

**BLAINE COUNTY  
HUNGER COALITION, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2023 AND 2022**

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**Independent Auditor's Report**

To the Board of Directors  
Blaine County Hunger Coalition, Inc.  
Bellevue, ID 83313

**Opinion**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THC as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TCH 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 THC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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 THC'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 THC'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.

*Arritt Robins Waters CPAs PLLC*  
Arritt Robins Waters CPAs PLLC  
September 20, 2023

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# BLAINE COUNTY HUNGER COALITION, INC

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash & Cash Equivalents	\$ 4,348,592	\$ 3,928,992
Investments	9,601,772	7,872,213
Pledges Receivable - Net	150,656	447,663
Inventory	23,364	44,767
Total Current Assets	<u>14,124,384</u>	<u>12,293,635</u>
<b>Property and Equipment</b>		
Land	1,083,600	1,083,600
Construction in Progress	-	-
Buildings & Improvements	4,575,755	4,480,342
Equipment	501,590	464,251
Less Accumulated Depreciation	(590,020)	(416,958)
Net Property and Equipment	<u>5,570,925</u>	<u>5,611,235</u>
<b>Other Assets</b>		
Pledges Receivable - Net - Non Current Portion	48,098	254,745
Total Assets	<u>\$ 19,743,407</u>	<u>\$ 18,159,615</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 48,041	\$ 41,077
Accrued Payroll Liabilities	136,602	139,230
Other Accrued Liabilities	-	-
Current Portion of Long-Term Debt	-	-
Total Current Liabilities	<u>184,643</u>	<u>180,307</u>
<b>Long Term Debt - Net of Current Portion</b>		
Total Liabilities	<u>-</u>	<u>-</u>
<b>Net Assets</b>		
Without donor restrictions		
Net investment in fixed assets	5,570,925	5,611,235
Designated by the board	12,085,096	8,215,690
Undesignated	1,683,619	1,376,907
Total net assets without donor restrictions	<u>19,339,640</u>	<u>15,203,832</u>
With donor restrictions		
Purpose restricted	219,124	2,775,476
Total net assets with donor restrictions	<u>219,124</u>	<u>2,775,476</u>
Total Net Assets	<u>19,558,764</u>	<u>17,979,308</u>
Total Liabilities and Net Assets	<u>\$ 19,743,407</u>	<u>\$ 18,159,615</u>

See accompanying notes to the financial statements.

## BLAINE COUNTY HUNGER COALITION, INC

### STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Monetary Support	\$ 3,568,691	\$ 372,023	\$ 3,940,714	\$ 3,207,218	\$ 533,332	\$ 3,740,550
Contributed Goods and Services	510,591	-	510,591	457,720	-	457,720
Investment Income	903,147	-	903,147	(757,409)	-	(757,409)
Other Revenue	(23,944)	-	(23,944)	22,402	-	22,402
Total Revenues	4,958,485	372,023	5,330,508	2,929,931	533,332	3,463,263
<b>Net Assets Released from Restrictions</b>						
Satisfaction of program restrictions	2,928,375	(2,928,375)	-	718,929	(718,929)	-
Total Net Assets Released from Restrictions	2,928,375	(2,928,375)	-	718,929	(718,929)	-
<b>Expenses</b>						
Program Services	3,311,378	-	3,311,378	2,448,374	-	2,448,374
Supporting Services						-
Fund Raising	365,046	-	365,046	302,264	-	302,264
Capital Campaign	-	-	-	309,740	-	309,740
General & Administrative	74,628	-	74,628	78,390	-	78,390
Total Supporting Services	439,674	-	439,674	690,394	-	690,394
Total Expenses	3,751,052	-	3,751,052	3,138,768	-	3,138,768
Total Change in Net Assets	4,135,808	(2,556,352)	1,579,456	510,092	(185,597)	324,495
<b>Beginning Net Assets</b>	15,203,832	2,775,476	17,979,308	14,693,740	2,961,073	17,654,813
<b>Ending Net Assets</b>	\$ 19,339,640	\$ 219,124	\$ 19,558,764	\$ 15,203,832	\$ 2,775,476	\$ 17,979,308

See accompanying notes to the financial statements.

## BLAINE COUNTY HUNGER COALITION, INC

### STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

2023					
	Program Services	Supporting Services			Total
		Fund Raising	Capital Campaign	General & Administrative	
Wages and Benefits	\$ 1,500,068	\$ 282,207	\$ -	\$ 60,167	\$ 1,842,442
Purchased Food	553,120	-	-	-	553,120
Donated Food	510,591	-	-	-	510,591
Supplies	25,721	-	-	-	25,721
Depreciation Expense	141,911	25,959	-	5,192	173,062
Advertising & Promotion	26,487	12,499	-	423	39,409
Professional Services	52,133	3,949	-	904	56,986
Insurance	42,324	1,572	-	314	44,210
Event Expense	3,494	14,338	-	-	17,832
Grants	250,000	-	-	-	250,000
Occupancy	146,462	16,921	-	5,094	168,477
Office Expense	3,351	840	-	214	4,405
Training	19,897	-	-	1,500	21,397
Travel/Auto Expense	13,395	74	-	274	13,743
Miscellaneous Expense	22,424	6,687	-	546	29,657
Total	<u>\$ 3,311,378</u>	<u>\$ 365,046</u>	<u>\$ -</u>	<u>\$ 74,628</u>	<u>\$ 3,751,052</u>

2022					
	Program Services	Supporting Services			Total
		Fund Raising	Capital Campaign	General & Administrative	
Wages and Benefits	\$ 1,128,826	\$ 226,189	\$ 290,748	\$ 63,090	\$ 1,708,853
Purchased Food	441,361	-	-	-	441,361
Donated Food	457,720	-	-	-	457,720
Supplies	25,255	-	-	-	25,255
Depreciation Expense	134,285	22,927	-	6,550	163,762
Advertising & Promotion	36,995	8,953	3,770	406	50,124
Professional Services	33,640	3,222	-	926	37,788
Insurance	36,683	2,073	2,345	591	41,692
Event Expense	3,364	7,268	246	-	10,878
Grants	-	-	-	-	-
Occupancy	125,331	18,706	236	5,727	150,000
Office Expense	885	4,324	2,445	376	8,030
Training	5,615	200	-	40	5,855
Travel/Auto Expense	6,249	-	-	-	6,249
Miscellaneous Expense	12,165	8,402	9,950	684	31,201
Total	<u>\$ 2,448,374</u>	<u>\$ 302,264</u>	<u>\$ 309,740</u>	<u>\$ 78,390</u>	<u>\$ 3,138,768</u>

See accompanying notes to the financial statements.

# BLAINE COUNTY HUNGER COALITION, INC

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 1,579,456	\$ 324,495
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	173,062	163,762
(Gain)Loss on disposal of fixed assets	-	-
(Increase) Decrease in pledges receivable	503,654	1,727,084
(Increase) Decrease in inventory	21,403	(5,820)
Increase (Decrease) in accounts payable	6,964	(18,476)
Increase (Decrease) in accrued payroll liabilities	(2,628)	(24,920)
Increase (Decrease) in other accrued liabilities	-	(3,550)
	<u>2,281,911</u>	<u>2,162,575</u>
<b>Cash Flows From Investing Activities</b>		
(Increase) Decrease in Investments	(1,729,559)	(692,605)
Disposal of fixed assets	-	-
Acquisition of fixed assets	(132,752)	(173,211)
	<u>(1,862,311)</u>	<u>(865,816)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of long term debt	-	-
Principal payments on long term debt	-	-
	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	419,601	1,296,759
<b>Cash and Cash Equivalents at Beginning of Period</b>	<u>3,928,991</u>	<u>2,632,232</u>
<b>Cash and Cash Equivalents at Ending of Period</b>	<u>\$ 4,348,592</u>	<u>\$ 3,928,991</u>
<b>Supplemental disclosure</b>		
Interest paid in cash	\$ -	\$ -

See accompanying notes to the financial statements.

## BLAINE COUNTY HUNGER COALITION, INC.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization and Operations** – Blaine County Hunger Coalition, Inc (the Organization or THC) is a non-profit organization established in Bellevue, Idaho with the primary mission to build a healthy community through access to good food and address the root causes of food insecurity in collaboration with key partners. THC receives the majority of its support in the form of donations from individuals. THC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. The Organization is governed by its board of directors in accordance with its bylaws.

**Basis of Presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States for not-for-profit organizations, as codified by the Financial Accounting Standards Board. Those principles require reporting amounts for an organization's total assets, liabilities, and net assets in a statement of financial position; reporting the change in an organization's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

Those principles also require classification of an organization's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions into two separate classes of net assets - those with donor restrictions and those without donor restrictions. Certain restricted support is reported as unrestricted if the restrictions are met in the reporting period.

**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** – The Organization considers all highly liquid cash and investments with a maturity of three months or less to be cash and cash equivalents.

**Recognition of Donor Restrictions** – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports any gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

**Donated Services and Supplies** – The Organization records donations of food and specialized skills as contributed goods and services at estimated fair market value in the accompanying statement of activities. The Organization also receives donated services from unpaid volunteers who assist with the activities of the Organization. No amounts have been recognized in the statements of activities because the criteria for recognition of such volunteer effort, under generally accepted accounting principles, have not been satisfied.

**Inventory** – Consists of donated and purchased food in the Organization's warehouse at fiscal year-end. Inventory is recorded at cost for purchased food and estimated fair value for donated food.

**Property and Equipment and Depreciation** – Fixed assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of donated assets. Items under the Organization's capitalization threshold are expensed in the period of purchase or donation. Capitalized items are depreciated on a straight-line basis over their estimated useful lives. The range of useful lives by asset class: buildings and improvements 15 - 40 years, equipment 3 - 7 years.

**Income Taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Any income from activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as organizations that are not private foundations.



The Organization's federal returns are subject to examination generally for three years after they are filed.

FASB ASC 740-10 requires disclosure of uncertain tax positions and their corresponding estimated values. As of period end, the Organization had no reportable uncertain positions. Open tax years are fiscal years ended June 30, 2020 through 2023.

**Functional expense allocation** - Direct expenses are costed directly to the related function. Indirect expenses are allocated according to a standard percentage based on staff time per function.

**Revenue recognition** - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

**New Accounting Pronouncements** - FASB ASU 2016-02 (Topic 842) deals with the accounting for leases. The Organization has implemented this standard effective July 1, 2022. Currently, the Organization has no lease transactions to report.

## **NOTE 2 – CASH & CASH EQUIVALENTS**

Carrying amounts of cash and cash equivalents with maturities of less than 90 days, at years end, were as follows:

	2023		2022	
	FDIC Insured	Uninsured	FDIC Insured	Uninsured
DL Evans Bank	\$ 162,652	\$ -	\$ 98,308	\$ -
Schwab investments - cash equivalents	560,562	3,625,378	114,565	3,716,119
Total Cash and equivalents	<u>\$ 723,214</u>	<u>\$ 3,625,378</u>	<u>\$ 212,873</u>	<u>\$ 3,716,119</u>

\$20,370 and \$2,073,068 of cash & cash equivalents was donor restricted to a specific purpose at June 30, 2023 and 2022, respectively. Investment account cash equivalents that are not FDIC insured, are in US treasury obligation money market accounts.

## **NOTE 3 – INVESTMENT SECURITIES**

Investment securities are held at Charles Schwab. At June 30, 2023 and 2022, these investment securities were reported at fair market value based on quoted market prices as shown below.

	2023	2022
Corporate bonds	\$ 45,568	\$ 277,773
US Treasuries	3,501,940	1,298,360
Equity funds	5,676,414	3,872,275
Bond Funds	377,850	2,423,767
Common stocks		-
Other equities		38
	<u>\$ 9,601,772</u>	<u>\$ 7,872,213</u>

Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, uncertainty related to changes in interest rates, market volatility and credit risks, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment income includes interest, dividends and net gains and losses on securities. Investment income is reported net of \$46,297 and \$40,558 related investment expense, for years end June 30, 2023 and 2022, respectively. Unrealized net gains(losses) included in investment income were \$347,954 and (\$1,327,397) for years ended June 30, 2023 and 2022, respectively.

**NOTE 4 – BOARD DESIGNATED NET ASSETS**

THC’s board has designated net assets without donor restrictions for the following purposes:

	<u>2023</u>	<u>2022</u>
Quasi-endowment, subject to a formal spending and appropriation policy, for use to fund operating expenses and capital expenditures in times of program expansion	\$ 5,292,413	\$ 4,343,892
Liquidity reserve	2,212,870	1,965,244
Program Expansion	<u>4,579,814</u>	<u>1,906,554</u>
	<u>\$ 12,085,096</u>	<u>\$ 8,215,690</u>

**NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

Financial assets available for general expenditures within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and equivalents	\$ 4,348,592	\$ 3,928,992
Investment securities	9,601,772	7,872,213
Total	<u>13,950,364</u>	<u>11,801,205</u>
Less amounts not available to be used within one year:		
Financial assets with donor restrictions	51,822	2,073,068
Board-designated quasi-endowment fund	5,292,413	4,343,892
Total	<u>5,344,235</u>	<u>6,416,960</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 8,606,129</u>	<u>\$ 5,384,245</u>

**NOTE 6 - PLEDGES RECEIVABLE**

Pledges related to the capital campaign were receivable as follows:

	<u>2023</u>	<u>2022</u>
Pledges receivable within one year	\$ 157,656	\$ 450,163
Pledges receivable after one year	<u>55,600</u>	<u>298,200</u>
	213,256	748,363
Less:		
Allowance for Doubtful Accounts	(12,000)	(38,500)
Discount - using interest rate of 4.5% (2023), 2.5% (2022)	<u>(2,502)</u>	<u>(7,455)</u>
Pledges Receivable - Net	<u>\$ 198,754</u>	<u>\$ 702,408</u>

**NOTE 7 – PROPERTY AND EQUIPMENT**

Changes in property and equipment during the previous two fiscal years were as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Year ended June 30, 2023				
Land	\$ 1,083,600	\$ -	\$ -	\$ 1,083,600
Construction in Progress	-	-	-	-
Buildings & Improvements	4,480,342	95,413	-	4,575,755
Equipment	464,252	37,339	-	501,591
Accumulated Depreciation	(416,958)	(173,062)	-	(590,020)
Net Property and Equipment	<u>\$ 5,611,235</u>	<u>\$ (40,310)</u>	<u>\$ -</u>	<u>\$ 5,570,925</u>
Year ended June 30, 2022				
Land	\$ 1,083,600	\$ -	\$ -	\$ 1,083,600
Construction in Progress	-	-	-	-
Buildings & Improvements	4,399,585	80,757	-	4,480,342
Equipment	371,798	92,453	-	464,252
Accumulated Depreciation	(253,196)	(163,762)	-	(416,958)
Net Property and Equipment	<u>\$ 5,601,787</u>	<u>\$ 9,448</u>	<u>\$ -</u>	<u>\$ 5,611,235</u>

**NOTE 8 – RETIREMENT PLAN**

The Organization sponsors a SIMPLE retirement plan. All full-time employees are eligible to participate in the plan from the date of hire. The Organization matches employee contributions up to 3% of salary. THC contributions to the plan were \$33,669 and \$31,570 during fiscal years ended June 30, 2023 and 2022, respectively. Employee vesting is immediate.

The Organization is in the process of switching to a 401(k) plan with a company match of 6%. The 401(k) plan is anticipated to be effective January 1, 2024.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2023 and 2022 as follows:

	2023	2022
Children Food Programs	\$ 2,256	\$ 1,101
Resiliency Programs	1,645	20,844
Capital Campaign/Growth	215,222	2,753,531
Other restricted purposes	-	-
	<u>\$ 219,124</u>	<u>\$ 2,775,476</u>

**NOTE 10 – PARTNER COLLABORATION PROGRAM**

Beginning in the 2022-2023 fiscal year, the Organization provided grants to qualifying entities under its Partner Collaboration Program. The grants are intended to fund efforts to address root causes of food insecurity. Grant payments for the year ended June 30, 2023 were \$150,000 to Blaine County Charitable Fund and \$100,000 to Alliance of Idaho.

**NOTE 11 – SUBSEQUENT EVENTS**

Management of the Organization has evaluated subsequent events through September 20, 2023, the date the financial statements were available to be issued. There were no additional subsequent events identified by management that are required to be disclosed.