PARTNERS FOR A HUNGER-FREE OREGON

AUDITED FINANCIAL STATEMENTS
For The Year Ended
June 30, 2019
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Independent Auditor’s Report

To The Board of Directors of
Partners For a Hunger Free Oregon

I have audited the accompanying statements of Partners For a Hunger Free Oregon (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 controls 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.
Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners For a Hunger Free Oregon as of June 30, 2019, 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.

Fred L. Carter, C.P.A.

Portland, OR
February 23, 2020
PARTNERS FOR A HUNGER-FREE OREGON
STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

Cash and Cash Equivalents $ 157,459
Accounts Receivable 3,486
Grants/Contracts Receivable 69,907
Employee Advances 6,776
Gift Cards 275
Prepaid Expenses 8,131
Rent Deposit 4,226

TOTAL ASSETS $ 250,260

LIABILITIES & NET ASSETS

Accounts Payable $ 3,442
Accrued Payroll & Related Liabilities 22,460
Liability for Compensated Absences 17,052
Credit Card Payable 2,355
Retirement Payable 1,733

Total Liabilities 47,042

NET ASSETS

Without Donor Restriction 1,396
With Donor Restriction 201,822

Total Net Assets 203,218

TOTAL LIABILITIES & NET ASSETS $ 250,260

The Accompanying Notes Are An Integral Part of These Financial Statements
-3-
PARTNERS FOR A HUNGER-FREE OREGON  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2019

<table>
<thead>
<tr>
<th>Without Donor Restriction</th>
<th>With Donor Restriction</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT &amp; REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Grants</td>
<td>$ 178,611</td>
<td>$ 178,611</td>
</tr>
<tr>
<td>Foundation Grants</td>
<td>115,520</td>
<td>365,664</td>
</tr>
<tr>
<td>Contributions</td>
<td>155,465</td>
<td>-</td>
</tr>
<tr>
<td>Events Revenue</td>
<td>66,487</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>8,392</td>
<td>-</td>
</tr>
<tr>
<td>Interest/Dividend Income</td>
<td>368</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Released From</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restriction</td>
<td>451,312</td>
<td>(451,312)</td>
</tr>
<tr>
<td><strong>Total Support &amp; Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>976,155</td>
<td>(85,648)</td>
</tr>
</tbody>
</table>

**EXPENSES**

Program Services:
- Advocacy & Community Engagement 267,894 - 267,894
- Child Hunger Prevention 356,806 - 356,806
- SNAP 124,084 - 124,084
- Lobbying 6,784 - 6,784
- Management & General 99,632 - 99,632
- Fundraising 132,575 - 132,575

**Total Expenses** 987,775 - 987,775

Change In Net Assets (11,620) (85,648) (97,268)

Net Assets, Beginning of Year 13,016 287,470 300,486

**Net Assets, End of Year** $1,396 $201,822 $203,218

The Accompanying Notes Are An Integral Part of These Financial Statements -4-
PARTNERS FOR A HUNGER-FREE OREGON
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2019

CASH FLOW FROM OPERATING ACTIVITIES

Change In Net Assets $(97,268)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:
Decrease (Increase) in Assets:
   Accounts Receivables (517)
   Grants/Contracts Pledges Receivable 14,184
   Gift Cards 500
   Employee Advances (6,776)
   Prepaid Expenses (1,880)
Increase (Decrease) in Liabilities:
   Accounts Payable (3,810)
   Accrued Payroll & Related Liabilities 12,447
   Liability For Compensated Absences 3,924
   Credit Card Payable 1,695
   Retirement Payable 334

Net Cash Provided By Operating Activities 77,167

CASH FLOWS FROM INVESTING ACTIVITIES -

CASH FLOWS FROM FINANCING ACTIVITIES -

Net Increase (Decrease) in Cash and Cash Equivalents (77,167)
Cash and Cash Equivalents, Beginning of Year 234,626
Cash and Cash Equivalents, End of Year $157,459

The Accompanying Notes Are An Integral Part of These Financial Statements -6-
PARTNERS FOR A HUNGER-FREE OREGON
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF THE ORGANIZATION

Organization

Partners For A Hunger-Free Oregon (PHFO) was incorporated in the State of Oregon in 2006. PHFO is a non-profit organization whose mission is to raise awareness about hunger, connect people to nutrition programs, and to advocate for systemic changes that end hunger before it begins.

Programs

1. Advocacy & Community Engagement

Under this program, PHFO identifies and raises awareness about public policy that will increase economic stability, strengthen our food system and increase access to the food assistance safety net on the local, state and federal levels. PHFO also raises awareness of hunger and inspires the community to get involved through communications, training, and presentations. PHFO coordinates and manages the work of the Oregon Hunger Task Force, and helps the Task Force carry out their plan to end hunger.

2. Child Hunger Prevention

Under this program, PHFO provides training and technical assistance to strengthen and expand Oregon's network of federally-funded child nutrition programs including the Summer Food Services Program, the School Breakfast Program and School Lunch. PHFO conducts outreach to families with children to raise awareness and reduce barriers to participation.

3. SNAP Outreach

Under this program, PHFO works to raise awareness of the Supplemental Nutrition Assistance Program (SNAP), reduce barriers to participation and improve the program, under a contract with the Oregon Department of Human Services. PHFO's outreach manager travels across the state helping local partners disseminate information to eligible Oregonians.

4. Lobbying

Under this program, PHFO supports and advocates for legislation that addresses hunger and poverty. PHFO publishes an annual policy agenda. During state legislative sessions, staff may testify at hearings, make legislative visits and assist policy makers in developing and promoting policy-based solutions to hunger and poverty in Oregon.
PARTNERS FOR A HUNGER-FREE OREGON
NOTES TO FINANCIAL STATEMENTS (CONT.)
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The classification of a not-for-profit organization’s net assets and its support, revenue, and expenses is based on the existence, or absence, of donor-imposed restrictions. It requires that the amounts for each of classes of net assets be displayed in the Statement of Financial Position and that the amount of change in each of those classes of net assets be displayed in a Statement of Activities.

In accordance with U.S. generally accepted accounting principles (U.S. GAAP), PHFO reports information regarding its financial position and activities according to two classes of net assets: Net Assets Without Donor Restriction and Net Assets With Donor Restriction.

Net Assets Without Donor Restriction:

Net assets available for general use to support operations. The only limits on the use of net assets without restriction are broad limits resulting from the nature of PHFO, the environment in which it operates, and the purpose specified in its corporate documents.

Net Assets With Donor Restriction:

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. PHFO had no donor-imposed restricted net assets that are perpetual in nature, for the year ended June 30, 2019.

Cash & Cash Equivalents

Cash and cash equivalents included all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Contributions

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as with donor restriction if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Provisions For Doubtful Accounts

All receivables, as stated in the financial statements, are deemed by PHFO’s management to be fully collectible. Accordingly no allowance for doubtful accounts has been established at June 30, 2019.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as Net Assets With Donor Restriction. When the passage of time or programmatic purposes specified by the donor has been met those restricted net assets are reclassified to Net Assets Without Restriction in the statement of activities as “net assets released from restrictions”.

Donated Services

Donated services are recognized as contributions if the services either (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people possessing those skills, and would otherwise be purchased if not donated. Volunteers provided various services throughout the year to PHFO that are not recognized as contributions in the financial statements since recognition criteria were not met.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Functional Allocation of Expenses

The Statement of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible. General operating costs across nearly all natural categories are allocated on the basis of estimates of time and effort.

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. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property & equipment are stated at cost. Donated property & equipment is stated at fair market value at the date of donation. Property & equipment is depreciated on the straight line method over five years. Buildings and building improvements are depreciated over thirty (30) years. It is PHFO’s policy to capitalize expenditures for these items in excess of $5,000. Lesser amounts are expensed.

During the year ended June 30, 2019, PHFO did not purchase any property and equipment that exceeded its capitalization policy limit of $5,000.

Income Taxes

PHFO is exempt from federal, state, and local income tax under Section 501(c)(3) Internal Revenue Code and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, PHFO has been determined by the Internal Revenue Service (IRS) not to be a “private foundation within the meaning of Section 509(a) of the code.

ASC 740 requires that organizations must recognize the tax impact of a tax position taken on a return when it is more likely than not that the position will not be sustained on audit, based on the technical merits of the position. PHFO does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income Taxes (Cont.)

PHFO is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress. PHFO’s Federal and state tax returns are generally open for examination for three years following the date filed. PHFO believes it is no longer subject to income tax examinations for years prior to 2016.

Change In Accounting Principle

In August 2016, The Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. ASU 2016-14 amends the current reporting model for non-profit organizations and enhances their required disclosures. The major changes impacting PHFO include: (1) requiring the presentation of only two classes of net assets now titled “net assets with donor restriction” and “net assets without donor restriction”, (2) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (3) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (4) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. PHFO has adopted ASU 2016-14 as of and for the year ended June 30, 2018. PHFP changed its presentation of net assets and expanded footnote disclosures as required by ASU 2016-14.

NOTE 3 - AFFILIATED ORGANIZATION

PHFO is affiliated with the Oregon Hunger Task Force (OHTF) and helps implement its recommendations. OHTF selects, with consultation of the PHFO’s board, at least two (2) members of the OHTF to serve on the PHFO board.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject PHFO to concentration of credit risk, consists of cash and cash equivalents. At times, PHFO may have cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits which is $250,000 per depositor, per insured bank, and for each account ownership category, checking and savings accounts, money market accounts, and certificates of deposit.

PHFO did not have a potential credit risk, for the year ended June 30, 2019.
PARTNERS FOR A HUNGER-FREE OREGON
NOTES TO FINANCIAL STATEMENTS (CONT.)
June 30, 2019

NOTE 5 - OMB CIRCULAR A-133 AUDIT REQUIREMENTS

PHFO expended $88,235 of Federal funds for the year ended June 30, 2019 which is below the threshold of $750,000 for when an audit under OMB Circular A-133 is required.

NOTE 6 - GRANTS/CONTRACTS RECEIVABLE

Grants/contracts receivable consists of the following:

<table>
<thead>
<tr>
<th>Oregon Dept. of Human Services:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SNAP</td>
<td>$29,205</td>
</tr>
<tr>
<td>OHTF</td>
<td>29,293</td>
</tr>
<tr>
<td>Oregon Dept. of Education</td>
<td>9,709</td>
</tr>
<tr>
<td>Oregon Center For Public Policy</td>
<td>1,700</td>
</tr>
<tr>
<td></td>
<td>$ 69,907</td>
</tr>
</tbody>
</table>

NOTE 7 - RETIREMENT PLAN

PHFO’s retirement plan is a Simple IRA. The plan offers up to 3% employer match on employee contributions. PHFO’s contribution to the plan, for the year ended June 30, 2019 was $15,747.

NOTE 8 - LINE OF CREDIT

PHFO established a $50,000 line of credit with Columbia State Bank. The line of credit expires on July 12, 2020. The interest rate is subject to change from time to time based on changes in an index which is the Columbia Bank Base Rate as published on Columbia Bank’s website. The interest rate change will not occur more often than each day. Under no circumstances will the interest rate be less than 4.750% per annum or more than the maximum rate allowed by applicable law. The current interest rate is 7.75%.

The balance on the line of credit at June 30, 2019 is $0.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 21, 2020, which is the date the financial statements were available to be issued.
NOTE 10 - OFFICE LEASE

PHFO leases approximately 3,160 square of office space in the 712 Building located at 712 SE Hawthorne Blvd., Portland, OR 97205. The lease expires on December 31, 2019. On July 12, 2019, the lease was extended six (6) months until June 30, 2020. The monthly lease payment remained the same. Monthly rent is as follows:

<table>
<thead>
<tr>
<th>Effective Date of Increase</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2018</td>
<td>$2,676</td>
</tr>
<tr>
<td>January 1, 2019</td>
<td>2,756</td>
</tr>
</tbody>
</table>

NOTE 11 - VACATION POLICY

PHFO provides vacation for eligible employees. Regular full-time and regular part-time employees are eligible to earn and use vacation. Vacation accrual rates are calculated based on an employee’s start date at regular status regardless of work done previously under temporary status.

<table>
<thead>
<tr>
<th>Employee Classification</th>
<th>Vacation Time (Hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director, 0 - 1 Years</td>
<td>160 hours (6.15 hours per pay period)</td>
</tr>
<tr>
<td>Executive Director, 2 - 5 Years</td>
<td>160 hours + 8 hours additional per year (.3077 hours per pay period)</td>
</tr>
<tr>
<td>Executive Director, 6+ Years</td>
<td>Pro-Rated</td>
</tr>
<tr>
<td>Regular, Full-Time, 0 - 1 years</td>
<td>200 hours (7.69 hours per pay period)</td>
</tr>
<tr>
<td>Regular, Full-Time, 2 - 10 Years</td>
<td>120 hours (4.62 hours per pay period)</td>
</tr>
<tr>
<td>Regular, Full-Time, 11+ years</td>
<td>120 hours + 8 hours additional per year (.3077 hours per pay period)</td>
</tr>
<tr>
<td>Regular, Part-Time</td>
<td>Pro-Rated</td>
</tr>
</tbody>
</table>

Employees may not carry forward vacation hours in excess of the equivalent of one year’s accrual to the next year.
NOTE 12 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consists of:

<table>
<thead>
<tr>
<th>Subject to program expenditure for a specified purpose:</th>
<th>Balance July 1, 2018</th>
<th>Current Year Additions</th>
<th>Released From Restrictions</th>
<th>Balance June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocacy &amp; Community Engagement</td>
<td>$154,388</td>
<td>$38,000</td>
<td>$(154,764)</td>
<td>$37,624</td>
</tr>
<tr>
<td>Child Nutrition</td>
<td>129,582</td>
<td>327,664</td>
<td>(293,048)</td>
<td>164,198</td>
</tr>
<tr>
<td>Board Consultants</td>
<td>3,500</td>
<td>-</td>
<td>(3,500)</td>
<td>-</td>
</tr>
</tbody>
</table>

| Subject to the passage of time                          | -                   | -                      | -                         | -                     |

| Subject to be held in perpetuity                         | -                   | -                      | -                         | -                     |

| Total Net Assets With Donor Restriction                  | $287,470            | $365,664               | $(451,312)                | $201,822              |

NOTE 14 - AVAILABILITY AND LIQUIDITY

The following represents PHFO’s financial assets at June 30, 2019:

Total Financial Assets At Year End:

- Cash and Cash Equivalents: $157,459
- Accounts Receivables: 3,486
- Grants/Contracts Receivable: 69,907
- Gift Cards: 275
- Employee Advances: 6,776

Total Financial Assets At Year End: 237,903

Less Amounts Not Available To Be Used Within 1 Year: -

Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year: $237,903
NOTE 14 - AVAILABILITY AND LIQUIDITY (CONT.)

PHFO receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet needs for general expenditures.

PHFO manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. PHFO operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

PHFO also has a line of credit to meet short-term needs. See Note 8 for information about this line of credit.