Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash that exceeded federally insured limits totaled \$957,351 and \$589,004 at June 30, 2021 and 2020, respectively. The Organization has not experienced any losses

Note D - Property and Equipment

Property and equipment consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 17,886	\$ 17,886
Furniture and equipment	306,203	268,842
Vehicle	182,482	119,791
Building	<u>1,070,696</u>	<u>1,066,623</u>
	1,577,267	1,473,142
Less accumulated depreciation	<u>633,063</u>	<u>545,486</u>
	<u>\$ 944,204</u>	<u>\$ 927,656</u>

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note E - Investments

Investments consist of various securities and are stated at fair value as of June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market	\$ 701,659	\$ 701,659	\$ -
Mutual funds	118,668	155,491	36,823
Equity exchange traded products	138,121	198,244	60,123
Fixed income exchange traded products	<u>138,205</u>	<u>139,363</u>	<u>1,158</u>
	<u>\$ 1,096,653</u>	<u>\$ 1,194,757</u>	<u>\$ 98,104</u>

Investments consist of various securities and are stated at fair value as of June 30, 2020:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market	\$ 49,304	\$ 49,304	\$ -
Mutual funds	79,186	77,553	(1,633)
Equity exchange traded products	93,408	94,065	657
Fixed income exchange traded products	<u>97,759</u>	<u>99,690</u>	<u>1,931</u>
	<u>\$ 319,657</u>	<u>\$ 320,612</u>	<u>\$ 955</u>

Note F - Fair Value Measurements

The Organization applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note F - Fair Value Measurements - Continued

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

The following summarizes fair values of investment assets by levels within the fair value hierarchy at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 701,659	\$ -	\$ -	\$ 701,659
Common stock	155,491	-	-	155,491
Equity ETFs	198,244	-	-	198,244
Fixed income ETFs	139,363	-	-	139,363
	<u>\$ 1,194,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,757</u>

The following summarizes fair values of investment assets by levels within the fair value hierarchy at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 49,304	\$ -	\$ -	\$ 49,304
Common stock	77,553	-	-	77,553
Equity ETFs	94,065	-	-	94,065
Fixed income ETFs	99,690	-	-	99,690
	<u>\$ 320,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,612</u>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment based on the lowest level of input that is significant to the fair value measurement. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note H - Paycheck Protection Program Loan

During the year ended June 30, 2021, the Organization received a loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program (PPP), established as part of the 2020 CARES Act. The \$99,100 promissory note was to be forgiven if the loan was used for payroll, rent, mortgage interest, or utilities incurred over the twenty four week period starting from the day the funds were received from the lender (with at least 60% of the loan being used for payroll). In addition, the Organization was to maintain staffing and 75% of salaries as assessed individually, subject to certain exemptions. For any portion of the loan not forgiven, principal and interest payments were to begin on the seven month anniversary of execution of the note, with interest at a rate of 1% and principal in an amount so that the remaining loan balance would be fully amortized by the maturity date of April 2022.

During the year ended June 30, 2021, the Organization received notification of forgiveness from the SBA. Accordingly, the Organization has recognized the entire balance of \$99,100 in revenue on the accompanying Statements of Activities for the year ended June 30, 2021.

Note I - Line of Credit

The Organization has an operating line of credit with a maximum amount available for borrowing of \$235,000, secured by real estate with an interest rate at the Wall Street Journal Prime Rate (3.25% at June 30, 2021). There was no balance outstanding as of June 30, 2021 and 2020.

Note J - Board Designated Net Assets

The Board of Directors has designated a portion of its net assets for the following purposes:

	<u>2021</u>	<u>2020</u>
General operating reserve	\$ 335,740	\$ 317,759
Future facility repair and replacement	273,555	273,554
	<u>\$ 609,295</u>	<u>\$ 591,313</u>

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note K - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
<i>Subject to expenditure for specified purpose:</i>		
Backpack pantry	\$ 4,810	\$ 14,018
Building support	-	1,000
Capital Campaign	15,958	15,958
COVID-19	1,575	5,582
Capital purchases	-	11,020
Farm to pantry	321	15,823
Food pantry	-	25,470
Food processing	-	8,000
Food purchasing	500	3,611
Gleaning	10,300	-
Harpswell mobile pantry	14,790	8,885
Program development	20,000	-
Satellite pantries	6,366	-
Summer food service program	2,000	-
Summer school pantry	7,600	-
Total net assets with donor restrictions	<u>\$ 84,220</u>	<u>\$ 109,367</u>

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note L - Liquidity and Availability

Financial assets consist of the Organization's cash, investments, and accounts receivable. The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Net Position.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets, at year end	\$ 2,709,719	\$ 1,439,814
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions</i>		
Restricted by donor with time or purpose restrictions	(84,220)	(109,367)
<i>Board designations:</i>		
General operating reserve	(335,740)	(317,759)
Future facility repair and replacement	<u>(273,555)</u>	<u>(273,554)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,016,204</u>	<u>\$ 739,134</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2022.

The Organization is substantially supported by contributions from donors. The Organization actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. Although the Organization does not intend to spend the board designated funds listed above, amounts from these funds can be appropriated if necessary. As more fully described in Note I, the Organization has a \$235,000 line of credit available should an unexpected liquidity issue arise.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note M - Revenue Recognition

Disaggregation of Revenue

The following table shows the Organization's contract revenue disaggregated according to service type/revenue stream and the timing of transfer of goods or services for the year ended June 30:

	<u>2021</u>	<u>2020</u>
<i>Revenue Recognized at a Point in Time</i>		
Emergency Food and Shelter Program	\$ 31,696	\$ 22,364
Summer feeding	<u>39,299</u>	<u>40,717</u>
Total contract revenue recognized at a point in time	70,995	63,081
<i>Revenue Recognized Over Time</i>		
Volunteer Generation Fund	<u>25,915</u>	<u>24,286</u>
Total Revenue from Contracts with Customers	<u>\$ 96,910</u>	<u>\$ 87,367</u>

Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, the Organization has considered the need to record contract assets and contract liabilities from contracts with its customers. The Organization has no contract assets and no contract liabilities as of June 30, 2021 and 2020.

Receivables

The Organization has accounts receivable of \$12,646 and \$19,918 from contracts with customers at June 30, 2021 and 2020, respectively.

Performance Obligations

The Organization receives contract revenue related to the contracts as services are provided. Revenue is recognized at the point in time when the service is performed.

The Organization receives revenue from providing services relating to the distribution of food. The Organization recognizes revenue over time as the promised activity is provided to and utilized by the customer.

Management has determined that there are no significant warranties or return, refund, or discount obligations related to contracts with its customers.

Transaction Price Allocated to Remaining Performance Obligations

In accordance with ASC 606-10-50-14 management has elected not to disclose certain information about the Organization's remaining performance obligations. All such obligations relate to contracts are for services with remaining terms of less than one year, with an original duration of one year or less, and contain no variable consideration.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note M - Revenue Recognition - Continued

Significant Judgments

Contract transaction price includes the Organization's judgment of variable consideration. Variable consideration is broadly defined and includes incentives, price concessions, rebates and refunds, as well as if the amount to be received is contingent on the occurrence of a future event. Based on available information, management must include an estimate of any variable consideration when determining the contract transaction price, using either the "expected value" or the "most likely amount" approach.

Financing Components

The Organization's contracts with customers contain no significant financing components.

Note N - Retirement Plan

The Organization has established a SIMPLE retirement plan for its full-time staff. Under this arrangement, the Organization matches elective deferrals made by the participants' up to a maximum match of 3% of the participants' compensation in 2021. Employer matching contributions during the year ended June 30, 2021 and 2020 amounted to \$16,521 and \$8,721, respectively.

Note O - Income Taxes

The Organization qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2018 due to statute of limitations. The Organization has adopted the provisions of FASB ASC, *Income Taxes*. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Note P - Related Party Transactions

The Organization received contributions from members of the Corporation's Board of Directors and employees in the amount of \$44,707 and \$25,606 during the years ended June 30, 2021 and 2020, respectively.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note Q - Commitment

On October 6, 2016 the Organization entered into an agreement with ReVision Investments, LLC whereas ReVision Investments, LLC agreed to develop, design, construct, own, and operate a solar powered electric generating project at the Organization. The Organization agrees to buy electric energy produced by the project for twenty-five years, with the option to purchase the solar panels after seven years, in which case the payments under this agreement would cease. Expenses related to this agreement totaled \$7,727 for the year ended June 30, 2021.

Future estimated payments under this agreement as of June 30, 2021 are as follows:

2022	\$	7,497
2023		8,109
2024		8,725

Note R - Subsequent Events

Subsequent to year end, the Organization has evaluated its eligibility for the Employee Retention Tax Credit for the year ended June 30, 2021, and has filed Form 941-X, Adjusted Employer's quarterly Federal Tax Return or Claim for Refund for the quarter ending December 31, 2020 and the quarter ending March 31, 2021. The tax correction of \$151,253 consists of both a refundable (\$135,063) and nonrefundable (\$16,190) portion, and have been included on the accompanying Statement of Financial Position as a "Receivable - Employee Retention Tax Credit," as well as on the Statement of Functional Expenses for the year ended June 30, 2021 as a reduction in expenses.

Also, subsequent to year end, the Organization signed a five year lease with monthly payments of \$12,885 with annual increases. The Organization is also responsible for the cost of lease improvements estimated to be \$175,000.

Management has made an evaluation of subsequent events to and including January 4, 2022, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Schedule of Operations on a Budgetary Basis

Mid Coast Hunger Prevention Program

For the Year Ended June 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Sources of Funds			
Contributions	\$ 1,239,861	\$ 960,000	\$ 279,861
Paycheck Protection Program loan forgiveness	99,100	99,100	-
Bequests	736,778	666,000	70,778
Fundraising	13,049	12,000	1,049
Grants	182,302	158,500	23,802
United Way	65,462	62,000	3,462
Government	105,910	50,400	55,510
Services provided	3,700	3,400	300
Interest	1,402	2,000	(598)
Other	3,719	2,000	1,719
Net assets released from restrictions	<u>125,099</u>	<u>122,900</u>	<u>2,199</u>
Total Sources of Funds	2,576,382	2,138,300	438,082
Uses of Funds			
Office management	60,756	62,000	(1,244)
Volunteer management	1,469	600	869
Professional development	7,870	6,650	1,220
Salaries and benefits	723,610	716,900	6,710
Purchased food and supplies	195,790	247,000	(51,210)
Auto expense	14,042	18,000	(3,958)
Building management	161,005	162,000	(995)
Fundraising expenses	15,989	18,000	(2,011)
Miscellaneous	<u>1,210</u>	<u>1,000</u>	<u>210</u>
Total Uses of Funds	<u>1,181,741</u>	<u>1,232,150</u>	<u>(50,409)</u>
Sources Over Uses of Funds	<u>\$ 1,394,641</u>	<u>\$ 906,150</u>	<u>\$ 488,491</u>

See accompanying independent auditors' report.