

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

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CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014



## 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, 2015 and 2014, 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, 2015 and 2014, and the consolidated 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.

*Morrison, Brown, Argiz & Farra*

Boca Raton, Florida  
July 19, 2016

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

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$ 1,272,853	\$ 1,563,081
Restricted cash	436,545	316,847
Promises to give	100,000	-
Investments	1,725,390	1,198,197
Prepaid insurance and other assets	30,040	16,086
Property and equipment, net	<u>4,704,752</u>	<u>4,770,937</u>
TOTAL ASSETS	<b><u>\$ 8,269,580</u></b>	<b><u>\$ 7,865,148</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 21,038</u>	<u>\$ 25,989</u>
TOTAL LIABILITIES	<u>21,038</u>	<u>25,989</u>
NET ASSETS		
Unrestricted, including board designations of \$1,987,620 and \$1,200,801 at 2015 and 2014, respectively	7,811,997	7,522,312
Temporarily restricted	<u>436,545</u>	<u>316,847</u>
TOTAL NET ASSETS	<u>8,248,542</u>	<u>7,839,159</u>
TOTAL LIABILITIES AND NET ASSETS	<b><u>\$ 8,269,580</u></b>	<b><u>\$ 7,865,148</u></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,

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 1,443,556	\$ 536,299	\$ 1,979,855	\$ 1,627,826	\$ 133,460	\$ 1,761,286
In-kind, principally food	4,226,000	-	4,226,000	4,140,000	-	4,140,000
Special events	185,160	-	185,160	200,552	-	200,552
Investment (loss) income, net	(12,966)	-	(12,966)	52,338	-	52,338
Other income	13,815	-	13,815	12,781	-	12,781
Net assets released from restrictions	416,601	(416,601)	-	345,029	(345,029)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>6,272,166</b>	<b>119,698</b>	<b>6,391,864</b>	<b>6,378,526</b>	<b>(211,569)</b>	<b>6,166,957</b>
<b>EXPENSES</b>						
Program services:						
Food center (including in-kind contributions of \$4,226,000 and \$4,140,000 in 2015 and 2014, respectively)	4,756,658	-	4,756,658	4,664,263	-	4,664,263
BHH Backpacks	231,991	-	231,991	189,173	-	189,173
Job mentoring/social enterprise programs	291,913	-	291,913	259,215	-	259,215
Resource center	177,703	-	177,703	175,370	-	175,370
<b>Total program services</b>	<b>5,458,265</b>	<b>-</b>	<b>5,458,265</b>	<b>5,288,021</b>	<b>-</b>	<b>5,288,021</b>
Supporting services:						
General and administrative	266,357	-	266,357	190,598	-	190,598
Fundraising	257,859	-	257,859	188,275	-	188,275
<b>Total supporting services</b>	<b>524,216</b>	<b>-</b>	<b>524,216</b>	<b>378,873</b>	<b>-</b>	<b>378,873</b>
<b>TOTAL EXPENSES</b>	<b>5,982,481</b>	<b>-</b>	<b>5,982,481</b>	<b>5,666,894</b>	<b>-</b>	<b>5,666,894</b>
<b>CHANGE IN NET ASSETS</b>	<b>289,685</b>	<b>119,698</b>	<b>409,383</b>	<b>711,632</b>	<b>(211,569)</b>	<b>500,063</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>7,522,312</b>	<b>316,847</b>	<b>7,839,159</b>	<b>6,810,680</b>	<b>528,416</b>	<b>7,339,096</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 7,811,997</b>	<b>\$ 436,545</b>	<b>\$ 8,248,542</b>	<b>\$ 7,522,312</b>	<b>\$ 316,847</b>	<b>\$ 7,839,159</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, 2015

	Program Services				Supporting Services		Total Expenses
	Food Center	BHH Backpacks	Job Mentoring/ Social Enterprise Programs	Resource Center	General and Administrative	Fundraising	
Salaries	\$ 213,195	\$ 31,615	\$ 74,190	\$ 26,593	\$ 134,623	\$ 119,596	\$ 599,812
Payroll taxes and employee benefits	34,777	5,157	12,102	4,338	21,960	19,509	97,843
<b>TOTAL SALARIES AND RELATED EXPENSE</b>	<b>247,972</b>	<b>36,772</b>	<b>86,292</b>	<b>30,931</b>	<b>156,583</b>	<b>139,105</b>	<b>697,655</b>
In-kind expenses	4,226,000	-	-	-	-	-	4,226,000
Food purchases	84,112	170,325	-	-	-	-	254,437
Emergency assistance payments to clients	-	-	-	75,652	-	-	75,652
Job training	-	-	125,263	-	-	-	125,263
Building maintenance and supplies	45,831	5,729	9,873	19,347	10,534	10,534	101,848
Utilities and other	20,393	2,549	4,393	8,608	4,687	4,687	45,317
Printing, telephone and other office expenses	3,102	388	4,265	3,877	17,448	17,448	46,528
Insurance	22,654	2,905	4,416	4,519	5,685	5,464	45,643
Professional services	2,720	340	30,681	1,148	20,292	625	55,806
Licenses	1,053	132	1,449	1,317	5,924	5,924	15,799
Information technology	2,903	363	3,991	3,628	16,328	16,328	43,541
Vehicle fuel and maintenance	13,262	1,658	1,658	-	-	-	16,578
Special events	-	-	-	-	-	28,868	28,868
Miscellaneous	2,708	336	3,722	3,385	15,105	15,105	40,361
Total expenses before depreciation	4,672,710	221,497	276,003	152,412	252,586	244,088	5,819,296
Depreciation	83,948	10,494	15,910	25,291	13,771	13,771	163,185
<b>TOTAL EXPENSES</b>	<b>\$ 4,756,658</b>	<b>\$ 231,991</b>	<b>\$ 291,913</b>	<b>\$ 177,703</b>	<b>\$ 266,357</b>	<b>\$ 257,859</b>	<b>\$ 5,982,481</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, 2014

	Program Services				Supporting Services		Total Expenses
	Food Center	BHH Backpacks	Job Mentoring/ Social Enterprise Programs	Resource Center	General and Administrative	Fundraising	
Salaries	\$ 177,580	\$ 22,056	\$ 102,728	\$ 24,304	\$ 98,826	\$ 72,320	\$ 497,814
Payroll taxes and employee benefits	23,111	2,870	13,369	3,163	12,861	9,412	64,786
<b>TOTAL SALARIES AND RELATED EXPENSE</b>	<b>200,691</b>	<b>24,926</b>	<b>116,097</b>	<b>27,467</b>	<b>111,687</b>	<b>81,732</b>	<b>562,600</b>
In-kind expenses	4,140,000	-	-	-	-	-	4,140,000
Food purchases	88,799	135,656	-	-	-	-	224,455
Emergency assistance payments to clients	-	-	-	74,735	-	-	74,735
Job training	-	-	69,592	-	-	-	69,592
Building maintenance and supplies	38,477	4,810	8,274	16,172	8,806	8,806	85,345
Utilities and other	21,810	2,726	4,668	9,068	4,937	4,937	48,146
Security	15,590	1,949	1,949	-	-	-	19,488
Printing, telephone and other office expenses	4,152	519	5,271	4,841	21,339	21,339	57,461
Insurance	22,649	2,941	6,066	4,856	6,301	5,568	48,381
Professional services	4,700	587	896	1,440	784	784	9,191
Licenses	6,803	330	19,003	810	441	441	27,828
Information technology	2,847	356	3,914	3,558	16,013	16,013	42,701
Vehicle fuel and maintenance	18,205	2,276	2,276	-	-	-	22,757
Special events	-	-	-	-	-	28,365	28,365
Volunteer appreciation	2,759	-	2,759	2,759	4,138	4,138	16,553
Miscellaneous	9,035	1,129	1,722	2,769	1,508	1,508	17,671
<b>Total expenses before depreciation</b>	<b>4,576,517</b>	<b>178,205</b>	<b>242,487</b>	<b>148,475</b>	<b>175,954</b>	<b>173,631</b>	<b>5,495,269</b>
Depreciation	87,746	10,968	16,728	26,895	14,644	14,644	171,625
<b>TOTAL EXPENSES</b>	<b>\$ 4,664,263</b>	<b>\$ 189,173</b>	<b>\$ 259,215</b>	<b>\$ 175,370</b>	<b>\$ 190,598</b>	<b>\$ 188,275</b>	<b>\$ 5,666,894</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>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 409,383	\$ 500,063
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	163,185	171,625
Net realized/unrealized losses (gains) on investments	61,272	(22,816)
(Increase) decrease in operating assets:		
Restricted cash	(119,698)	211,569
Promises to give	(100,000)	-
Prepaid insurance and other assets	(13,954)	5,023
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	(4,951)	9,840
<b>TOTAL ADJUSTMENTS</b>	<b>(14,146)</b>	<b>375,241</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>395,237</b>	<b>875,304</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(97,000)	(128,233)
Investment purchases, net	(588,465)	(271,346)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(685,465)</b>	<b>(399,579)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital lease obligations	-	(1,368)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>(1,368)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(290,228)</b>	<b>474,357</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,563,081	1,088,724
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,272,853</b>	<b>\$ 1,563,081</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
In-kind donations received	\$ 4,226,000	\$ 4,140,000

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, 2015 and 2014

## 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 needy persons in the Boca Raton area and to enhance BHH's long range goals.

### **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, 2015, the Organization prepared and served approximately 62,000 hot meals, including delivery of nearly 7,000 hot meals to the homebound, and distributed nearly 68,000 grocery food bags to the working poor, unemployed, disabled, homebound and homeless. During the year ended December 31, 2014, the Organization prepared and served approximately 59,000 hot meals, including delivery of nearly 6,000 hot meals to the homebound, and distributed nearly 67,000 grocery food bags to the working poor, unemployed, disabled, homebound and homeless. During the years ended December 31, 2015 and 2014, the Organization recovered more than 1,800,000 pounds of food from supermarkets, restaurants, individuals, businesses, governmental agencies and other organizations.

#### BHH Backpacks

The Organization also 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, 2015 and 2014, the Organization incurred approximately \$170,000 and \$136,000, respectively, in food purchases in connection with this Program.

#### Job Mentoring/Social Enterprise Programs

The Organization helps clients become job ready and to 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, 2015 and 2014, 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, 2015 and 2014

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

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#### Description of Programs (Continued)

##### Job Mentoring/Social Enterprise Programs (Continued)

BHH Home Health Care, an initiative which commenced during the year ended December 31, 2014, focuses on helping eligible clients develop the skills necessary to work in the home health care industry. Selected clients are carefully screened and, if qualified, the Organization will pay the tuition & related costs required for a 75 hour training program at a fully licensed and accredited school (approximately \$525 per student). If successfully completed, the graduate will receive a certificate as a qualified Home Health Aide. Once they complete the class, they can return to the Organization for help with their resumes, interview skills and to receive referrals to local Home Health Care companies which partner with the Organization. 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. During the years ended December 31, 2015 and 2014, the Organization's Home Health Care Program resulted in 90 and 33 students, respectively, becoming certified as qualified Home Health Aides. In addition during the years ended December 31, 2015 and 2014, 4 and 2 students, respectively, became Certified Nursing Assistants.

Esperanza Catering has been a key social enterprise program that empowers clients to become self-sufficient and take responsibility for their own lives by obtaining gainful employment. Selected clients are carefully screened and, if qualified, they earn a small stipend while gaining skills and experience in the food service/hospitality industry. During the years ended December 31, 2015 and 2014, Esperanza Catering graduated 66 and 46 students, respectively, who learned life and social skills as well as skills specific to the restaurant industry, including hands-on experience as they catered meals for various organizations and businesses. A significant percentage of the graduates have been successful in finding employment. Since late 2015, the operations of Esperanza Catering have been placed on hold until a suitable location can be found to house a fully functioning and self-sustaining catering operation. However, BHH is still operating a training program for careers in the hospitality industry.

##### Resource Center

The Organization provides a variety of resources to clients who are Boca Raton residents and who are facing financial difficulties, including assistance in preparing a realistic monthly budget so they can meet their financial obligations and suggesting numerous alternatives or referrals to other organizations to alleviate their financial burden. The Organization offers limited financial aid in crisis situations, principally for assistance with rent (clients must have a 3-day notice from the landlord); utilities (clients must have a final notice from the electric or water authority); medicines (excluding anti-depressants and pain medicines, for which the client must have a doctor's prescription); and bus passes to a place of employment or doctor's appointment. All financial assistance provided by the Organization for these crisis situations is paid directly to landlords, utility companies and similar enterprises. Not all clients qualify, nor are funds available to assist every qualified applicant. The Organization has the final determination of the amount of financial aid rendered, if any.

The Organization also operates a Children's Assistance Program which provides assistance with summer camp fees for qualified children whose parents are employed as well as with after-school day care fees for qualified working parents,

During each of the years ended December 31, 2015 and 2014, the Organization's Resource Center provided approximately \$75,000 in financial assistance for crisis situations and the Children's Assistance Program.

##### Healthcare Services

During late 2015, the Organization and Genesis Community Health Center, Inc. ("Genesis"), a Florida not-for-profit healthcare organization, established a collaboration agreement whereby Genesis is providing healthcare services 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. No services were provided under this program during the year ended December 31, 2015 since the program became fully operational after year end.

# BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

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

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### 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. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

*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, 2015 and 2014, 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

Prepaid expenses 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

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.

# BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

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

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### 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 the 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."

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, 2015 and 2014 amounted to approximately \$4,226,000 and \$4,140,000, 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. Food inventory on hand at December 31, 2015 and 2014 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.

# BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

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

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### 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 ("IRC"). 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 2012.

### 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 ("FDIC") 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 Pronouncement

#### Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard 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. The Organization is currently evaluating the effect the update will have on its financial statements but expects upon adoption that the update will have a material effect on the Organization's financial condition due to the recognition of a right-of-use asset and related lease liability. The Organization does not anticipate the update having a material effect on the Organization's results of operations or cash flows, though such an effect is possible. 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.

### Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

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

#### Subsequent Events

The Organization has evaluated subsequent events through July 19, 2016, which is the date the consolidated financial statements were available to be issued.

#### Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

### 2. PROPERTY AND EQUIPMENT, NET

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

	<u>2015</u>	<u>2014</u>
Land	\$ 2,376,893	\$ 2,376,893
Buildings and improvements	2,653,118	2,589,226
Furniture and equipment	405,460	372,352
Vehicles	<u>170,465</u>	<u>170,465</u>
Total	5,605,936	5,508,936
Less: accumulated depreciation	<u>(901,184)</u>	<u>(737,999)</u>
Total property and equipment, net	<u>\$ 4,704,752</u>	<u>\$ 4,770,937</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$163,185 and \$171,625, respectively.

### 3. INVESTMENTS

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

	<u>2015</u>	<u>2014</u>
Equity	\$ 116,126	\$ 95,372
Mutual funds	854,864	744,705
Corporate bonds	565,239	284,095
Government bonds	<u>189,161</u>	<u>74,025</u>
	<u>\$ 1,725,390</u>	<u>\$ 1,198,197</u>

Investment income for the years ended December 31, 2015 and 2014 is shown net of management fees of approximately \$8,000 and \$5,000, respectively. Investment (loss) income from cash and cash equivalents and investments is comprised of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Investment income	\$ 48,306	\$ 29,522
Net realized gains	21,314	3,838
Net unrealized (losses) gains	<u>(82,586)</u>	<u>18,978</u>
	<u>\$ (12,966)</u>	<u>\$ 52,338</u>

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

### 4. FAIR VALUE MEASUREMENTS

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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.

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, 2015 and 2014.

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

Equity and mutual funds consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity investments 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 and 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 individual 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

**4. FAIR VALUE MEASUREMENTS (CONTINUED)**

**Items Measured at Fair Value on a Recurring Basis (Continued)**

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2015 and 2014 for each of the fair value hierarchy levels:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurements at December 31, 2015</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:				
Equity	\$ 116,126	\$ 116,126	\$ -	\$ -
Mutual funds	854,864	854,864	-	-
Corporate bonds	565,239	565,239	-	-
Government bonds	189,161	189,161	-	-
	<b>\$ 1,725,390</b>	<b>\$ 1,725,390</b>	<b>\$ -</b>	<b>\$ -</b>

  

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurements at December 31, 2014</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:				
Equity	\$ 95,372	\$ 95,372	\$ -	\$ -
Mutual funds	744,705	744,705	-	-
Corporate bonds	284,095	284,095	-	-
Government bonds	74,025	74,025	-	-
	<b>\$ 1,198,197</b>	<b>\$ 1,198,197</b>	<b>\$ -</b>	<b>\$ -</b>

There were no financial assets or liabilities measured at fair value on a non-recurring basis at December 31, 2015 and 2014.

**5. 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 needy 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 (the "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.



## BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

### 5. BOARD DESIGNATED ENDOWMENT (CONTINUED)

#### 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>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 322,816	\$ 50,443
Equity	116,126	95,372
Mutual funds	794,278	696,866
Corporate bonds	565,239	284,095
Government bonds	189,161	74,025
	<u>\$ 1,987,620</u>	<u>\$ 1,200,801</u>

As of and during the years ended December 31, 2015 and 2014, 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 as of December 31:

	<u>2015</u>	<u>2014</u>
Endowment net assets, beginning	\$ 1,200,801	\$ 952,565
Board designated transfer of contributions	800,000	200,000
Investment (loss) income including interest, dividends and realized and unrealized gains and losses (net of fees)	(13,181)	48,236
Endowment net assets, ending	<u>\$ 1,987,620</u>	<u>\$ 1,200,801</u>

### 6. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
BHH Backpacks	\$ 122,982	\$ 188,045
Job Training	100,000	-
Wellness Center	122,224	-
Esperanza Catering	91,339	128,802
	<u>\$ 436,545</u>	<u>\$ 316,847</u>

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014

### 7. EMPLOYEE BENEFIT PLANS

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#### Deferred Compensation Plan

During the year ended December 31, 2014, the Organization adopted a nonqualified deferred compensation plan (the "Plan"), for the benefit of the Organization's executive director. In order to fund the Plan, the Organization formed a Trust. During 2014 the Organization transferred \$50,000 to the Trust, and will continue to transfer \$10,000 per annum to the Trust. Beginning January 1, 2017, the executive director will become 25% vested in the Plan, and will continue to become vested an additional 25% per annum until he becomes fully vested in the Plan's assets on January 1, 2020. If the executive director's employment ceases prior to January 1, 2020, he will only be entitled to his vested portion of the Plan's assets at the date his employment ceases. Since the executive director is not vested in any assets of the Trust as of December 31, 2015 and 2014, no related liability has been incurred by the Organization.

#### 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 year ended December 31, 2015 were approximately \$16,000.

### 8. COMMITMENTS AND CONTINGENCIES

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#### Operating Lease

During the year ended December 31, 2015, the Organization entered into an agreement to lease office space to facilitate one of the Organization's programs. Lease payments of \$1,200 are due monthly until the lease expires in September 2018. Total rent expense incurred during the year ended December 31, 2015 was \$3,600 which is included within the caption "Printing, telephone and other office expenses" in the accompanying Consolidated Statement of Functional Expenses.

Future minimum approximate lease payments under this non-cancelable operating lease are as follows:

For the years ending December 31,

2016	\$	14,400
2017		14,400
2018		10,800
		<hr/>
	\$	<b>39,600</b>

#### Construction Commitment

Subsequent to the year ended December 31, 2015, the Organization began construction of the Justin D. Webb Training Center ("Center") which will be used to administer the Organization's professional development classes and educational programs. Management expects the construction of the Center to be completed by September 30, 2016 with a total estimated cost of approximately \$360,000. As of July 19, 2016, the Organization has incurred approximately \$60,000 in expenses related to the project.