

Financial Statements



June 30, 2022

Contents

Mid Coast Hunger Prevention Program

June 30, 2022

Financial Statements:

Independent Auditors' Report	1
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

Supplementary Information:

Schedule of Operations on a Budgetary Basis	21
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**To the Board of Directors
Mid Coast Hunger Prevention Program
Brunswick, Maine**

Opinion

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, 2022, and the related statement of activities, functional expenses, and cash flows for the year 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 Mid Coast Hunger Prevention Program as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Mid Coast Hunger Prevention Program and to meet out other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management 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; 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 Mid Coast Hunger Prevention Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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.

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 Mid Coast Hunger Prevention Program'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 Mid Coast Hunger Prevention Program'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.

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 21, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Purdy Power + Company

Professional Association

**Portland, Maine
November 28, 2022**

Statement of Financial Position

Mid Coast Hunger Prevention Program

As of June 30, 2022

(with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 911,837	\$ 1,040,273
Board restricted cash	437,981	418,989
Accounts receivable	52,101	55,880
Receivable - Employee Retention Tax Credit	-	151,253
Inventory	80,872	85,674
Prepaid expenses	18,873	25,569
Total Current Assets	<u>1,501,664</u>	<u>1,777,638</u>
Property and Equipment , net of accumulated depreciation	1,364,486	944,204
Other Assets		
Long-term investments	<u>1,102,099</u>	<u>1,194,757</u>
Total Assets	<u>\$ 3,968,249</u>	<u>\$ 3,916,599</u>
Current Liabilities		
Accounts payable and accrued expenses	\$ 26,248	\$ 19,132
Payroll and related accruals	21,614	42,939
Accrued compensated absences	33,588	27,012
Total Current Liabilities	<u>81,450</u>	<u>89,083</u>
Net Assets		
Without donor restrictions	3,728,272	3,743,296
With donor restrictions	<u>158,527</u>	<u>84,220</u>
Total Net Assets	<u>3,886,799</u>	<u>3,827,516</u>
Total Liabilities and Net Assets	<u>\$ 3,968,249</u>	<u>\$ 3,916,599</u>

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

Statement of Activities

Mid Coast Hunger Prevention Program

For the Year Ended June 30, 2022
(with comparative totals for June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions of cash and other financial assets	\$ 1,118,418	\$ 166,991	\$ 1,285,409	\$ 1,268,617
Contributions of nonfinancial assets	2,737,181	-	2,737,181	2,431,061
Fundraising	10,686	-	10,686	13,049
Grants	186,882	211,596	398,478	258,030
Bequests	2,377	-	2,377	736,778
United Way	-	-	-	65,462
Government	-	126,282	126,282	105,910
Interest	10,815	-	10,815	12,517
Other	19,702	-	19,702	7,419
Paycheck Protection Program loan forgiveness	-	-	-	99,100
Employee Retention Tax Credit	-	-	-	151,253
Net assets released from restrictions	430,562	(430,562)	-	-
Total Revenues and Other Support	4,516,623	74,307	4,590,930	5,149,196
Expenses				
Program services	4,087,053	-	4,087,053	3,499,805
Management and general	187,708	-	187,708	141,391
Fundraising	160,261	-	160,261	124,618
Total Expenses	4,435,022	-	4,435,022	3,765,814
Revenues Over Expenses	81,601	74,307	155,908	1,383,382
Other Income (Expense)				
Gain on disposal of fixed assets	5,000	-	5,000	-
Unrealized investment gains (losses)	(101,625)	-	(101,625)	98,104
Total Other Income (Expense)	(96,625)	-	(96,625)	98,104
Increase in Net Assets	(15,024)	74,307	59,283	1,481,486
Net assets at beginning of year	3,743,296	84,220	3,827,516	2,346,030
Net Assets at End of Year	\$ 3,728,272	\$ 158,527	\$ 3,886,799	\$ 3,827,516

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, 2022

(with comparative totals for June 30, 2021)

	2022			2021	
	Program Services	Supporting Services		Total	Total
	Food Programs	Management & General	Fundraising	Total	Total
Office management	\$ 22,540	\$ 42,293	\$ 8,979	\$ 73,812	\$ 60,756
Volunteer management	1,621	-	-	1,621	1,469
Professional development	6,434	6,434	6,436	19,304	7,870
Salaries and benefits	671,846	129,491	109,635	910,972	723,610
Purchased food and supplies	332,489	-	-	332,489	204,965
Auto	26,668	-	-	26,668	14,042
Building management	271,508	9,490	9,490	290,488	165,474
Fundraising	-	-	21,292	21,292	15,989
Depreciation	104,026	-	-	104,026	87,578
Bad debt	-	-	1,048	1,048	4,185
Food distributed	2,649,680	-	-	2,649,680	2,478,666
Miscellaneous	241	-	3,381	3,622	1,210
	<u>\$ 4,087,053</u>	<u>\$ 187,708</u>	<u>\$ 160,261</u>	<u>\$ 4,435,022</u>	<u>\$ 3,765,814</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, 2022
(with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Operating Activities		
Increase in net assets	\$ 59,283	\$ 1,481,486
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	104,026	87,578
Unrealized (gain) loss on investments	101,625	(98,104)
Change in value of donated inventory	(19,740)	65,434
Donated investments	(52,447)	(107,617)
Gain on disposition of assets	(5,000)	-
Paycheck Protection Program loan forgiveness	-	(99,100)
(Increase) decrease in operating assets:		
Accounts receivable	3,779	(12,858)
Receivable - Employee Retention Tax Credit	151,253	(151,253)
Inventory (purchased)	24,542	(15,662)
Prepaid expenses	6,696	(17,964)
Increase (decrease) in operating liabilities:		
Accounts payable	7,116	5,702
Payroll and related accruals	(21,325)	16,648
Accrued compensated absences	6,576	1,342
Net Cash Provided by Operating Activities	<u>366,384</u>	<u>1,155,632</u>
Investing Activities		
Construction in progress	(131,485)	-
Purchase of equipment and building improvements	(392,823)	(104,126)
Proceeds from sale of equipment and building improvements	5,000	-
Acquisition of investments	(8,967)	(776,041)
Sale of investments - stock gifts	52,447	107,617
Net Cash Used by Investing Activities	<u>(475,828)</u>	<u>(772,550)</u>
Increase (Decrease) in Cash	(109,444)	383,082
Cash at beginning of year	<u>1,459,262</u>	<u>1,076,180</u>
Cash at End of Year	<u>\$ 1,349,818</u>	<u>\$ 1,459,262</u>
Components of Cash:		
Cash	\$ 911,837	\$ 1,040,273
Board restricted cash	<u>437,981</u>	<u>418,989</u>
	<u>\$ 1,349,818</u>	<u>\$ 1,459,262</u>

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

Notes to Financial Statements - Continued

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, 2022 and 2021, approximately 86% and 74%, respectively of the Organization revenues were from these sources. In 2022, the Organization entered into a lease agreement for a new building (Neptune) located on Neptune Drive to provide additional space for administrative offices, food deliveries, and inventory space. The storage space is under construction and is anticipated to be placed in service during fiscal year 2023.

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 28,800 and 20,300 volunteer hours with a value of \$770,976 and \$518,868 from 530 and 380 volunteers during the years ended June 30, 2022 and 2021, respectively. The value was computed using an hourly rate of \$26.77 and \$25.56 based on the Independent Sector's value of volunteer time for the State of Maine for 2021 and 2020, respectively. As more fully described in Note M, the Organization also received donated food, equipment, and supplies valued at \$2,737,181 and \$2,431,061 that met the requirements for recognition in the financial statements and are included contributions of nonfinancial assets on the statement of activities during the year ended June 30, 2022 and 2021, respectively.

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 and Cash Equivalents

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 \$1.79 per pound, determined in 2021 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

Property and Equipment - Continued

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, 2022 and 2021 was \$104,026 and \$87,578, 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, 2021, from which the summarized information was derived. Certain prior year balances have been reclassified to conform with current year presentation.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note A - Summary of Significant Accounting Policies - Continued

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.

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.

New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures of Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to increase transparency of contributed nonfinancial assets for not-for profit entities. The Update requires enhancement to presentation and disclosure of these contributed assets.

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 \$627,030 and \$609,295 at June 30, 2022 and 2021, 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 \$850,519 and \$957,351 at June 30, 2022 and 2021, respectively. The Organization has not experienced any losses

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note D - Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Non-Depreciable Assets:		
Land	\$ 17,886	\$ 17,886
Construction in process - Neptune	131,485	-
Depreciable Assets:		
Furniture and equipment	309,328	306,203
Vehicle	186,515	182,482
Building	1,073,785	1,070,696
Equipment - Neptune	117,736	-
Leasehold improvements - Neptune	<u>228,340</u>	<u>-</u>
	2,065,075	1,577,267
Less accumulated depreciation	<u>700,589</u>	<u>633,063</u>
	<u>\$ 1,364,486</u>	<u>\$ 944,204</u>

Note E - Investments

Investments consist of various securities and are stated at fair value as of June 30, 2022:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market	\$ 474,225	\$ 474,225	\$ -
Mutual funds	191,567	181,268	(10,299)
Equity exchange traded products	238,120	245,513	7,393
Fixed income exchange traded products	<u>299,812</u>	<u>201,093</u>	<u>(98,719)</u>
	<u>\$ 1,203,724</u>	<u>\$ 1,102,099</u>	<u>\$ (101,625)</u>

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>

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

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.

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 474,225	\$ -	\$ -	\$ 474,225
Common stock	181,268	-	-	181,268
Equity ETFs	245,513	-	-	245,513
Fixed income ETFs	201,093	-	-	201,093
	<u>\$ 1,102,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,102,099</u>

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note F - Fair Value Measurements - Continued

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	<u>139,363</u>	<u>-</u>	<u>-</u>	<u>139,363</u>
	<u>\$ 1,194,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,757</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.

Note G - 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 H - 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 (5.5% at June 30, 2022). There was no balance outstanding as of June 30, 2022 and 2021.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note I - Board Designated Net Assets

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

	<u>2022</u>	<u>2021</u>
General operating reserve	\$ 353,475	\$ 335,740
Future facility repair and replacement	<u>273,555</u>	<u>273,555</u>
	<u>\$ 627,030</u>	<u>\$ 609,295</u>

Note J - Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
<i>Subject to expenditure for specified purpose:</i>		
School pantry	\$ 1,710	\$ 4,810
Capital campaign (Tenney Way)	15,958	15,958
Capital improvements (Neptune)	35,050	-
Community kitchen	45,000	-
COVID-19	-	1,575
Emergency food and shelter program	9,890	-
Farm to pantry	-	321
Food purchasing	-	500
Client support	6,450	-
Gleaning	-	10,300
Harpswell mobile pantry	-	14,790
Neighborhood deliveries	5,733	-
Program development	-	20,000
Satellite pantries	6,032	6,366
Summer food service program	18,356	2,000
School pantry	<u>14,348</u>	<u>7,600</u>
Total net assets with donor restrictions	<u>\$ 158,527</u>	<u>\$ 84,220</u>

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note K - 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>2022</u>	<u>2021</u>
Financial assets, at year end	\$ 2,504,018	\$ 2,709,899
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	(142,569)	(84,220)
<i>Board designations:</i>		
General operating reserve	(353,475)	(335,740)
Future facility repair and replacement	<u>(273,555)</u>	<u>(273,555)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,734,419</u>	<u>\$ 2,016,384</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 2023.

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 H, 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 L - 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>2022</u>	<u>2021</u>
<i>Revenue Recognized at a Point in Time</i>		
Emergency Food and Shelter Program	\$ 39,183	\$ 31,696
Summer feeding	<u>76,050</u>	<u>39,299</u>
Total contract revenue recognized at a point in time	115,233	70,995
<i>Revenue Recognized Over Time</i>		
Volunteer Generation Fund	<u>4,000</u>	<u>25,915</u>
Total Revenue from Contracts with Customers	<u>\$ 119,233</u>	<u>\$ 96,910</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, 2022 and 2021.

Receivables

The Organization has accounts receivable of \$21,258 and \$12,646 from contracts with customers at June 30, 2022 and 2021, 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 L - 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 M - Contributed Nonfinancial Assets

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Food	\$ 2,647,589	\$ 2,417,417
Equipment	60,373	-
Supplies	<u>29,219</u>	<u>13,644</u>
	<u>\$ 2,737,181</u>	<u>\$ 2,431,061</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed food, equipment, and supplies. There were no contributed nonfinancial assets with donor restrictions.

The donated food was distributed throughout the community. In valuing the food, the Organization estimated the total cost by using the national cost of \$1.79 per pound, determined in 2021 by Feeding America, a large nonprofit organization.

The donated equipment and supplies were used to facilitate the holding and dispersing of food throughout the community. Donated equipment and supplies were valued at their fair market value on the date of donation.

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note N - Employee Retention Tax Credit

During the year ended June 30, 2021, the Organization evaluated its eligibility for the Employee Retention Tax Credit for the year ended June 30, 2021, and had 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 Activities for the year ended June 30, 2021 as revenue.

Note O - 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, 2022 and 2021 amounted to \$19,014 and \$16,521, respectively.

Note P - Lease Arrangements

During the year ended June 30, 2022, the Organization entered into a five year lease agreement for a new building (Neptune) to provide additional space for administrative offices, food deliveries, and inventory storage. The lease expires in December 2026 with monthly rent payments of \$12,885 which increase annually. The lease required the Organization to contribute \$175,000 towards the landlord's cost of leasehold improvements, which was paid in February 2022. Beginning January 1, 2023, the Organization has the option to purchase the property and building in the amount of \$3,000,000 which increases every two years. Total rent expense was \$90,313 for the year ended June 30, 2022.

The future minimum lease payments for the remaining periods are as follows:

2023	\$	156,166
2024		159,290
2025		162,475
2026		165,725
2027		85,356

Notes to Financial Statements - Continued

Mid Coast Hunger Prevention Program

Note Q - 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 R - Related Party Transactions

The Organization received contributions from members of the Corporation's Board of Directors and employees in the amount of \$115,346 and \$44,707 during the years ended June 30, 2022 and 2021, respectively.

Note S - 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 \$7,394 for the year ended June 30, 2022.

Future estimated payments under this agreement as of June 30, 2022 are as follows:

2023	\$	8,109
2024		8,725

Note T - Subsequent Events

Management has made an evaluation of subsequent events to and including November 28, 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, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Sources of Funds			
Contributions	\$ 1,137,918	\$ 900,000	\$ 237,918
Bequests	2,377	65,000	(62,623)
Fundraising events	10,686	12,000	(1,314)
Grants	232,144	238,000	(5,856)
Government	102,142	45,500	56,642
Services provided	14,900	5,000	9,900
Interest	1,863	2,000	(137)
Other	7,786	800	6,986
Net assets released from restrictions	80,551	50,000	30,551
Previous fiscal year surplus	-	160,500	(160,500)
Total Sources of Funds	<u>1,590,367</u>	<u>1,478,800</u>	<u>111,567</u>
Uses of Funds			
Office management	73,812	55,750	18,062
Volunteer management	1,621	2,000	(379)
Professional development	19,304	11,550	7,754
Salaries and benefits	910,972	882,500	28,472
Purchased food and supplies	325,449	295,000	30,449
Auto expense	26,668	20,000	6,668
Building management	167,903	190,000	(22,097)
Fundraising expenses	20,372	20,000	372
Miscellaneous	1,133	2,000	(867)
Total Uses of Funds	<u>1,547,234</u>	<u>1,478,800</u>	<u>68,434</u>
Sources Over Uses of Funds	<u>\$ 43,133</u>	<u>\$ -</u>	<u>\$ 43,133</u>

See accompanying independent auditors' report.