

# **BOCA HELPING HANDS, INC. AND SUBSIDIARY**

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CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016



## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Boca Helping Hands, Inc. and Subsidiary

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Boca Helping Hands, Inc. (a not-for-profit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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, 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boca Helping Hands, Inc. and Subsidiary as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Merison, Brown, Ariz & Fana*

Boca Raton, Florida  
September 10, 2018

An independent member of Baker Tilly International

**BOCA HELPING HANDS, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,**

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 1,423,124	\$ 1,348,639
Restricted cash	81,742	196,987
Promises to give, net	124,200	274,600
Investments	2,749,842	2,194,961
Prepaid expenses and other assets	51,161	45,848
Property and equipment, net	5,190,731	5,172,675
<b>TOTAL ASSETS</b>	<b>\$ 9,620,800</b>	<b>\$ 9,233,710</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 24,456	\$ 43,671
Construction and retainage payable	-	89,258
<b>TOTAL LIABILITIES</b>	<b>24,456</b>	<b>132,929</b>
<b>NET ASSETS</b>		
Unrestricted, including board designations of \$2,859,100 and \$2,251,629 at December 31, 2017 and 2016, respectively	9,390,402	8,639,194
Temporarily restricted	205,942	461,587
<b>TOTAL NET ASSETS</b>	<b>9,596,344</b>	<b>9,100,781</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,620,800</b>	<b>\$ 9,233,710</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BOCA HELPING HANDS, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 1,550,759	\$ 318,054	\$ 1,868,813	\$ 1,645,334	\$ 600,235	\$ 2,245,569
In-kind, principally food	4,628,000	-	4,628,000	4,253,000	-	4,253,000
Special events	287,361	-	287,361	199,344	-	199,344
Investment income, net	283,720	-	283,720	168,586	-	168,586
Other income	3,626	-	3,626	2,846	-	2,846
Net assets released from restrictions	573,699	(573,699)	-	575,193	(575,193)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>7,327,165</b>	<b>(255,645)</b>	<b>7,071,520</b>	<b>6,844,303</b>	<b>25,042</b>	<b>6,869,345</b>
<b>EXPENSES</b>						
Program services:						
Food center (including in-kind contributions of \$4,628,000 and \$4,253,000 for the years ended December 31, 2017 and 2016, respectively)	5,206,526	-	5,206,526	4,792,208	-	4,792,208
BHH Backpacks	252,269	-	252,269	221,802	-	221,802
Job mentoring/job training programs	233,520	-	233,520	233,652	-	233,652
Resource center	277,464	-	277,464	210,760	-	210,760
Total program services	5,969,779	-	5,969,779	5,458,422	-	5,458,422
Supporting services:						
General and administrative	376,304	-	376,304	283,363	-	283,363
Fundraising	229,874	-	229,874	275,321	-	275,321
Total supporting services	606,178	-	606,178	558,684	-	558,684
<b>TOTAL EXPENSES</b>	<b>6,575,957</b>	<b>-</b>	<b>6,575,957</b>	<b>6,017,106</b>	<b>-</b>	<b>6,017,106</b>
CHANGE IN NET ASSETS	751,208	(255,645)	495,563	827,197	25,042	852,239
NET ASSETS, BEGINNING OF YEAR	8,639,194	461,587	9,100,781	7,811,997	436,545	8,248,542
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 9,390,402</b>	<b>\$ 205,942</b>	<b>\$ 9,596,344</b>	<b>\$ 8,639,194</b>	<b>\$ 461,587</b>	<b>\$ 9,100,781</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BOCA HELPING HANDS, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services		Total Expenses
	Food Center	BHH Backpacks	Job Mentoring/ Job Training Programs	Resource Center	General and Administrative	Fundraising	
Salaries	\$ 240,854	\$ 32,777	\$ 95,623	\$ 21,801	\$ 173,290	\$ 71,995	\$ 636,340
Payroll taxes and employee benefits	53,205	7,240	21,123	4,816	38,280	15,904	140,568
<b>TOTAL SALARIES AND RELATED EXPENSE</b>	<b>294,059</b>	<b>40,017</b>	<b>116,746</b>	<b>26,617</b>	<b>211,570</b>	<b>87,899</b>	<b>776,908</b>
In-kind expenses	4,628,000	-	-	-	-	-	4,628,000
Food purchases	77,351	175,193	-	-	-	-	252,544
Emergency assistance payments to clients	-	-	-	142,563	-	-	142,563
Job training	-	-	99,929	-	-	-	99,929
Building maintenance and supplies	31,781	5,729	2,713	12,667	6,897	6,897	66,684
Rent	-	-	-	37,002	-	-	37,002
Utilities and other	21,406	3,859	1,827	8,532	4,646	4,646	44,916
Printing, telephone and other office expenses	7,222	1,302	617	2,879	18,028	18,028	48,076
Insurance	25,398	4,394	3,471	8,835	8,438	6,679	57,215
Professional services	2,977	537	254	1,186	70,181	646	75,781
Licenses	1,421	256	121	567	3,549	3,549	9,463
Information technology	7,987	1,440	682	3,183	19,938	19,938	53,168
Vehicle fuel and maintenance	20,341	3,590	-	-	-	-	23,931
Special events	-	-	-	-	-	48,695	48,695
Miscellaneous	6,447	1,162	550	2,571	16,253	16,093	43,076
Total expenses before depreciation	5,124,390	237,479	226,910	246,602	359,500	213,070	6,407,951
Depreciation	82,136	14,790	6,610	30,862	16,804	16,804	168,006
<b>TOTAL EXPENSES</b>	<b>\$ 5,206,526</b>	<b>\$ 252,269</b>	<b>\$ 233,520</b>	<b>\$ 277,464</b>	<b>\$ 376,304</b>	<b>\$ 229,874</b>	<b>\$ 6,575,957</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BOCA HELPING HANDS, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services				Supporting Services		Total Expenses
	Food Center	BHH Backpacks	Job Mentoring/ Job Training Programs	Resource Center	General and Administrative	Fundraising	
Salaries	\$ 227,449	\$ 28,198	\$ 86,241	\$ 17,365	\$ 141,094	\$ 119,985	\$ 620,332
Payroll taxes and employee benefits	43,680	5,415	16,562	3,335	27,096	23,042	119,130
<b>TOTAL SALARIES AND RELATED EXPENSE</b>	<b>271,129</b>	<b>33,613</b>	<b>102,803</b>	<b>20,700</b>	<b>168,190</b>	<b>143,027</b>	<b>739,462</b>
In-kind expenses	4,253,000	-	-	-	-	-	4,253,000
Food purchases	72,574	153,298	-	-	-	-	225,872
Emergency assistance payments to clients	-	-	-	84,407	-	-	84,407
Job training	-	-	114,977	-	-	-	114,977
Building maintenance and supplies	31,758	5,725	2,711	12,658	6,892	6,892	66,636
Rent	-	-	-	39,627	-	-	39,627
Utilities and other	17,803	3,210	1,520	7,096	3,864	3,864	37,357
Printing, telephone and other office expenses	6,829	1,231	583	2,722	17,048	17,048	45,461
Insurance	23,704	4,005	3,424	7,912	7,892	7,449	54,386
Professional services	1,674	302	143	667	27,011	363	30,160
Licenses	2,010	362	172	801	5,017	5,017	13,379
Information technology	7,833	1,412	669	3,122	19,554	19,554	52,144
Vehicle fuel and maintenance	17,006	3,001	-	-	-	-	20,007
Special events	-	-	-	-	-	44,212	44,212
Miscellaneous	15,918	2,883	1,365	6,374	14,460	14,460	55,460
Total expenses before depreciation	4,721,238	209,042	228,367	186,086	269,928	261,886	5,876,547
Depreciation	70,970	12,760	5,285	24,674	13,435	13,435	140,559
<b>TOTAL EXPENSES</b>	<b>\$ 4,792,208</b>	<b>\$ 221,802</b>	<b>\$ 233,652</b>	<b>\$ 210,760</b>	<b>\$ 283,363</b>	<b>\$ 275,321</b>	<b>\$ 6,017,106</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BOCA HELPING HANDS, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 495,563	\$ 852,239
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	168,006	140,559
Net realized/unrealized gains on investments	(231,512)	(114,759)
Contributions restricted for property improvements	(50,000)	(339,600)
Amortization of discount on promises to give	(9,600)	(1,500)
Decrease (increase) in operating assets:		
Restricted cash	115,245	141,058
Promises to give	10,000	40,000
Prepaid expenses and other assets	(5,313)	(15,808)
Increase (decrease) in operating liabilities		
Accounts payable, accrued expenses and construction and retainage payable	(108,473)	113,391
<b>TOTAL ADJUSTMENTS</b>	<b>(111,647)</b>	<b>(36,659)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>383,916</b>	<b>815,580</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(186,062)	(608,482)
Purchases of investments	(1,121,787)	(1,676,075)
Proceeds from sale of investments	798,418	1,321,263
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(509,431)</b>	<b>(963,294)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collection of contributions restricted for property improvements	200,000	125,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>200,000</b>	<b>125,000</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>74,485</b>	<b>(22,714)</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,348,639	1,371,353
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,423,124</b>	<b>\$ 1,348,639</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
In-kind donations received	\$ 4,628,000	\$ 4,253,000

The accompanying notes are an integral part of these consolidated financial statements.



# BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### **Nature of Activities**

Boca Helping Hands, Inc. ("BHH") is a community-supported not-for-profit organization, incorporated in the State of Florida in 2000. It was established to address the growing needs of hunger and other challenges to those less fortunate in Southern Palm Beach County, Florida. BHH's mission is to provide food, medical and financial assistance to meet basic human needs as well as education, job training and guidance to create self-sufficiency.

Boca Helping Hands Endowment Fund, Inc. ("Endowment Fund"), BHH's wholly-owned subsidiary, is a not-for-profit organization incorporated in the State of Florida in 2012. The purpose of the Endowment Fund is to benefit and support BHH in its mission to provide food, assistance, job mentoring and other services to less fortunate persons in the Boca Raton area and to enhance BHH's long range goals. The Endowment Fund includes funds only designated by the Executive Board and does not include any donor restricted funds (NOTE 6).

### **Basis of Consolidation**

The accompanying consolidated financial statements include the accounts of BHH and the Endowment Fund (collectively referred to as the "Organization"). All intercompany accounts and transactions have been eliminated for consolidated financial statement purposes.

### **Description of Programs**

#### Food Center

The Organization operates a food center, where volunteers cook and serve seven hot, nutritional meals weekly to those less fortunate in the community (lunches from Monday through Saturday and a Thursday Family Night Dinner). Volunteers also distribute grocery bags containing food staples (meat, fruit, produce, dairy, bread and other food items) to eligible low income individuals and families from Monday through Saturday and deliver lunches to the homebound. Eligibility is monitored very closely. During the year ended December 31, 2017, the Organization prepared and served approximately 54,000 hot meals at the food center, delivered approximately 4,000 meals to the homebound, and distributed approximately 62,000 grocery food bags to the working poor, unemployed, disabled, homebound and homeless. During the year ended December 31, 2016, the Organization prepared and served approximately 55,000 hot meals at the food center, delivered approximately 4,000 meals to the homebound, and distributed approximately 64,000 grocery food bags to the working poor, unemployed, disabled, homebound and homeless. During the years ended December 31, 2017 and 2016, the Organization received more than 1,960,000 pounds and 1,850,000 pounds, respectively, of food from supermarkets, restaurants, individuals, businesses, governmental agencies and other organizations.

#### BHH Backpacks

The Organization administers BHH Backpacks, which addresses the critical problem of what low income school children eat on weekends; i.e., those who receive their primary meal each weekday through free and reduced school lunch programs. Each Friday during the school year, the Organization provides six meals, two snacks and two juice boxes in backpacks to hundreds of eligible school children who attend eight area elementary schools to take home for the weekend. The Organization purchases the food and then delivers the appropriate amount of each food item to each of the schools on a weekly basis during the academic school year. Volunteers from local faith communities and other organizations have "adopted" these schools and committed their financial resources as well as the manpower needed to pack the backpacks each week. The specific food items used in the backpacks cost approximately \$6 per child/per week. During the years ended December 31, 2017 and 2016, the Organization incurred approximately \$175,000 and \$153,000, respectively, in food purchases in connection with this Program.

#### Job Mentoring/Job Training Programs

BHH's Job Mentoring Program helps clients become job ready and apply for employment opportunities. Clients receive personalized assistance from volunteer job mentors in job searching, application assistance, resume writing, cover letter development, interview preparation, and access to computers and fax machines for job search and application purposes. The Job Mentoring Program offers computer classes for those wishing to learn basic computer skills, MS Word, or Excel. During each of the years ended December 31, 2017 and 2016, the Organization's Job Mentoring Program assisted more than 200 individuals in obtaining employment.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### Description of Programs (Continued)

##### Job Mentoring/Job Training Programs (Continued)

BHH Job Training Programs allow the Organization's clients to choose from a variety of no-cost training programs, including Hospitality, Commercial Driver's License, Home Health Aide and IT Help Desk Technician. Selected clients are carefully screened for each program and initially must complete a Job Readiness Skills class. During the years ended December 31, 2017 and 2016, 92 and 103 students, respectively, graduated from BHH's Job Training Programs.

*Hospitality:* This course prepares participants to work in the South Florida hospitality industry. Students can earn key industry certifications and practice hands-on skills. Graduates work with the Organization's Job Mentors to pursue job opportunities.

*Commercial Driver's License (CDL):* The Organization partners with The CDL School in Lake Worth to train students to earn a Class A Commercial Driver's License. Students must complete classroom training, required tests and forty hours of vehicle driving training. Graduates work with The CDL School and the Organization's Job Mentors to pursue job opportunities.

*Home Health Aide:* The Organization works in partnership with International Institute for Health Care Professionals to prepare students to work in the home healthcare industry. The Organization pays the tuition & related costs for the required 75 hour course. Graduates work with the Organization's Job Mentors to pursue job opportunities with local home healthcare agencies. Those students who demonstrate superior dedication and commitment are encouraged to pursue an advanced 120 hour class leading to certification as Certified Nursing Assistants which generally leads to higher wages as well as greater opportunities for employment and advancement.

*IT Help Desk Technician:* This Program prepares students to work as Computer Service Technicians in partnership with The Academy and PC Professor and to provide the necessary training for graduates to earn CompTIA A+ and Network+ certifications. Students attend weekly classes over a ten week period and graduates work with their individual accredited school and BHH Job Mentors to pursue job opportunities.

##### Resource Center

Resource Center Boca Helping Hands provides limited, financial assistance to qualifying Boca Raton residents in crisis. Clients may receive limited financial assistance in a twelve month period for aid with rent (must have a 3 day notice from landlord) and utilities (must have final notice from FPL or water department). Individuals are reviewed on a case by case basis. Not all clients qualify, nor are funds available to assist every qualified applicant. Clients have to go thru a specific screening process to meet criteria to be approved. All financial assistance provided by the Organization for these crisis situations is paid directly to the landlords, utility companies and similar enterprises only.

*Prescription Medication Assistance:* The Resource Center provides emergency, one time financial assistance with prescription medication (does not include prescriptions for narcotic or anti-depressants) for those individuals that qualify for the program. In addition, the Resource Center helps connect clients to additional resources in the area.

*Discounted Bus Passes:* Individuals wishing to purchase discounted 31-day Palm Tran bus passes can do so at Boca Helping Hands on Tuesdays from 9:00am – 12:30pm. 1-day bus passes are also available for purchase. Discounted rates depend on income eligibility. In order to purchase discounted bus passes, individuals must provide accepted valid documentation based on Palm Tran's guidelines.

*Children's Assistance Program ("CAP"):* CAP helps full time (40 hours or more) working parents by providing limited financial assistance for summer camp, after-school care, and day care for qualifying Boca Raton residents of 1 year or longer. Those interested in applying for CAP have to go through a specific screening process to meet criteria to be approved.

During the years ended December 31, 2017 and 2016, the Organization's Resource Center provided approximately \$143,000 and \$84,000, respectively, in financial assistance for crisis situations and the Children's Assistance Program.

# BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Description of Programs (Continued)

#### Resource Center (Continued)

BHH and Genesis Community Health Center, Inc. ("Genesis"), a Florida not-for-profit healthcare organization, have established collaboration agreements whereby Genesis is providing healthcare services (medical and dental) to BHH clients and others. These services include primary care for families, lab services, HIV Rapid Testing, physical examinations for work and school, health benefits counseling, dental services and more.

### Basis of Accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed or time restrictions as follows:

*Unrestricted* – net assets that are free of donor-imposed or time restrictions. This category includes all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

*Temporarily Restricted* – net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets.

*Permanently Restricted* – net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. As of December 31, 2017 and 2016, the Organization did not have any permanently restricted net assets.

### Cash and Cash Equivalents

The Organization considers all liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

### Restricted Cash

Restricted cash consists of monies that have not yet been expended in accordance with its restricted purposes.

### Investments

The Organization reports its investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the Consolidated Statements of Financial Position. Investment gains and losses (including realized and unrealized gains and losses on investments, interest and dividends) are included in the Consolidated Statements of Activities.

### Prepaid Expenses and Other Assets

Prepaid expenses and other assets primarily represent amounts paid in advance for insurance that benefits future periods.

### Property and Equipment, Net

Property and equipment are stated at cost at the date of purchase or, if donated, at the estimated fair market value at the date of donation. The Organization capitalizes all expenditures for property and equipment which will provide future economic benefit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>ASSETS</u>	<u>LIVES</u>
Buildings and improvements	30 – 40 years
Furniture and equipment	5 years
Vehicles	4 years

# BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Property and Equipment, Net (Continued)

In the absence of donor-imposed restrictions, donated assets are recorded at their fair market value as unrestricted contributions and recorded at the date of donation.

### Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the operating climate, indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows.

### Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Revenue Recognition

Funding for the Organization is substantially provided through contributions from individuals, foundations, businesses, faith-based organizations, grants and fund-raising events.

The Organization receives grant funding from various social agencies. The amounts received under these grants are designated for specific purposes by the granting agencies. Grant revenue is recognized when the allowable costs as defined by the individual grants are incurred and/or the unit of service has been performed.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as "Net assets released from restrictions."

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are discounted using a market rate of return and are recorded at net present value.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### Donated Facilities, Goods and Services

Donated facilities, goods and services are recognized if the benefits received either create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization receives a substantial amount of food donations from local organizations, supermarkets, restaurants, businesses and individuals. Donations of food are recorded as Support/Revenue and Program Services Expense when the food is delivered to the Organization's clients. The value of in-kind food donations recorded in the accompanying consolidated financial statements for the years ended December 31, 2017 and 2016 amounted to \$4,628,000 and \$4,253,000, respectively, principally based on the estimated fair market value of bags of both perishable and non-perishable food distributed and meals served to clients during each year.

# BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### **Donated Facilities, Goods and Services (Continued)**

Food inventory on hand at December 31, 2017 and 2016 was not material and, accordingly, was not included in the Organization's net assets in the accompanying Consolidated Statements of Financial Position.

The Organization receives substantial support from a dedicated group of more than 300 volunteers. No amount has been recorded in the consolidated financial statements for these contributed services because they do not meet the criteria for recognition in accordance with U.S. GAAP.

### **Functional Allocations of Expenses**

In the accompanying Consolidated Statements of Functional Expenses, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services, general and administrative and fundraising activities. Program services are the activities that result in services being provided to consumers that fulfill the purpose or mission for which the Organization exists. Supporting activities are all activities of an organization other than program services, and are included in the consolidated financial statements as "General and administrative" and "Fundraising" expenses.

### **Income Taxes**

The Organization qualifies as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2014.

### **Concentrations**

Funding for the Organization is substantially provided through contributions from individuals, foundations, businesses, faith-based organizations, grants and fundraising events. If a significant reduction in the level of funding were to occur, it would have an adverse effect on the Organization's ability to continue operating the programs and services being provided.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents maintained in financial institutions in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000. The Organization limits the amount of credit risk exposure to any one financial institution. Although cash balances may exceed federally insured limits at times during the year, the Organization has not experienced and does not expect to incur any losses in such accounts.

Investments of the Organization are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. Additionally, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's investment balance and the amounts reported in the Consolidated Statements of Financial Position. The Organization continually reviews its investment portfolios to monitor these risks.

### **Recent Accounting Pronouncements**

#### Classification of Certain Cash Receipts and Cash Payments

In August 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standards update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for consolidated financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### Recent Accounting Pronouncements (Continued)

##### Revenue From Contracts With Customers

In May 2014, the FASB issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

##### Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

##### Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued an accounting standards update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in consolidated financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

##### Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued an accounting standards update in an effort to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The FASB believes the update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of not-for-profit guidance, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional or not. The update is effective on a modified prospective basis for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its financial statements.

##### Restricted Cash

In November 2016, the FASB issued an accounting standards update which amends cash flow statement presentation of restricted cash. The update requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. The update is effective retrospectively for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Subsequent Events

The Organization has evaluated subsequent events through September 10, 2018, which is the date the consolidated financial statements were available to be issued.

### 2. PROMISES TO GIVE, NET

Promises to give, net consist of the following at December 31,:

	<u>2017</u>	<u>2016</u>
Due in less than one year	\$ 100,000	\$ 85,000
Due in one to five years	25,000	200,000
	<u>125,000</u>	<u>285,000</u>
Less: Unamortized discount	(800)	(10,400)
Promises to give, net	<u><b>\$ 124,200</b></u>	<u><b>\$ 274,600</b></u>

The interest rate of 3.25% was used in calculating discounts on the present value of estimated future cash flows.

### 3. INVESTMENTS

Investments are stated at fair value and are as follows at December 31,:

	<u>2017</u>	<u>2016</u>
Common stock	\$ 179,299	\$ 181,919
Mutual funds	1,836,507	1,287,414
Corporate bonds	554,240	532,960
Government bonds	179,796	192,668
	<u><b>\$ 2,749,842</b></u>	<u><b>\$ 2,194,961</b></u>

Investment income, net for the years ended December 31, 2017 and 2016 is shown net of management fees of approximately \$18,000 and \$16,000, respectively.

Investment income, net from cash and cash equivalents and investments is comprised of the following for the years ended December 31,:

	<u>2017</u>	<u>2016</u>
Dividends and interest, net of fees	\$ 52,208	\$ 53,827
Net realized gains	36,606	29,291
Net unrealized gains	194,906	85,468
	<u><b>\$ 283,720</b></u>	<u><b>\$ 168,586</b></u>

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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### 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at December 31,:

	<u>2017</u>	<u>2016</u>
Land	\$ 2,376,893	\$ 2,376,893
Buildings and improvements	3,277,370	2,653,118
Furniture and equipment	502,051	437,567
Vehicles	192,610	192,610
Construction in progress	-	502,674
Total	6,348,924	6,162,862
Less: accumulated depreciation	<u>(1,158,193)</u>	<u>(990,187)</u>
Total property and equipment, net	<u>\$ 5,190,731</u>	<u>\$ 5,172,675</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$168,006 and \$140,559, respectively.

During the year ended December 31, 2016, the Organization began the construction of the Justin D. Webb Training Center (the "Center"). The Center has two classrooms, an office and a kitchen and is being constructed to provide additional space for the Organization to carry out its various programs.

As of December 31, 2016, the Organization had incurred approximately \$469,000 of costs related to the Center and had a construction payable of approximately \$55,000 and a retainage payable of approximately \$34,000 due its contractor. During 2017, the Organization incurred approximately \$98,000 of additional costs to complete the Center. As of December 31, 2017, the construction was completed and all construction payables were paid by the Organization.

In order to comply with certain ordinances of the City of Boca Raton (the "City"), the Organization has to modify certain elements of the Center's parking lot and adjacent side walk. During September 2018, the Organization began construction to address the City's requirements. The construction is estimated to cost the Organization approximately \$80,000 and should be completed in October 2018, at which time the Organization expects to receive its certificate of Occupancy for the Center.

### 5. FAIR VALUE MEASUREMENTS

The FASB establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the FASB Accounting Standards Codification 820 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



**BOCA HELPING HANDS, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**5. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

**Items Measured at Fair Value on a Recurring Basis**

*Common stock and mutual funds* consist of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Common stock and mutual funds are valued at the closing price reported in the active market in which the individual securities are traded.

*Government bonds* consist of investments in securities issued by the U.S. Treasury. These investments are valued at the closing price reported in the active market in which the bond securities are traded.

*Corporate bonds* consist of investments in securities issued through independent investment advisors. These investments are valued at the closing price reported in the active market in which the bond securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The following tables represent the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2017 and 2016 for each of the fair value hierarchy levels:

		<b>Fair Value Measurements at December 31, 2017</b>		
<u>Description</u>	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Common stock	\$ 179,299	\$ 179,299	\$ -	\$ -
Mutual funds	1,836,507	1,836,507	-	-
Corporate bonds	554,240	554,240	-	-
Government bonds	179,796	179,796	-	-
	<b><u>\$ 2,749,842</u></b>	<b><u>\$ 2,749,842</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

		<b>Fair Value Measurements at December 31, 2016</b>		
<u>Description</u>	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Common stock	\$ 181,919	\$ 181,919	\$ -	\$ -
Mutual funds	1,287,414	1,287,414	-	-
Corporate bonds	532,960	532,960	-	-
Government bonds	192,668	192,668	-	-
	<b><u>\$ 2,194,961</u></b>	<b><u>\$ 2,194,961</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

There were no financial assets or liabilities measured at fair value on a non-recurring basis at December 31, 2017 and 2016.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### 6. BOARD DESIGNATED ENDOWMENT

The Organization's Endowment Fund consists of individual funds established for the purpose of benefiting and supporting BHH in its mission to provide food, assistance, job mentoring and other services to less fortunate persons in the Boca Raton area and to enhance BHH's long range goals. The Endowment Fund includes funds only designated by the Executive Board and does not include any donor restricted funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Executive Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

In support of the mission of the Organization, the Endowment Fund is to be invested to provide sufficient distributable earnings in the form of a total return from capital appreciation and income (dividends, interest and realized capital gains) in real terms, considering inflation and to regulate the Endowment Fund's long term ability to distribute income. The primary investment mission is to preserve principal and purchasing power in real dollar terms, while supporting current income requirements of the Organization.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board of the Organization approves all spending of the Endowment Fund when required to support the operations of BHH. The intent is to only use funds from the Endowment Fund when necessary and allow the Endowment Fund to grow. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowments to grow.

#### Summary of Endowment Assets:

Endowment assets consist of the following as of December 31,:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 109,258	\$ 127,044
Common stock	179,299	181,919
Mutual funds	1,836,507	1,217,038
Corporate bonds	554,240	532,960
Government bonds	179,796	192,668
	<u>\$ 2,859,100</u>	<u>\$ 2,251,629</u>

As of and during the years ended December 31, 2017 and 2016, the Endowment Fund includes funds only designated by the Executive Board and does not include any donor restricted funds. Management of the Organization anticipates that, as a result of fundraising and solicitation efforts, the Endowment Fund will begin to receive donor funds in the future.

#### Changes in endowment net assets for the years ended December 31,:

	<u>2017</u>	<u>2016</u>
Endowment net assets, beginning	\$ 2,251,629	\$ 1,987,620
Board designated transfer of contributions	331,000	100,000
Investment income including interest, dividends and net realized and unrealized gains (net of fees)	276,471	164,009
Endowment net assets, ending	<u>\$ 2,859,100</u>	<u>\$ 2,251,629</u>

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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### 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are time and purpose restricted as follows as of December 31,:

	<u>2017</u>	<u>2016</u>
BHH Backpacks	\$ -	\$ 108,026
Job Mentoring/Job Training Programs	<u>205,942</u>	<u>353,561</u>
	<u>\$ 205,942</u>	<u>\$ 461,587</u>

### 8. EMPLOYEE BENEFIT PLAN

During the year ended December 31, 2015, the Organization adopted a 401K benefit plan (the "401k Plan"), which provides benefits for all of its employees who have attained an equivalent of six months of employment. The Organization makes an annual 3% safe harbor contribution to the 401k Plan based on all eligible employee salaries. Total 401k Plan expenses and contributions for the years ended December 31, 2017 and 2016 were approximately \$16,000 and \$15,000, respectively.

### 9. COMMITMENTS AND CONTINGENCIES

The Organization leases, through non-cancellable third party operating leases, two properties in conjunction with its collaborative effort with Genesis to provide medical and dental services to its consumers (NOTE 1). Lease payments and related common area maintenance charges of approximately \$6,500 are due monthly for the medical facility lease through September 2018. Lease payments, related common area maintenance and real estate tax charges of approximately \$7,200 are due monthly for the dental facility lease through April 2021. As per the collaboration agreements, Genesis has agreed to reimburse the Organization \$5,100 for each monthly rent payment for the medical lease and \$6,200 for each monthly rent payment for the dental lease.

Total net rent expense incurred under the leases and during the years ended December 31, 2017 and 2016 was approximately \$29,000 and \$33,000, respectively.

Future minimum approximate lease payments under these non-cancelable operating leases at December 31, 2017 are as follows:

For the years ending December 31,:

2018	\$ 130,000
2019	74,000
2020	74,000
2021	<u>25,000</u>
	<u>\$ 303,000</u>

Future approximate reimbursements related to the Organization's rental commitment above under the collaboration agreements with Genesis at December 31, 2017 are as follows:

For the years ending December 31,;

2018	\$ 110,000
2019	65,000
2020	65,000
2021	<u>22,000</u>
	<u>\$ 262,000</u>