Partnership for a Healthier America, Inc.

Financial Report
June 30, 2021

Contents

Independent auditor’s report	1
Financial statements	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4-5
Statements of cash flows	6
Notes to financial statements	7-16

Independent Auditor's Report

Board of Directors
Partnership for a Healthier America, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Partnership for a Healthier America, Inc. (PHA), which comprise the statements of financial position as of June 30, 2021 and 2020, 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
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 control relevant to PHA'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 PHA's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partnership for a Healthier America, Inc. as of June 30, 2021 and 2020, 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.

RSM US LLP

Washington, D.C.
December 17, 2021

Partnership for a Healthier America, Inc.

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 9,722,057	$ 2,726,888
Investments	-	2,500,005
Receivables, net	6,823,965	1,095,176
Prepaid expenses and other assets	64,402	64,678
Property and equipment, net	89,915	134,992
Total assets	$ 16,700,339	$ 6,521,739
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 743,669	$ 229,905
Deferred revenue	8,299	6,809
Notes payable	401,800	401,800
Deferred rent	20,767	16,997
Total liabilities	1,174,535	655,511
Commitments and contingencies (Notes 6 and 9)		
Net assets:		
Without donor restrictions	4,905,567	4,730,523
With donor restrictions	10,620,237	1,135,705
Total net assets	15,525,804	5,866,228
Total liabilities and net assets	$ 16,700,339	$ 6,521,739

See notes to financial statements.

Partnership for a Healthier America, Inc.

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021	2020
Activities without donor restrictions:		
Revenue and support:		
Program management and evaluation fees	$ 551,680	$ 549,400
Contributions	311,348	430,397
Sponsorships	310,000	475,850
Other income	1,965	4,715
Net assets released from donor restrictions	5,096,679	1,256,373
Total revenue and support	6,271,672	2,716,735
Expenses:		
Program services:		
Catalyzing action	4,178,012	402,238
Commitments	1,329,398	1,460,550
Convening	65,395	293,391
Total program services	5,572,805	2,156,179
Supporting services:		
General and administrative	813,587	971,182
Fundraising	114,887	354,070
Total supporting services	928,474	1,325,252
Total expenses	6,501,279	3,481,431
Change in net assets without donor restrictions from operations	(229,607)	(764,696)
Gain on forgiveness of note payable	401,800	-
Net investment return	2,851	64,148
Change in net assets without donor restrictions	175,044	(700,548)
Activities with donor restrictions:		
Contributions	14,581,211	959,863
Net assets released from donor restrictions	(5,096,679)	(1,256,373)
Change in net assets with donor restrictions	9,484,532	(296,510)
Change in net assets	9,659,576	(997,058)
Net assets:		
Beginning	5,866,228	6,863,286
Ending	$ 15,525,804	$ 5,866,228

See notes to financial statements.

Partnership for a Healthier America, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services				Supporting Services			
	Catalyzing Action	Commitments	Convening	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Subgrants to food banks	$ 2,496,980	$ 183,200	$ -	$ 2,680,180	$ -	$ -	$ -	$ 2,680,180
Salaries and benefits	436,302	828,754	6,962	1,272,018	632,265	31,435	663,700	1,935,718
Communications	749,432	840	2,049	752,321	20	683	703	753,024
Professional fees	121,124	139,983	-	261,107	25,169	60,000	85,169	346,276
Occupancy	178,437	68,870	6,261	253,568	50,088	9,391	59,479	313,047
Depreciation, insurance and other	62,218	23,985	2,180	88,383	23,789	10,616	34,405	122,788
Industry-paid evaluations	48,802	59,731	-	108,533	-	-	-	108,533
Information and technology	49,327	13,548	2,145	65,020	9,853	1,847	11,700	76,720
Meetings and events	6,000	285	45,255	51,540	-	-	-	51,540
Bad debt	-	-	-	-	50,000	-	50,000	50,000
Payroll service and other	14,190	5,515	498	20,203	21,321	847	22,168	42,371
Office	10,619	500	45	11,164	576	68	644	11,808
Travel	4,581	4,187	-	8,768	506	-	506	9,274
	$ 4,178,012	$ 1,329,398	$ 65,395	$ 5,572,805	$ 813,587	$ 114,887	$ 928,474	$ 6,501,279

See notes to financial statements.

Partnership for a Healthier America, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				Supporting Services			
	Catalyzing Action	Commitments	Convening	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Subgrants to food banks	$ -	$ 177,370	$ -	$ 177,370	$ -	$ -	$ -	$ 177,370
Salaries and benefits	263,471	919,651	159,819	1,342,941	734,298	254,618	988,916	2,331,857
Communications	77,512	1,720	2,025	81,257	6,618	-	6,618	87,875
Professional fees	229	3,813	2,208	6,250	33,336	38,279	71,615	77,865
Occupancy	31,535	109,322	19,034	159,891	87,400	30,382	117,782	277,673
Depreciation, insurance and other	14,403	46,952	8,076	69,431	42,148	14,785	56,933	126,364
Industry-paid evaluations	-	125,889	-	125,889	-	-	-	125,889
Information and technology	10,259	23,444	4,112	37,815	18,739	6,514	25,253	63,068
Meetings and events	33	2,307	90,892	93,232	124	731	855	94,087
Payroll service and other	2,731	10,692	1,767	15,190	27,179	2,811	29,990	45,180
Office	961	3,305	533	4,799	2,449	882	3,331	8,130
Travel	1,104	36,085	4,925	42,114	18,891	5,068	23,959	66,073
	$ 402,238	$ 1,460,550	$ 293,391	$ 2,156,179	$ 971,182	$ 354,070	$ 1,325,252	$ 3,481,431

See notes to financial statements.

Partnership for a Healthier America, Inc.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 9,659,576**	$ (997,058)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized loss (gain) on investments	**4,005**	(2,246)
Change in discount to net present value	**(2,246)**	(2,810)
Bad debt expense	**50,000**	-
Depreciation and amortization	**70,353**	83,210
Gain on forgiveness of note payable	**(401,800)**	-
Deferred rent	**3,770**	(20,215)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables, net	**(5,776,543)**	(24,753)
Prepaid expenses and other assets	**276**	51,267
Increase (decrease) in:		
Accounts payable and accrued expenses	**513,764**	(258,013)
Deferred revenue	**1,490**	(44,390)
Net cash provided by (used in) operating activities	**4,122,645**	(1,215,008)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	**2,496,000**	3,699,000
Purchases of investments	**-**	(3,996,000)
Purchases of property and equipment	**(25,276)**	(53,487)
Net cash provided by (used in) investing activities	**2,470,724**	(350,487)
Cash flows from financing activities:		
Proceeds from notes payable	**401,800**	401,800
Net cash provided by financing activities	**401,800**	401,800
Net increase (decrease) in cash and cash equivalents	**6,995,169**	(1,163,695)
Cash and cash equivalents:		
Beginning	**2,726,888**	3,890,583
Ending	**$ 9,722,057**	$ 2,726,888
Supplemental schedule of noncash financing activities		
Extinguishment of debt	**$ 401,800**	$ -

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Partnership for a Healthier America, Inc. (PHA) was incorporated on January 13, 2010 in the state of Delaware as a nonprofit corporation. PHA is devoted to transforming the food landscape in pursuit of health equity. PHA's vision is that all children, families and adults – especially those disproportionately affected – will live healthier lives free from diet-related diseases, such as obesity, diabetes, heart disease, and other chronic conditions. PHA's leverages the power of the private sector to transform the food landscape in pursuit of health equity.

PHA employs its vast convening power, diverse network and thought leadership to develop and spotlight the top programs and practices with the greatest potential to create positive change in the U.S. food landscape. PHA works with organizations across the supply chain – food producers, manufacturers, distributors and retailers – to improve the nutritional profile of foods and beverages wherever consumers are – resulting in a greater volume of healthier options for all. We also collaborate with other nonprofit organizations, including food banks, who understand the importance of, not just providing any food to communities in need, but providing the right food to children and families who suffer the most from health disparities caused by lack of access to healthier food options.

Program services descriptions are as follows:

Catalyzing Action: PHA's programs make healthier choices easier to access and encourage Americans to make those healthier choices. PHA's programs are designed to remind everyone, especially busy parents and families about healthy options. From social media to traditional advertising, PHA highlights the actions of its partners to provide healthy options and encourage people to choose healthy options.

Commitments: PHA negotiates commitments from industry partners to ensure they increase access to healthy options for Americans. For example, PHA asks industry partners to reformulate food or enhance physical activity programs. As part of their commitment agreements, PHA monitors the efforts of its industry partners.

Convening: PHA brings together leaders from the private sector, government, and nonprofit organizations to help end childhood obesity through convening opportunities, including PHA's marquis event Building a Healthier Future Summit. Indirect costs, such as personnel costs and occupancy, related to the planning of these events are expensed as incurred. Through convening opportunities at the Summit and other events, PHA leverages these opportunities to bring together leaders and partners to showcase the work that PHA does.

Supporting services descriptions are as follows:

General and administrative: General and administrative includes activities necessary for the administrative processes and managing the financial responsibilities of PHA.

Fundraising: Fundraising includes activities that encourage and secure financial support for PHA.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

A summary of PHA's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of the FASB ASC, Financial Statements of Not-for-Profit Organizations, PHA is required to report information regarding its net assets and its activities according to two categories: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by Board designation. However, PHA has no Board-designated net assets.

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates: The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Income taxes: PHA is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the IRC.

Cash and cash equivalents: For financial statement purposes, PHA considers demand deposits which may include bank deposit accounts and money market funds to be cash and cash equivalents.

Investments: Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of investments, the change in value is recorded as a component of net investment return on the statements of activities.

Financial risk: PHA maintains a demand deposit account with a reputable financial institution, which incorporates a bank deposit program that invests funds in money market accounts from several different regional banks in order to maximize the insurance protection available from the Federal Deposit Insurance Corporation (FDIC). In this manner, PHA has virtually eliminated its exposure to credit risk. From time to time, certain balances held within the account may become slightly higher than the amount that would be fully guaranteed or insured by the U.S. government. However, management believes the risk of loss, if any, to be minimal.

During 2020, PHA invested available cash in Certificate of Deposit Account Registry Services (CDARS). This investment strategy allowed PHA to allocate funds into certificates of deposit in increments, which ensured the funds were eligible for full FDIC insurance.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Receivables: Receivables are presented at the gross amount due to PHA and include both revenue from exchange transactions and support from contributions, which consisted of unconditional promises to give from donors. Unconditional contributions expected to be collected within one year or less are recorded at net realizable value. Unconditional contributions expected to be collected within one to five years are recorded at the net present value of their estimated future cash flows. The discount to net present value was calculated using an interest rate similar to the two year U.S. Treasury Notes issued during the quarter of the year in which the gifts were received. A discount rate of .58% was used to determine the net present value of long-term promises to give at June 30, 2020. However, a discount related to the net present value of long-term promises to give at June 30, 2021, was trivial and has not been recorded.

Management periodically reviews the status of all receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer or donor, PHA's relationship with the customer or donor, and the age of the receivable balance. As a result of these reviews, receivable balances deemed to be uncollectable are charged directly to bad debt expense, which totaled $50,000 and $0 for the years ended June 30, 2021 and 2020, respectively. Management believes that the use of the direct write-off method approximates the results that would have been presented if an allowance for doubtful accounts had been recorded.

Property and equipment: Acquisitions of property and equipment greater than $1,000 are recorded at cost and depreciated or amortized using the straight-line method over the following useful lives: website software and development – three years; furniture and equipment – three to seven years; and leasehold improvements – lesser of the useful life of the asset or the remaining term of the lease.

Valuation of long-lived assets: Long-lived property, such as leasehold improvements, that suffers a permanent impairment will be written down to fair value and an impairment loss equal to the difference between the property's carrying amount and fair value would be included as a reduction in the change in net assets without donor restrictions.

Deferred rent: PHA recognizes the minimum rents required under a lease as rent expense on a straight-line basis over the term of the lease. Differences between amounts recorded as expense and amounts actually paid are reported as deferred rent in the financial statements.

Revenue and support: Revenue includes program management and evaluation fees because this is the line item that has performance obligations and related to contracts with customers. Revenue line items with performance obligations are considered to be exchange transactions. PHA's revenue stream met the criteria for the practical expedient treatment as a group because the contracts have similar terms. Support includes contributions and sponsorships.

Revenue from contracts with customers includes performance obligations that are satisfied either at a point in time or over time. PHA performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if PHA is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the certain criteria are met, revenue is recognized at a point in time.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Prices are specific to a distinct performance obligation and contracts with customers do not have multiple performance obligations. Economic factors driven by consumer confidence, employment, inflation and other world events impact the timing and level of revenue recognized in the financial statements. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of PHA, or can have a positive impact on cash flows in favorable economic conditions.

Program management and evaluation fees: Program management and evaluation fees relates to agreements with various industry partners who plan to promote healthy choices such as, reducing the number of calories in meals at a restaurant or promoting healthy products over unhealthy ones. In relation to these commitments, PHA engages in monitoring activities at various points over the life of the agreements to ensure the industry partners are fulfilling their commitment to promoting healthy choices. PHA’s industry partners pay an annual fee and / or an evaluation fee in order to get a report or other feedback from PHA on the success of their efforts. Upon delivery of this feedback, PHA considers whether performance obligations were met so that revenue is recognized after performance obligations have been met.

Contributions: Contributions include private foundation grants, gifts from individual donors, and strategic partnerships. Unconditional contributions are recognized when received. Contributions are classified within activities without donor restrictions or within activities with donor restrictions depending upon the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when either the purpose restriction is satisfied, or the time restriction expires. Contributions with donor restrictions that is both received and released in the same period is classified as without donor restrictions in the statements of activities.

Sponsorships: Sponsorships are considered to be conditional contributions that relate to the Accelerating a Healthier Future Summit and other events held by PHA. When the events occur, the sponsorships become unconditional contributions. At these events, leaders from the private sector, government, academia and nonprofits discuss challenges and solutions to ensure all children will live healthier lives, growing up to be adults free from obesity, diabetes, heart disease and other chronic conditions. The Summit event occurs annually and, due to the coronavirus (COVID-19) pandemic, the events were held virtually rather than in person.

Advertising expense: Advertising expense is incurred by PHA in relation to marketing efforts for healthier options. Advertising costs are expensed in the period when the first advertising activity takes place. Advertising expense has been recognized in program services and totaled $224,390 and $26,847 for the years ended June 30, 2021 and 2020, respectively.

Functional allocation of expenses: The costs of providing various program and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and benefits have been allocated based on estimated employee effort. Overhead expenses including, but not limited to, occupancy, depreciation, insurance, information and technology have also been allocated based on employee effort.

Measure of operations: PHA does not include gain on forgiveness of debt and net investment return as part of the change in net assets without donor restrictions from operations.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recent accounting pronouncements adopted: FASB Accounting Standards Update (ASU) 2014-09, *Revenue form Contracts with Customers* requires that PHA recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP). The ASU also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. PHA adopted the new standard, effective for the year ended June 30, 2021, using the modified retrospective method analyzing all contracts not yet completed as of July 1, 2020. The revenue line items affected by this standard include program management and evaluation fees. Based on management's review of its contracts with customers, the timing and amount of revenue recognized previously is materially consistent with how revenue is recognized under this new standard. Therefore, the adoption of this standard had no material impact on PHA's financial statements but the standard does require additional disclosures.

FASB ASU 2018-08*, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* clarifies the guidance for evaluating whether a transaction is reciprocal (an exchange transaction) or nonreciprocal (a contribution). ASU 2018-08 also provided guidance for distinguishing between conditional and unconditional contributions. PHA adopted the contributions received portion of the new standard effective for the year ended June 30, 2020. PHA adopted the contributions made portion of the new standard effective for the year ended June 30, 2021, using the modified prospective method. Based on PHA's review of the contributions it makes, the timing of the amount of expense recognized previously is consistent with how grant expenses are recognized under this new standard. Therefore, the adoption of this standard had no impact on the financial statements but the standard does require additional disclosures related to conditional contributions when they are present.

Upcoming accounting pronouncements: FASB ASU 2016-02, *Leases (Topic 842)* supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. PHA expects to implement the new standard during the year ending June 30, 2023, and is currently evaluating the impact of the new standard on the financial statements.

FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. PHA expects to implement the new standard during the year ending June 30, 2022 and is currently evaluating the impact of the new standard on the financial statements.

Subsequent events: Subsequent events have been evaluated through December 17, 2021, which is the date the financial statements were available to be issued.

Note 2. Investments

PHA follows the accounting standards topic regarding fair value measurements, which establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. This standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments presented at fair value using Level 2 inputs included certificates of deposit, which were valued based on: a) the original deposit amount purchased; b) the interest rate; c) the rate at which the interest compounds, i.e., daily, monthly or yearly; and d) the term. Management believed the fair value of investments to be a reasonable approximation of their exit price.

Investments consisted entirely of certificates of deposit totaling $0 and $2,500,005 as of June 30, 2021 and 2020, respectively.

Net investment return consisted of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	$ 6,856	$ 61,902
Net realized and unrealized (loss) gain on investments	(4,005)	2,246
	$ 2,851	$ 64,148

Note 3. Receivables

Receivables consisted of the following at June 30, 2021 and 2020:

	2021	2020
Contributions	$ 6,571,228	$ 933,202
Program management and evaluation fees	252,710	144,370
Accrued interest and other	27	19,850
	6,823,965	1,097,422
Less discount to present value	-	(2,246)
	$ 6,823,965	$ 1,095,176

Contributions receivable related to unconditional contributions consisted of the following at June 30, 2021 and 2020:

Note 3 Receivables (Continued)

	2021	2020
Receivable in less than one year	$ 6,496,228	$ 746,830
Receivable in one to five years	75,000	186,372
	6,571,228	933,202
Less discount to present value	-	(2,246)
	$ 6,571,228	$ 930,956

Conditional contributions: PHA has not received any conditional contributions.

Note 4. Liquidity and Availability of Resources

PHA operates under an investment policy that describes the investment philosophies and investment management procedures that should be utilized for managing the financial assets of PHA to ensure liquidity where appropriate to meet necessary cash flow requirements as well as its long-term goals. PHA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, PHA does not have access to a line of credit as an available resource.

Financial assets available for general expenditures within one year consisted of the following at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 9,722,057	$ 2,726,888
Investments	-	2,500,005
Receivables, net	6,823,965	1,095,176
	16,546,022	6,322,069
Amounts not available for general expenditure within one year:		
Net assets with donor restrictions	(10,620,237)	(1,135,705)
	$ 5,925,785	$ 5,186,364

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Website software and development	$ 457,594	$ 432,318
Furniture and equipment	176,528	176,528
Leasehold improvements	41,133	41,133
	675,255	649,979
Less accumulated depreciation and amortization	(585,340)	(514,987)
	$ 89,915	$ 134,992

Note 6. Note Payable

First PPP Loan: On April 30, 2020, PHA obtained a loan totaling $401,800, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act of March 27, 2020. The loan was scheduled to mature on April 30, 2022 but was forgiven by the Small Business Administration (the SBA) during May 2021. PHA elected to account for the PPP loan in accordance with ASC Topic 470: *Debt*. Therefore, PHA recognized a gain on forgiveness of note payable on the statement of activities totaling $401,800 for the year ended June 30, 2021.

Second PPP Loan: On March 2, 2021, PHA obtained a second PPP loan totaling $401,800. The loan matures on March 2, 2026 and bears interest at a rate of 1% per annum. Proceeds from the loan may only be used specific costs detailed in the loan agreement that were incurred during the eight-week period beginning on March 2, 2021. The loan and related accrued interest are forgivable after ten months if PHA uses the loan proceeds for eligible purposes. The unforgiven portion of the PPP loan is payable over five years, with a deferral of payments for the first ten months. The note payable may be prepaid by PHA at any time prior to maturity with no prepayment penalties. PHA has elected to account for the loan in accordance with ASC Topic 470: *Debt*. PHA intends to use the entire proceeds of the loan for qualifying expenses as described in the CARES Act and expects that the loan will be forgiven.

Future maturities of principal related to the second PPP loan were as follows as of June 30, 2021:

Years ending June 30:	
2022	$ 78,769
2023	79,556
2024	80,352
2025	81,156
2026	81,967
	$ 401,800

Contingency: The SBA has the right to audit recipients of PPP loans for up to six years from the date of forgiveness. However, management does not believe a material risk exists related to the SBA's right to audit.

Note 7. Net Assets

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Purpose restricted:		
Fresh Food Fund	$ 6,802,550	$ 294,295
Healthy Hunger Relief (previously, Food Banks)	2,389,724	207,677
Pass the Love	1,301,142	-
Transforming Regional Food Systems	113,821	-
Time restricted:		
General operating grants	13,000	535,979
Contributions receivable, long-term	-	97,754
	$ 10,620,237	$ 1,135,705

Note 7. Net Assets (Continued)

Net assets released from donor restrictions consisted of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Purpose restrictions:		
Fresh Food Fund	$ 1,546,250	$ 109,204
Healthy Hunger Relief (previously, Food Banks)	155,453	195,794
Pass the Love	2,183,803	-
Transforming Regional Food Systems	314,194	-
Fruits N Veggies	260,000	105,200
Physical Demand	-	30,000
Drink Up	-	5,499
Time restrictions:		
General operating grants	536,979	710,676
Contributions receivable, long-term	100,000	100,000
	$ 5,096,679	$ 1,256,373

Note 8. Retirement Plan

PHA sponsors a defined 401(k) savings plan, which is available to all employees meeting certain eligibility requirements as defined by the plan document. Under the plan PHA makes contributions to the plan equal to employee contributions up to a limit of 4% of participant compensation. PHA’s contributions totaled $64,824 and $77,567 for the years ended June 30, 2021 and 2020, respectively.

Note 9. Commitments and Contingencies

Office lease: PHA has an operating lease for office space, which will expire in March 2022. In accordance with the terms of the office lease, PHA paid a security deposit totaling $45,304, which has been included in prepaid expenses and other assets on the statements of financial position. The terms of the lease include a rent abatement equal to the first two months of the lease term. The lease also includes an escalation clause, which adjusts annual base rentals. The rent abatement and the annual escalation of rent will be amortized on a basis to achieve straight-line rent expense over the life of the lease. Therefore, deferred rent totaled $20,767 and $16,997 at June 30, 2021 and 2020, respectively. Future minimum cash basis rent payments under the office lease approximate $224,400 related to the year ending June 30, 2022.

During 2021, while the terms of the office lease were re-negotiated, PHA did not pay the base rental amounts that were due under the terms of the office lease. However, PHA recorded a liability related to amounts due under the office lease related to the year ended June 30, 2021. The rent liability, which is included in accounts payable and accrued expenses on the statements of financial position, totaled $238,619 and $5,000 as of June 30, 2021 and 2020, respectively.

Rent expense totaled $293,063 and $257,952 for the years ended June 30, 2021 and 2020, respectively.

Employment agreement: PHA has an employment agreement with a key employee. Under the terms of the contract, should PHA terminate her employment without cause, PHA would be obligated to pay severance as stipulated in the agreement.

Note 9 Commitments and Contingencies (Continued)

COVID-19 Pandemic: On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a “Public Health Emergency of International Concern” and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which PHA operates. It is unknown how long these conditions will last and what the complete financial affect will be to PHA, to date, and it is reasonably possible that PHA is vulnerable to the risk of a near-term impact.