

## **Financial Statements**



**June 30, 2020**

**Contents**

**Mid Coast Hunger Prevention Program**

**June 30, 2020**

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Professional Association

**Portland, Maine**  
**December 18, 2020**

## Statement of Financial Position

### Mid Coast Hunger Prevention Program

As of June 30, 2020

(with comparative totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash	\$ 676,491	\$ 142,532
Board restricted cash	399,689	315,554
Accounts receivable	43,022	11,781
Inventory	135,446	64,347
Prepaid expenses	7,605	6,081
Promises to give	-	6,500
<b>Total Current Assets</b>	<u>1,262,253</u>	<u>546,795</u>
<b>Property and Equipment</b> , net of accumulated depreciation	927,656	979,704
<b>Other Assets</b>		
Long-term investments	<u>320,612</u>	<u>313,926</u>
<b>Total Assets</b>	<u>\$ 2,510,521</u>	<u>\$ 1,840,425</u>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 13,430	\$ 24,515
Payroll and related accruals	26,291	19,494
Accrued compensated absences	25,670	20,197
Paycheck Protection Program Loan	<u>99,100</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>164,491</u>	<u>64,206</u>
<b>Net Assets</b>		
Without donor restrictions	2,236,663	1,724,710
With donor restrictions	<u>109,367</u>	<u>51,509</u>
<b>Total Net Assets</b>	<u>2,346,030</u>	<u>1,776,219</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,510,521</u>	<u>\$ 1,840,425</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, 2020

(with comparative totals for June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues and Other Support</b>				
Contributions	\$ 1,024,403	\$ 19,329	\$ 1,043,732	\$ 571,107
Fundraising	4,217	-	4,217	15,897
Donated food	2,270,790	-	2,270,790	1,947,907
Grants and bequests	223,257	56,093	279,350	150,750
United Way	59,151	-	59,151	54,952
Government	81,297	10,470	91,767	73,975
Interest	7,659	-	7,659	5,592
Other	7,650	-	7,650	19,296
Net assets released from restrictions	28,034	(28,034)	-	-
<b>Total Revenues and Other Support</b>	<b>3,706,458</b>	<b>57,858</b>	<b>3,764,316</b>	<b>2,839,476</b>
<b>Expenses</b>				
Program services	2,977,055	-	2,977,055	2,697,034
Management and general	118,905	-	118,905	94,383
Fundraising	99,232	-	99,232	86,681
<b>Total Expenses</b>	<b>3,195,192</b>	<b>-</b>	<b>3,195,192</b>	<b>2,878,098</b>
<b>Revenues Over (Under) Expenses</b>	<b>511,266</b>	<b>57,858</b>	<b>569,124</b>	<b>(38,622)</b>
<b>Other Income (Expense)</b>				
Loss on disposal of fixed assets	(268)	-	(268)	-
Unrealized investment gains	955	-	955	9,274
<b>Total Other Income</b>	<b>687</b>	<b>-</b>	<b>687</b>	<b>9,274</b>
<b>Increase (Decrease) in Net Assets</b>	<b>511,953</b>	<b>57,858</b>	<b>569,811</b>	<b>(29,348)</b>
Net assets at beginning of year	1,724,710	51,509	1,776,219	1,805,567
<b>Net Assets at End of Year</b>	<b>\$ 2,236,663</b>	<b>\$ 109,367</b>	<b>\$ 2,346,030</b>	<b>\$ 1,776,219</b>

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, 2020

(with comparative totals for June 30, 2019)

	2020			2019	
	Program Services	Supporting Services			
	Food Programs	Management & General	Fundraising	Total	Total
Office management	\$ 12,817	\$ 25,524	\$ 6,321	\$ 44,662	\$ 39,808
Volunteer management	415	-	-	415	1,724
Professional development	4,666	4,370	4,725	13,761	6,971
Salaries and benefits	426,046	85,459	70,959	582,464	503,109
Purchased food and supplies	137,832	-	-	137,832	158,142
Auto expense	12,033	-	-	12,033	12,783
Building management	102,010	3,552	3,552	109,114	125,513
Fundraising expenses	-	-	12,513	12,513	12,584
Depreciation	79,292	-	-	79,292	77,824
Food distributed	2,201,944	-	-	2,201,944	1,939,193
Miscellaneous	-	-	1,162	1,162	447
	<u>\$ 2,977,055</u>	<u>\$ 118,905</u>	<u>\$ 99,232</u>	<u>\$ 3,195,192</u>	<u>\$ 2,878,098</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, 2020  
(with comparative totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Increase (decrease) in net assets	\$ 569,811	\$ (29,348)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	79,292	77,824
Unrealized gains on investments	(955)	(9,274)
Change in value of donated inventory	(71,490)	(16,116)
Donated investments	(23,631)	(32,038)
Loss on disposition of assets	268	-
(Increase) decrease in operating assets:		
Accounts receivable	(31,241)	(2,388)
Inventory (purchased)	391	4,759
Promises to give	6,500	6,857
Prepaid expenses	(1,524)	(6,081)
Increase (decrease) in operating liabilities:		
Accounts payable	(11,085)	10,769
Retainage payable	-	(5,218)
Payroll and related accruals	6,797	1,328
Accrued compensated absences	5,473	5,979
<b>Net Cash Provided by Operating Activities</b>	<u>528,606</u>	<u>7,053</u>
<b>Investing Activities</b>		
Purchase of equipment and building improvements	(27,512)	(24,284)
Acquisition of investments	(5,265)	(103,209)
Sale of investments - stock gifts	23,165	31,216
<b>Net Cash Used by Investing Activities</b>	<u>(9,612)</u>	<u>(96,277)</u>
<b>Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	99,100	-
<b>Net Cash Provided by Financing Activities</b>	<u>99,100</u>	<u>-</u>
<b>Increase (Decrease) in Cash</b>	618,094	(89,224)
Cash at beginning of year	458,086	547,310
<b>Cash at End of Year</b>	<u>\$ 1,076,180</u>	<u>\$ 458,086</u>
<b>Components of Cash:</b>		
Cash	\$ 676,491	\$ 142,532
Board restricted cash	399,689	315,554
	<u>\$ 1,076,180</u>	<u>\$ 458,086</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 provide hungry people with access to healthy food, work to improve the quality of their lives by partnering with others, and serve them in a manner that recognizes their dignity. The Organization is supported primarily through contributions and donated food from individuals and local area businesses. During the years ended June 30, 2020 and 2019, approximately 89% 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 32,700 and 39,500 volunteer hours with an estimated value of \$791,600 and \$913,240 from more than 928 and 1,100 volunteers during the years ended June 30, 2020 and 2019, respectively. The value was computed using an hourly rate of \$24.21 and \$23.12 based on the Independent Sector's value of volunteer time for the State of Maine for 2019 and 2018, respectively. The Organization also received donated professional services valued at \$500 that met the requirements for recognition in the financial statements and are included in other revenue on the statement of activities during the year ended June 30, 2020.

#### **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 and cash equivalents 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

##### Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on management's analysis of specific promises made. At June 30, 2020 and 2019, management deemed no allowance for uncollectible promises to give was necessary.

##### 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 \$1.62 per pound, determined in 2019 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, 2020 and 2019 was \$79,292 and \$77,824, 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.

The following is a summary of investment returns for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Marketable securities, at fair market value	\$ 320,612	\$ 313,926
Marketable securities, at cost	<u>319,657</u>	<u>304,652</u>
Unrealized investment gain	<u>\$ 955</u>	<u>\$ 9,274</u>

## Notes to Financial Statements - Continued

### Mid Coast Hunger Prevention Program

#### Note A - Summary of Significant Accounting Policies - Continued

##### 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, 2019, 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.

##### New Accounting Pronouncement

On July 1, 2019, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single, principle-based model for recognizing contract revenue and related incremental expenses. The Organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of July 1, 2019. Under the modified retrospective transition method, a cumulative effect adjustment is recorded to the opening balance of net assets for the initial application of the new guidance as of July 1, 2019, the date of initial application. Management has determined that there were no adjustments to the financial statements resulting from adoption.

The notes to the financial statements contain certain disclosures that are specific to the implementation of ASC 606. Such information does not include comparative prior-year detail, as the Organization adopted the Standard as of July 1, 2019.

On July 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional, and thus the timing of revenue recognition.

## 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 \$591,313 at June 30, 2020.

#### 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 and cash equivalents that exceeded federally insured limits totaled \$589,004 and \$107,537 at June 30, 2020 and 2019, respectively.

#### Note D - Promises to Give

Unconditional promises to give at June 30 were as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ -	\$ 6,500
Receivable in one to two years	-	-
Total unconditional promises to give	-	6,500
Less allowance for uncollectible promises to give	-	-
Less discounts to net present value	-	-
Net unconditional promises to give	<u>\$ -</u>	<u>\$ 6,500</u>

## Notes to Financial Statements - Continued

### Mid Coast Hunger Prevention Program

#### Note E - Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Land	\$ 17,886	\$ 17,886
Furniture and equipment	268,842	269,024
Vehicle	119,791	119,791
Building	<u>1,066,623</u>	<u>1,065,321</u>
	1,473,142	1,472,022
Less accumulated depreciation	<u>545,486</u>	<u>492,318</u>
	<u>\$ 927,656</u>	<u>\$ 979,704</u>

#### Note F - Investments

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

	<u>2020</u>	<u>2019</u>
Money market	\$ 49,304	\$ 20,192
Common stock	77,553	75,392
Exchange traded funds - equities	94,065	95,978
Exchange traded funds - fixed income	<u>99,690</u>	<u>122,364</u>
	<u>\$ 320,612</u>	<u>\$ 313,926</u>

#### Note G - 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.

## Notes to Financial Statements - Continued

### Mid Coast Hunger Prevention Program

#### Note G - Fair Value Measurements - Continued

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, 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	<u>99,690</u>	<u>-</u>	<u>-</u>	<u>99,690</u>
	<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.

#### Note H - Paycheck Protection Program Loan

At June 30, 2020, the Organization had a loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program through the 2020 CARES Act. The \$99,100 SBA loan will be forgiven if certain staffing levels are maintained for twenty-four weeks and the money is used for payroll, rent, mortgage interest, or utilities (with at least 60% of the loan being used for payroll). If the loan is not forgiven, it will mature in April 2022 and interest will be paid at 1%. The Organization is seeking forgiveness based on meeting the aforementioned requirements and management expects forgiveness in the next year.

\$ 99,100

## Notes to Financial Statements - Continued

### Mid Coast Hunger Prevention Program

#### 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, 2020). There was no balance outstanding as of June 30, 2020 and 2019.

#### Note J - Board Designated Net Assets

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

	<u>2020</u>	<u>2019</u>
General operating reserve	\$ 317,759	\$ 312,050
Future facility repair and replacement	<u>273,554</u>	<u>203,504</u>
	<u>\$ 591,313</u>	<u>\$ 515,554</u>

#### Note K - Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
<i>Subject to expenditure for specified purpose:</i>		
Backpack pantry	\$ 14,018	\$ 12,865
Building support	1,000	1,000
Capital Campaign	15,958	15,958
COVID-19	5,582	-
Capital purchases	11,020	-
Farm to pantry	15,823	-
Food pantry	25,470	-
Food processing	8,000	-
Food purchasing	3,611	-
Harpswell mobile pantry	8,885	-
Staff support	-	212
Annual Fund	-	2,500
Restricted foundation support	-	15,651
Summer food service program	<u>-</u>	<u>3,323</u>
Total net assets with donor restrictions	<u>\$ 109,367</u>	<u>\$ 51,509</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, accounts receivable, and promises to give. 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>2020</u>	<u>2019</u>
Financial assets, at year end	\$ 1,439,814	\$ 790,293
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	(109,367)	(51,509)
<i>Board designations:</i>		
General operating reserve	(317,759)	(312,050)
Future facility repair and replacement	<u>(273,554)</u>	<u>(203,504)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 739,134</u>	<u>\$ 223,230</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 2021.

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.

## 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, 2020:

<i>Revenue Recognized at a Point in Time</i>	
Emergency Food and Shelter Program	\$ 22,364
Summer feeding	<u>40,717</u>
Total contract revenue recognized at a point in time	63,081
 <i>Revenue Recognized Over Time</i>	
Volunteer Generation Fund	<u>24,286</u>
Total contract revenue recognized over time	<u>24,286</u>
Total Revenue from Contracts with Customers	<u><u>\$ 87,367</u></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, 2020 and July 1, 2019, respectively.

##### Receivables

The Organization has accounts receivable of \$19,918 and \$6,439 from contracts with customers at June 30, 2020 and July 1, 2019, 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 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.

##### Transition

The Organization applied the new Revenue from Contracts with Customers guidance to contracts not completed at July 1, 2019, the date of initial application. In (a) determining the amount that would have been recognized for each financial statement line item if legacy GAAP had continued to be applied in the period of adoption, and (b) comparing that amount to the amount recognized for the line item under the new guidance, management has determined that there were no changes to the financial statements resulting from adoption.

#### 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 2020. Employer matching contributions during the year ended June 30, 2020 and 2019 amounted to \$8,721 and \$6,008, 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 2017 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.

## Notes to Financial Statements - Continued

### Mid Coast Hunger Prevention Program

#### Note P - 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 \$7,202 for the year ended June 30, 2020.

Future estimated payments under this agreement as of June 30, 2020 are as follows:

2021	\$	7,422
2022		7,497
2023		8,109
2024		8,725
2025		8,812

#### Note Q - Subsequent Events

Management has made an evaluation of subsequent events to and including December 18, 2020, 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, 2020

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Sources of Funds</b>			
Contributions	\$ 1,028,007	\$ 590,000	\$ 438,007
Fundraising	4,217	10,000	(5,783)
Grants and bequests	156,458	150,000	6,458
United Way	59,151	50,000	9,151
Government	91,767	56,190	35,577
Services provided	4,906	18,600	(13,694)
Interest	1,928	6,000	(4,072)
Other	2,244	6,000	(3,756)
Previous fiscal year surplus	28,033	19,333	8,700
Net assets released from restrictions	<u>36,547</u>	<u>36,547</u>	<u>-</u>
<b>Total Sources of Funds</b>	<b>1,413,258</b>	<b>942,670</b>	<b>470,588</b>
<b>Uses of Funds</b>			
Office management	44,662	39,890	4,772
Volunteer management	415	2,970	(2,555)
Professional development	13,587	9,960	3,627
Salaries and benefits	582,464	590,500	(8,036)
Purchased food and supplies	137,832	137,290	542
Auto expense	12,033	17,520	(5,487)
Building management	108,614	129,670	(21,056)
Fundraising expenses	12,513	14,210	(1,697)
Miscellaneous	<u>1,162</u>	<u>660</u>	<u>502</u>
<b>Total Uses of Funds</b>	<b><u>913,282</u></b>	<b><u>942,670</u></b>	<b><u>(29,388)</u></b>
<b>Sources Over Uses of Funds</b>	<b><u>\$ 499,976</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 499,976</u></b>

See accompanying independent auditors' report.