

**MONTGOMERY COUNTY
ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER
NETWORK
Financial Report
December 31, 2022**

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
December 31, 2022

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Independent Auditors' Report

To the Board of Directors
Montgomery County Anti-Hunger Network
d/b/a Montco Anti-Hunger Network
Lansdale, Pennsylvania

Opinion

We have audited the accompanying financial statements of Montgomery County Anti-Hunger Network (MAHN) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MAHN as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of MAHN and to meet our 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 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 MAHN's ability to continue as a going concern for 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 auditors' 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 GAAS 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 GAAS, 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 MAHN'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 MAHN'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.

DunlapSLK, PC

Chalfont, Pennsylvania
October 16, 2023

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Statement of Financial Position
December 31, 2022

Assets

Current Assets

Cash	\$ 547,962
Grants Receivable	76,762
Prepaid Expenses	1,796
Total Current Assets	626,520

Non-Current Assets

Grants Receivable	30,000
Vehicle, Net of Accumulated Depreciation of \$20,558	82,233
Total Non-Current Assets	112,233

Total Assets	\$ 738,753
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Liabilities and Net Assets

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 15,295
Deferred Grant	101,994
Total Current Liabilities	117,289

Net Assets

Without Donor Restrictions	366,926
With Donor Restrictions	254,538
Total Net Assets	621,464

Total Liabilities and Net Assets	\$ 738,753
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See notes to financial statements.

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains and Other Support			
Contributions of Financial Assets	\$ 466,766	\$ 338,018	\$ 804,784
Contributions of Nonfinancial Assets	300,328	-	300,328
Other Income	2,293	-	2,293
Net Assets Released from Restrictions	143,480	(143,480)	-
Total Operating Revenues, Gains, and Other Support	912,867	194,538	1,107,405
Expenses			
Program Services - General	110,853	-	110,853
Program Services - Food Resources	246,023	-	246,023
Management and General	137,702	-	137,702
Fundraising and Development	67,770	-	67,770
Total Expenses	562,348	-	562,348
Change in Net Assets	350,519	194,538	545,057
Net Assets			
Beginning of Year	16,407	60,000	76,407
End of Year	\$ 366,926	\$ 254,538	\$ 621,464

See notes to financial statements.

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Program Services</u>		Management and General	Fundraising and Development	Totals
	General	Food Resources			
Program Expenses	\$ 18,958	\$ 246,023	\$ -	\$ -	\$ 264,981
Salaries	56,993	-	47,387	22,806	127,186
Professional Fees	-	-	50,084	38,663	88,747
Depreciation	-	-	20,558	-	20,558
Vehicle Expense	16,265	-	4	3	16,272
Employee Benefits	8,512	-	1,697	1,697	11,906
Insurance	6,875	-	3,807	-	10,682
Payroll Taxes	3,213	-	3,807	2,076	9,096
Office Expenses	-	-	5,172	1,052	6,224
Dues and Subscriptions	-	-	1,747	800	2,547
Travel	37	-	909	219	1,165
Telephone	-	-	1,144	-	1,144
Occupancy	-	-	1,050	-	1,050
Advertising	-	-	336	454	790
	<u>\$ 110,853</u>	<u>\$ 246,023</u>	<u>\$ 137,702</u>	<u>\$ 67,770</u>	<u>\$ 562,348</u>

See notes to financial statements.

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in Net Assets	\$ 545,057
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	20,558
Contribution of Nonfinancial Asset	(102,791)
Changes in Assets and Liabilities	
(Increase) Decrease in	
Grants Receivable	(74,700)
Prepaid Expense	(1,796)
Increase (Decrease) in	
Accounts Payable and Accrued Expenses	7,911
Deferred Grant	101,994
Net Cash Provided by Operating Activities	<u>496,233</u>
Net Increase in Cash	496,233
Cash	
Beginning of Year	<u>51,729</u>
End of Year	<u><u>\$ 547,962</u></u>

See notes to financial statements.

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Notes to Financial Statements
December 31, 2022

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Montgomery County Anti-Hunger Network d/b/a Montco Anti-Hunger Network (MAHN) was incorporated in the Commonwealth of Pennsylvania in 2020 as a not-for-profit organization whose purpose is to lead coordinated action to strengthen the food security safety net systems in Montgomery County, PA. MAHN's distributes food donated by retail grocers, food producers, and organizations.

Basis of Accounting

The financial statements of MAHN have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred.

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Presentation

Accounting standards prescribe the display standards for general-purpose financial statements for all not-for-profit organizations. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require MAHN to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of MAHN. These net assets may be used at the discretion of MAHN's management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of MAHN or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

MAHN had no net assets with donor restrictions that are perpetual in nature at December 31, 2022, and during the year then ended.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort.

Cash

MAHN has accounts in one commercial bank. The amounts on deposit at the bank may exceed the Federal Deposit Insurance Corporation insured limit of \$250,000. MAHN has not experienced any losses in such accounts. MAHN believes it is not exposed to any significant credit risk on cash.

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Notes to Financial Statements
December 31, 2022

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Revenue Recognition and Deferred Revenue

MAHN derives the majority of its revenue from contributions, grants and other income. Revenue from some grants and other income are recognized as described below.

Grants

MAHN received some government grant funding. The grant agreement contains conditions that relate to performance requirements and/or incurrence of allowable expenditures. Revenue is recognized over time as each requirement is met or as the allowable expenditure is incurred. Any funds received prior to MAHN's right to recognize revenue is reported as deferred revenue in the statement of financial position. MAHN had deferred grants of \$101,994, and \$0 as of December 31, 2022, and January 1, 2022, respectively.

Other Income

Other income consists of subcontracted labor, whereas, MAHN's employees, are contracted to drive MAHN's vehicle to transport food for another not-for-profit. Revenue is recognized at the point in time the food is transported. The total exchange revenue recognized at a point in time during the year ended December 31, 2022, was \$2,293.

Contributions

Contributions, including unconditional promises to give, are recorded as revenue when received. Non-cash contributions are recorded at fair value at the date of gift or bequest. Contributions are considered to be available for unrestricted use unless 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), 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.

Contributions of Nonfinancial Assets

MAHN recognized nonfinancial assets of food and a vehicle within revenue. Unless otherwise noted, the contributed nonfinancial assets did not have donor-imposed restrictions.

The amount of contributions recognized as contributions of nonfinancial assets amounted to \$197,537 of food and \$102,791 for a vehicle during the year ended December 31, 2022.

Vehicle

MAHN obtained a vehicle in 2022 through the transfer from a fiscal sponsorship (See Note 3). The vehicle was purchased through grant funds paid through the fiscal sponsorship and transferred to MAHN once established.

Vehicle expenditures are capitalized at cost. Donated assets are capitalized at their fair value on the date of the gift. Depreciation is computed on the straight-line method over five years.

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Notes to Financial Statements
December 31, 2022

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Income Tax Status

MAHN has qualified as a tax-exempt organization under existing provisions of the Internal Revenue Code Section 501(c)(3). Accordingly, its income related to its tax-exempt purpose is not subject to federal or state income taxes. MAHN did not have any unrelated business income for the year ended December 31, 2022, that would be subject to federal or state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

MAHN accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2022.

MAHN's Form 990, *Federal Return of Organization Exempt from Income Tax*, for the 2022 year will remain subject to examination by the Internal Revenue Service once it is filed.

2. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022, comprise the following:

Financial Assets at Period End	
Cash	\$ 547,962
Grants Receivable	106,762
Total Financial Assets	654,724
Less Amounts Not Available to be Used Within One Year	
Net Assets with Donor Restrictions	254,538
Grants Receivable, Noncurrent	30,000
Less Net Assets with Purpose Restrictions to Be Met in	
Less Than One Year	(184,538)
	100,000
Financial Assets Available to Meet General Expenditures	
Over the Next Year	\$ 554,724

Management believes that MAHN has sufficient financial assets on hand to meet operating cash flow needs.

MONTGOMERY COUNTY ANTI-HUNGER NETWORK
d/b/a MONTCO ANTI-HUNGER NETWORK
Notes to Financial Statements
December 31, 2022

3. CONTRIBUTIONS TRANSFERRED FROM FISCAL SPONSORSHIP

Prior to MAHN becoming a not-for-profit organization, they were under a fiscal sponsorship with Tri-County Community Network, Inc. (TCN). As the fiscal sponsor, TCN held cash and a vehicle on behalf of MAHN. During the year ended December 31, 2022, cash in the amount of \$329,680 and a vehicle in the amount of \$102,791 were transferred from TCN to MAHN as the final closing out of the fiscal sponsorship agreement and recorded as contributions of financial and nonfinancial assets on the statement of activities.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions held at December 31, 2022, are restricted for the following purposes:

Future Operating Needs	\$ 110,833
Food Resource Program	90,069
Build Back Better	30,000
MAHN Expansion - Design Grant	13,636
Professional Development	<u>10,000</u>
	<u>\$ 254,538</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. The following summarizes net assets released from restrictions:

Food Resource Program	\$ 67,949
MAHN Expansion - Design Grant	36,364
General Operating	34,167
Strategic Planning	<u>5,000</u>
Total Net Assets Released from Restrictions	<u>\$ 143,480</u>

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2023, the date the financial statements were available to be issued.