

HUNGER SOLUTIONS MINNESOTA
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



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**HUNGER SOLUTIONS MINNESOTA
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Hunger Solutions Minnesota
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hunger Solutions Minnesota, which comprise the statements of financial position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Hunger Solutions Minnesota as of December 31, 2021, and the change in 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 Hunger Solutions Minnesota 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 Hunger Solutions Minnesota's ability to continue as a going concern for one year after the date 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 Hunger Solutions Minnesota'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 Hunger Solutions Minnesota's ability to continue as a going concern for a reasonable period of time.

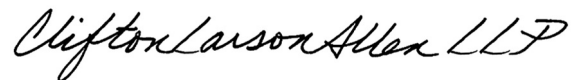
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information identified as food and household products (supplementary information) in Note 9 which is presented for purposes 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matter

The 2020 financial statements of Hunger Solutions Minnesota were audited by other auditors whose report dated September 7, 2021, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 28, 2022

**HUNGER SOLUTIONS MINNESOTA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,539,310	\$ 1,418,814
Investments	1,069,650	986,663
Contributions Receivable	27,903	164,201
Accounts Receivable	303,850	94,347
Accounts Receivable - Agency	1,300	30,835
Prepaid Expenses	<u>36,358</u>	<u>110,055</u>
Total Current Assets	2,978,371	2,804,915
PROPERTY AND EQUIPMENT, Net		
Furniture and Office Equipment	116,811	125,258
Less: Accumulated Depreciation	<u>(101,059)</u>	<u>(86,993)</u>
Property and Equipment, Net	<u>15,752</u>	<u>38,265</u>
 Total Assets	 <u><u>\$ 2,994,123</u></u>	 <u><u>\$ 2,843,180</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 185,870	\$ 202,725
Accrued Expenses	133,240	33,023
Deferred Revenue	25,837	354,327
Funds Held in Agency	<u>171,428</u>	<u>303,607</u>
Total Current Liabilities	516,375	893,682
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,814,060	1,394,498
Designated for New Initiatives and Projects	<u>450,000</u>	<u>500,000</u>
Total Without Donor Restrictions	2,264,060	1,894,498
With Donor Restrictions	<u>213,688</u>	<u>55,000</u>
Total Net Assets	<u>2,477,748</u>	<u>1,949,498</u>
 Total Liabilities and Net Assets	 <u><u>\$ 2,994,123</u></u>	 <u><u>\$ 2,843,180</u></u>

See accompanying Notes to Financial Statements.

**HUNGER SOLUTIONS MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 448,685	\$ 350,000	\$ 798,685
Government Contributions	3,733,258	-	3,733,258
Program Services	701,483	-	701,483
Investment Income, Net	78,134	-	78,134
Net Assets Released from Restrictions	191,312	(191,312)	-
Total Revenue	5,152,872	158,688	5,311,560
EXPENSES			
Program Services:			
Food Shelf Capacity	3,364,717	-	3,364,717
SNAP Outreach	549,672	-	549,672
Advocacy	536,018	-	536,018
Program Services	4,450,407	-	4,450,407
Management and General	278,351	-	278,351
Fundraising	54,552	-	54,552
Total Expenses	4,783,310	-	4,783,310
CHANGE IN NET ASSETS	369,562	158,688	528,250
Net Assets - Beginning of Year	1,894,498	55,000	1,949,498
NET ASSETS - END OF YEAR	\$ 2,264,060	\$ 213,688	\$ 2,477,748

See accompanying Notes to Financial Statements.

**HUNGER SOLUTIONS MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 1,078,734	\$ 55,000	\$ 1,133,734
Government Contributions	11,843,909	-	11,843,909
Program Services	446,455	-	446,455
Investment Income, Net	91,374	-	91,374
Net Assets Released from Restrictions	25,000	(25,000)	-
Total Revenue	13,485,472	30,000	13,515,472
EXPENSES			
Program Services:			
Food Shelf Capacity	11,662,460	-	11,662,460
SNAP Outreach	665,760	-	665,760
Advocacy	208,923	-	208,923
Program Services	12,537,143	-	12,537,143
Management and General	119,107	-	119,107
Fundraising	35,906	-	35,906
Total Expenses	12,692,156	-	12,692,156
CHANGE IN NET ASSETS	793,316	30,000	823,316
Net Assets - Beginning of Year	1,101,182	25,000	1,126,182
NET ASSETS - END OF YEAR	\$ 1,894,498	\$ 55,000	\$ 1,949,498

See accompanying Notes to Financial Statements.

**HUNGER SOLUTIONS MINNESOTA
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries, Taxes, and Benefits	\$ 843,148	\$ 103,106	\$ 45,889	\$ 992,143
Grants to Members	3,064,172	-	-	3,064,172
Professional Services	402,357	35,100	-	437,457
Office and Administration	113,740	33,215	5,663	152,618
Program Marketing	26,990	3,098	500	30,588
Special Projects and Events	-	-	2,500	2,500
Rent	-	75,350	-	75,350
Insurance	-	5,969	-	5,969
Depreciation	-	22,513	-	22,513
Total Expenses by Function	\$ 4,450,407	\$ 278,351	\$ 54,552	\$ 4,783,310

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries, Taxes, and Benefits	\$ 851,826	\$ 39,641	\$ 27,042	\$ 918,509
Grants to Members	10,945,755	-	-	10,945,755
Professional Services	402,518	35,360	-	437,878
Office and Administration	210,436	22,960	7,071	240,467
Program Marketing	19,226	5,796	-	25,022
Special Projects and Events	28,717	-	-	28,717
Rent	70,947	415	1,793	73,155
Insurance	5,718	1,505	-	7,223
Depreciation	2,000	13,430	-	15,430
Total Expenses by Function	\$ 12,537,143	\$ 119,107	\$ 35,906	\$ 12,692,156

See accompanying Notes to Financial Statements.

**HUNGER SOLUTIONS MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 528,250	\$ 823,316
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	22,513	15,430
Dividends and Interest Reinvested	26,839	20,535
Net Realized and Unrealized Gains on Investments	(87,111)	(95,710)
(Increase) Decrease in:		
Contributions Receivables	136,298	52,813
Accounts Receivable	(209,503)	5,858
Accounts Receivable, Agency	29,535	(16,932)
Prepaid Expenses	73,697	(103,650)
Increase (Decrease) in:		
Accounts Payable	(16,855)	(12,405)
Accrued Expenses	100,217	1,583
Deferred Revenue	(328,490)	333,052
Funds Held in Agency	(132,179)	(49,313)
Net Cash Provided by Operating Activities	143,211	974,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	-	(25,700)
Purchase of Investments	(171,255)	(166,596)
Sale of Investments	148,540	154,299
Net Cash Used by Investing Activities	(22,715)	(37,997)
NET CHANGE IN CASH AND CASH EQUIVALENTS	120,496	936,580
Cash and Cash Equivalents - Beginning of Year	1,418,814	482,234
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,539,310	\$ 1,418,814

See accompanying Notes to Financial Statements.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hunger Solutions Minnesota (the Organization) works to end hunger in our state. We take action to assure food security for all Minnesotans by supporting programs and agencies that provide food to those in need, advancing sound public policy, building grassroots advocacy, and informing and educating critical stakeholders about the status of hunger in Minnesota.

As the only statewide anti-hunger organization whose services reach every county of Minnesota, we are not only fighting against hunger today, but also finding long-term solutions to end hunger in the future through the following programs:

SNAP Outreach

The Supplemental Nutrition Assistance Program (SNAP) is the largest federal nutrition assistance program, supplementing the food budgets of low-income households so they can purchase food that meets their needs. The program serves as the first line of defense against hunger. For every meal provided by the network of food banks and food shelves, SNAP provides nine meals.

Hunger Solutions Minnesota's SNAP Outreach efforts connect people with food resources through the Minnesota Food HelpLine, Market Bucks program, and SNAP Rx.

Minnesota Food HelpLine

The Minnesota Food HelpLine is an over-the-phone resources line that provides SNAP eligibility screenings and enrollment assistance, and referral services to other food resource programs such as food shelves, WIC, Meals on Wheels, farmers markets, and more.

In fiscal year (FY) 2021, the Minnesota Food HelpLine received 12,546 calls to the HelpLine. Of those, over 1,372 callers were screened for SNAP. The remaining calls were given information on other resources or programs such as the EBT Service Center, the Pandemic EBT (P-EBT) program, local food shelf, and more.

Market Bucks

The Market Bucks program matches SNAP customer's spending up to \$10 at 87 participating farmers markets statewide, allowing customers to stretch their food budget to buy more fresh, local, and affordable food.

In FY2021, over 17,000 SNAP customers spent \$410,646 in SNAP/EBT and \$208,346 in Market Bucks during the summer season. This was a record year for the program, creating over \$1,000,000 in economic activity for the state.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SNAP Outreach (Continued)

SNAP Rx

SNAP Rx strengthens the connection between healthcare and hunger relief organizations. Our partnering clinics use the Hunger Vital Sign screening tool to screen their patients for food insecurity during routine care. Patients who screen positive for food insecurity are referred to the Minnesota Food HelpLine and connected with food resources in their local community.

In FY2021, Hunger Solutions Minnesota received 1,184 patient referrals from over 80 clinic partners.

Food Shelf Capacity

To end hunger in Minnesota, we need a strong, responsive emergency food system. Hunger Solutions Minnesota works to build food shelf capacity so food shelves in our state are best able to meet the needs in their local communities.

Food Shelf Funding

In FY2021, Hunger Solutions Minnesota distributed more than \$2 million in grants to 350 food shelves throughout Minnesota to ensure they have access to funding they need to keep food on their shelves and the doors open to those in their community. These grant opportunities included the Minnesota Food Shelf Program (MSFP) Grants, Cultural Collaboration and Equipment Grants, and the CCRSA Grants.

The Emergency Food Assistance Program (TEFAP)

Hunger Solutions Minnesota partners with the USDA, the Minnesota Department of Human Services-Office of Economic Opportunity, food banks, and food shelves to administer Minnesota's TEFAP program. In FY2021, Hunger Solutions Minnesota distributed over 17 million pounds of food to food shelves and on-site meal programs across Minnesota via TEFAP.

Advocacy

Serving as the anti-hunger community's leading voice with lawmakers, we champion ending hunger through public policy intervention and systemic change.

Key policy priorities of FY2021 were to support food shelves during the COVID-19 pandemic; provide free breakfast and lunch to all students in Minnesota, especially those in low-income communities; designate funding for the build of a new food shelf in St. Paul; and increase access to food resources for students enrolled in colleges and universities.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

Net Assets With Donor Restrictions – are those net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has no net assets to 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 statements of activities.

Cash and Cash Equivalents

The Organization considers all short-term debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash in the Organization’s accounts are covered by FDIC and SPIC insurance. At times during the year, the Organization had cash balances in excess of the FDIC insured limits.

Accounts Receivable

Accounts receivable is stated at net realizable value. Management estimates that all accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts has been recognized as of December 31, 2021 and 2020.

Contributions Receivable

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of the amount to be collected using an imputed interest rate applicable to the year in which the contribution is received. Conditional contributions are not included as support until such time as the conditions are substantially met. Management estimates that all contributions are fully collectible. Management estimates that all contributions are fully collectible. Therefore, no allowance for doubtful accounts has been recognized as of December 31, 2021 and 2020.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment over \$1,000 are stated at cost at the date of donation or acquisition or, if donated, fair market value based on estimated retail cost at the date of donation. Depreciation is computed using appropriate straight-line methods over the estimated useful lives of the assets ranging from three to seven years.

Investments

Investments are valued at fair value based on quoted market prices. Investment Income reported in the statement of activities includes netted realized and unrealized gains and losses, interest and dividend income, and investment expenses. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains or losses on the sale of marketable securities are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition date, if acquired during the year.

Funds Held in Agency

The Organization administers certain funds held in agency for others which are reported as accounts receivable, agency, and funds held in agency.

Revenue Recognition

Program service revenue is recognized when services are performed under service contracts received from nongovernmental sources. Membership dues from food shelf members are recognized when due, at the beginning of each month.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of approximately \$2,835,972 that have not been recognized at December 31, 2021, because qualifying expenditures have not yet been incurred.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Allocation of Functional Expenses

The costs of programs and supporting services have been summarized on a functional basis. Salaries and related expenses are allocated to program and supporting services based on time spent on each program. The program costs are specifically allocated whenever practical. General overhead expenses are allocated on the best estimates of management.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the donor. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for uncertain positions that more likely than not would not be sustained upon examination by the applicable tax authorities. Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

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 reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Organization receives a significant amount of funding from the government through various grants and contracts. If a significant reduction in the level of this funding were to occur, it might have a significant effect on the Organization's programs and activities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 28, 2022, the date the financial statements were available to be issued.

NOTE 2 LINE OF CREDIT

The Organization has a \$350,000 promissory note, revolving line of credit, with a variable interest rate at 4.50% (index rate plus 1%, minimum 4.50%) maturing August 30, 2022, secured by all the Organization's assets. There were no outstanding balances on this line at December 31, 2021 and 2020.

NOTE 3 RETIREMENT PLAN

The Organization matches 401(k) contributions by eligible employees. The Organization contributed \$15,434 and \$16,896 to the plan for the years ended December 31, 2021 and 2020, respectively.

The Organization provides a 401(k) profit sharing plan to its employees. Employer contributions are discretionary and are determined each year. The plan covers all employees who meet specific requirements. The Organization contributed \$19,256 and \$-0- to the plan for the years ended December 31, 2021 and 2020, respectively.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 AVAILABILITY AND LIQUIDITY

The following represents Hunger Solutions Minnesota's financial assets as December 31:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,539,310	\$ 1,418,814
Investments	1,069,650	986,663
Contributions Receivable	27,903	164,201
Accounts Receivable	303,850	94,347
Accounts Receivable, Agency	1,300	30,835
Total Financial Assets	<u>2,942,013</u>	<u>2,694,860</u>
Less: Amounts Not Available to be Used Within One Year:		
Funds Held in Agency	(171,428)	(303,607)
Net Assets with Donor Restrictions	(213,688)	(55,000)
Board-Designated Funds	<u>(450,000)</u>	<u>(500,000)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 2,106,897</u>	<u>\$ 1,836,253</u>

The Organization's goal is generally to maintain financial assets to meet four months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments including money market accounts. The Organization's board of directors has designated a portion of its net assets for new initiatives and projects. Those amounts are identified as board-designated funds in the table above. Those funds remain available and may be spent at the discretion of the board.

NOTE 5 OPERATING LEASES

The Organization leases office space under operating leases that expire June 2023. Rent expense for leases was \$78,122 for the year ended December 31, 2021. Future minimum payments under these agreements are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 51,153
2023	39,379
Total	<u>\$ 90,532</u>

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels include:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- quoted prices for similar assets/liabilities in active markets;
- quoted prices for identical or similar assets in nonactive markets;
- inputs other than quoted prices that are observable for the asset/liability; and
- inputs that are derived from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

As of December 31, 2021 and 2020, all of the Organization's investments consisted of mutual funds which are valued at Level 1.

NOTE 7 CONCENTRATION OF REVENUE SOURCES

The Organization received 69% of its total revenue from various contracts with the state of Minnesota for the year ending December 31, 2021, and 85% of its total revenue for the year ending December 31, 2020. The current level of the Organization's operations and program services may be impacted if funding is not renewed.

**HUNGER SOLUTIONS MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	2021	2020
SNAP Outreach	\$ 76,182	\$ 30,000
Public Policy - Universal Meals	137,506	-
Restricted for Time	-	25,000
Total	<u>\$ 213,688</u>	<u>\$ 55,000</u>

Net assets with donor restrictions were released for the following purposes during the years ending December 31:

	2021	2020
SNAP Outreach	\$ 53,818	\$ -
Public Policy - Universal Meals	112,494	-
Restricted for Time	25,000	25,000
Total	<u>\$ 191,312</u>	<u>\$ 25,000</u>

NOTE 9 FOOD AND HOUSEHOLD PRODUCTS (SUPPLEMENTARY INFORMATION)

The Organization coordinates the distribution of food and household products to various in-state food banks and food shelves. The total valuation of the food and household products distributed are estimates based on estimated pounds distributed multiplied by estimated rates per pound established by cost studies conducted by USDA. The valuation of distributed food and household products during the years ended December 31, 2021 and 2020, was \$18,983,404 and \$23,726,144, respectively.



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