

**NORTH HELPLINE**

Financial Statements  
June 30, 2022 and 2021

## Table of Contents

	<b>Page</b>
<b>Independent Auditor's Report</b>	<b>1 and 2</b>
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – 2022	5
Statement of Functional Expenses – 2021	6
Statements of Cash Flows	7
Notes to Financial Statements	8-12

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Helpline  
Seattle, Washington

### **Opinion**

We have audited the accompanying financial statements of North Helpline (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Helpline as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Helpline and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

Amanda O'Rourke, CPA  
Matt Smith, CPA  
Claire Chow, CPA  
Jason Mallon, CPA



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Helpline's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Helpline's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Greenwood Ohlund*

Seattle, Washington  
February 22, 2023

## NORTH HELPLINE

### STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 1,622,698	\$ 1,348,443
Contributions receivable	9,830	12,887
Government grants receivable	68,150	76,589
Food inventory	75,157	123,875
Prepaid expenses	<u>15,982</u>	<u>8,758</u>
Total current assets	1,791,817	1,570,552
Property and Equipment, net	<u>1,410,434</u>	<u>1,458,627</u>
Total assets	<u>\$ 3,202,251</u>	<u>\$ 3,029,179</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 19,719	\$ 22,944
Accrued payroll, taxes, and benefits	<u>39,046</u>	<u>38,976</u>
Total liabilities	58,765	61,920
Net Assets Without Donor Restrictions	<u>3,143,486</u>	<u>2,967,259</u>
Total liabilities and net assets	<u>\$ 3,202,251</u>	<u>\$ 3,029,179</u>

*See accompanying notes to financial statements.*

## NORTH HELPLINE

### STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Donated food	\$ 4,080,195	\$ -	\$ 4,080,195	\$ 3,302,264	\$ -	\$ 3,302,264
Contributions	1,418,259	-	1,418,259	1,434,199	-	1,434,199
Government grants	392,204	-	392,204	514,513	-	514,513
Special events	39,465	-	39,465	95,465	-	95,465
Special events - direct benefit to donor	(13,712)	-	(13,712)	(24,257)	-	(24,257)
Rental and other income	56,299	-	56,299	5,828	-	5,828
Net assets released from restrictions	-	-	-	35,089	(35,089)	-
Total support and revenue	5,972,710	-	5,972,710	5,363,101	(35,089)	5,328,012
Expenses						
Program services	5,466,251	-	5,466,251	4,413,488	-	4,413,488
Management and general	232,297	-	232,297	117,876	-	117,876
Fundraising and development	97,935	-	97,935	115,021	-	115,021
Total expenses	5,796,483	-	5,796,483	4,646,385	-	4,646,385
<b>Change in net assets</b>	<b>176,227</b>	<b>-</b>	<b>176,227</b>	<b>716,716</b>	<b>(35,089)</b>	<b>681,627</b>
Net Assets, beginning of year	2,967,259	-	2,967,259	2,250,543	35,089	2,285,632
Net Assets, end of year	<u>\$ 3,143,486</u>	<u>\$ -</u>	<u>\$ 3,143,486</u>	<u>\$ 2,967,259</u>	<u>\$ -</u>	<u>\$ 2,967,259</u>

*See accompanying notes to financial statements.*

## NORTH HELPLINE

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

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

*See accompanying notes to financial statements.*

## NORTH HELPLINE

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

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

*See accompanying notes to financial statements.*



## NORTH HELPLINE

### STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from contributions and grants	\$ 1,910,142	\$ 1,977,186
Cash received from rent and other	56,299	5,828
Cash paid to employees	(720,440)	(577,304)
Cash paid to suppliers	(961,681)	(718,634)
	<u>284,320</u>	<u>687,076</u>
Net cash flows from operating activities		
Cash Flows from Investing Activity		
Purchase of property and equipment	(10,065)	(48,889)
	<u>(10,065)</u>	<u>(48,889)</u>
<b>Net change in cash and cash equivalents</b>	<b>274,255</b>	<b>638,187</b>
Cash and Cash Equivalents, beginning of the year	<u>1,348,443</u>	<u>710,256</u>
Cash and Cash Equivalents, end of the year	<u>\$ 1,622,698</u>	<u>\$ 1,348,443</u>
Supplemental Non-Cash Investing and Financing Activity		
Forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>\$ 75,000</u>

*See accompanying notes to financial statements.*

# NORTH HELPLINE

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization*

North Helpline (the Organization) works to make sure its neighbors have food on their tables and a roof over their heads. It was formed in 1989 and offers vital services to prevent homelessness and encourage stability in families and the community by providing food, baby supplies, rental eviction preventions, utility shut off prevention and move-in assistance. The Organization also makes referrals to other community services to help stabilize its clients.

#### *Financial Statement Presentation*

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

#### *Net Assets with and without Donor Restriction*

Net assets with donor restrictions consist of unexpended contributions restricted for particular programs or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as the time restrictions are met. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service. There are no net assets with donor restrictions at June 30, 2022 and 2021.

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

#### *Use of Estimates*

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

#### *Cash and Cash Equivalents*

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

## NORTH HELPLINE

### NOTES TO FINANCIAL STATEMENTS

#### *Contributions and Government Grants Receivable*

Contributions and government grants receivable that are expected to be collected within one year are recorded at net realizable value. Management reviews the collectability of contributions and government grants receivable on a periodic basis and writes off receivables deemed uncollectible. No allowance for uncollectible accounts was considered necessary at June 30, 2022 and 2021.

At June 30, 2022, 87% of contributions and government grants receivable were due from one donor. At June 30, 2021, there were no concentrations of contributions and government grants receivable.

#### *Food Inventory and Donated Food Contributions*

Inventory consists entirely of unused donated food and commodities that will be provided to persons in need. Inventory is stated at the lower of cost or net realizable value. Cost is estimated based on the fair value for donated goods at the time of donation, which is recognized based on the dollar value per pound of food established by the State of Washington, Emergency Food Assistance Program. The valuation at June 30, 2022 and 2021, was \$1.82/lb. and \$1.75/lb., respectively. The total value of donated food and commodities for the years ended June 30, 2022 and 2021, was \$4,080,195 and \$3,302,264, respectively, and is recognized as donated food on the statement of activities.

#### *Donated Services*

Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services (consisting of donated use of programmatic facilities) totaled \$17,400 for each of the years ended June 30, 2022 and 2021 and are included in contributions on the statement of activities.

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

#### *Property and Equipment*

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

## NORTH HELPLINE

### NOTES TO FINANCIAL STATEMENTS

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 1,531,467	\$ 1,521,402
Furniture and equipment	72,641	72,640
Vehicles	<u>79,312</u>	<u>79,312</u>
	1,683,420	1,673,354
Less: Accumulated depreciation	<u>(568,508)</u>	<u>(510,249)</u>
	1,114,912	1,163,105
Land	<u>295,522</u>	<u>295,522</u>
	<u>\$ 1,410,434</u>	<u>\$ 1,458,627</u>

#### *Revenue Recognition*

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

Revenues from government grants are recognized when the service is provided, or the related qualified expenditure is incurred. Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended June 30, 2022 and 2021, no such adjustments were made.

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

Conditional promises to give – that is, those with a measurable performance or barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization has conditional awards outstanding from government agencies of approximately \$166,000 at June 30, 2022. Revenue from these conditional awards is contingent upon incurring certain qualified expenditures under the grant agreements.

#### *Rental Income*

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

## NORTH HELPLINE

### NOTES TO FINANCIAL STATEMENTS

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

2023	\$	60,000
2024		60,000
2025		60,000
2026		5,000
		<hr/>
	\$	185,000
		<hr/> <hr/>

At June 30, 2022, the cost and accumulated depreciation of leased buildings and improvements totaled \$404,526 and \$125,999, respectively.

#### *Functional Expenses*

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

#### *Income Taxes*

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

#### *Subsequent Events*

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was February 22, 2023.

#### **Note 2 – Liquidity and Availability of Resources**

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipt of contributions. The Organization has additional informal operating reserve funds that have been built up over the years. In the event of financial distress or an immediate liquidity need, these funds are available to be utilized. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

## NORTH HELPLINE

### NOTES TO FINANCIAL STATEMENTS

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

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 1,622,698	\$ 1,348,443
Contributions receivable	9,830	12,887
Government grants receivable	<u>68,150</u>	<u>76,589</u>
	<u>\$ 1,700,678</u>	<u>\$ 1,437,919</u>

#### **Note 3 – Lease Commitment**

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

2023	\$ 24,720
2024	25,476
2025	<u>26,220</u>
	<u>\$ 76,416</u>