

# BOCA HELPING HANDS, INC. AND SUBSIDIARY

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## CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 AND 2017



# MBAF

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

## 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, 2018 and 2017, 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**

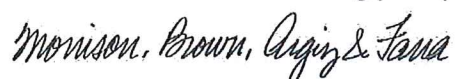
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable 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, 2018 and 2017, and the consolidated 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.



Boca Raton, Florida  
September 12, 2019

An independent member of Baker Tilly International

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

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 1,130,253	\$ 1,423,124
Restricted cash	27,284	81,742
Promises to give, net	145,000	124,200
Accounts receivable	51,634	-
Bequest receivable	1,063,085	-
Investments	2,064,057	2,749,842
Prepaid expenses and other assets	46,786	51,161
Property and equipment, net	6,096,860	5,190,731
<b>TOTAL ASSETS</b>	<b>\$ 10,624,959</b>	<b>\$ 9,620,800</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 69,797	\$ 24,456
<b>TOTAL LIABILITIES</b>	<b>69,797</b>	<b>24,456</b>
<b>NET ASSETS</b>		
Without donor restrictions, including board designations of \$2,174,317 and \$2,859,100 at December 31, 2018 and 2017, respectively	10,382,878	9,390,402
With donor restrictions	172,284	205,942
<b>TOTAL NET ASSETS</b>	<b>10,555,162</b>	<b>9,596,344</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,624,959</b>	<b>\$ 9,620,800</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,**

	2018			2017		
	Without		With	Without		With
	Donor Restrictions	Donor Restrictions	Donor Restrictions	Donor Restrictions	Donor Restrictions	Donor Restrictions
	Total	Total	Total	Total	Total	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 2,955,410	\$ 339,891	\$ 3,295,301	\$ 1,550,759	\$ 318,054	\$ 1,868,813
In-kind, principally food	5,400,000	-	5,400,000	4,628,000	-	4,628,000
Special events	252,859	-	252,859	287,361	-	287,361
Investment (loss) income, net	(174,431)	-	(174,431)	283,720	-	283,720
Other income	1,512	-	1,512	3,626	-	3,626
Net assets released from restrictions	373,549	(373,549)	-	573,699	(573,699)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>8,808,899</b>	<b>(33,658)</b>	<b>8,775,241</b>	<b>7,327,165</b>	<b>(255,645)</b>	<b>7,071,520</b>
<b>EXPENSES</b>						
Program services:						
Food center (including in-kind contributions of \$5,400,000 and \$4,628,000 for the years ended December 31, 2018 and 2017, respectively)	6,095,317	-	6,095,317	5,206,526	-	5,206,526
BHH Backpacks	242,370	-	242,370	252,269	-	252,269
Job mentoring/job training programs	431,495	-	431,495	233,520	-	233,520
Resource center	349,903	-	349,903	277,464	-	277,464
<b>Total program services</b>	<b>7,119,085</b>	<b>-</b>	<b>7,119,085</b>	<b>5,969,779</b>	<b>-</b>	<b>5,969,779</b>
Supporting services:						
General and administrative	391,278	-	391,278	376,304	-	376,304
Fundraising	306,060	-	306,060	229,874	-	229,874
<b>Total supporting services</b>	<b>697,338</b>	<b>-</b>	<b>697,338</b>	<b>606,178</b>	<b>-</b>	<b>606,178</b>
<b>TOTAL EXPENSES</b>	<b>7,816,423</b>	<b>-</b>	<b>7,816,423</b>	<b>6,575,957</b>	<b>-</b>	<b>6,575,957</b>
<b>CHANGE IN NET ASSETS</b>	<b>992,476</b>	<b>(33,658)</b>	<b>958,818</b>	<b>751,208</b>	<b>(255,645)</b>	<b>495,563</b>
<b>NET ASSETS, BEGINNING 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>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 10,382,878</b>	<b>\$ 172,284</b>	<b>\$ 10,555,162</b>	<b>\$ 9,390,402</b>	<b>\$ 205,942</b>	<b>\$ 9,596,344</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, 2018

	Program Services				Supporting Services			
	Food Center	BHH Backpacks	Job Mentoring/		Resource Center	General and Administrative	Fundraising	Total Expenses
			Job Training Programs					
Salaries	\$ 256,736	\$ 38,035	\$ 147,161	\$ 38,694	\$ 202,425	\$ 67,836	\$ 750,887	
Payroll taxes and employee benefits	62,377	9,241	35,754	9,401	51,202	16,481	184,456	
TOTAL SALARIES AND RELATED EXPENSE	319,113	47,276	182,915	48,095	253,627	84,317	935,343	
In-kind expenses	5,400,000	-	-	-	-	-	5,400,000	
Food purchases	106,874	153,399	-	-	-	-	260,273	
Emergency assistance payments to clients	-	-	-	192,943	-	-	192,943	
Job training	-	-	188,451	-	-	-	188,451	
Building maintenance and supplies	37,525	6,765	3,203	14,957	8,144	8,144	78,738	
Rent	-	-	-	28,806	-	-	28,806	
Utilities and other	20,613	3,716	1,759	8,216	4,474	4,474	43,252	
Printing, telephone and other office expenses	7,709	1,390	658	3,073	19,244	19,244	51,318	
Insurance	33,115	5,796	5,475	11,854	11,206	8,362	75,808	
Professional services	-	-	33,839	-	32,887	-	66,726	
Security	36,217	-	7,243	4,829	-	-	48,289	
Marketing	-	-	-	-	-	26,343	26,343	
Information technology	8,461	1,525	722	3,372	21,122	21,122	56,324	
Vehicle fuel and maintenance	31,611	5,578	-	-	-	-	37,189	
Special events	-	-	-	-	-	93,480	93,480	
Miscellaneous	5,098	920	435	2,032	23,299	23,299	55,083	
Total expenses before depreciation	6,006,336	226,365	424,700	318,177	374,003	288,785	7,638,366	
Depreciation	88,981	16,005	6,795	31,726	17,275	17,275	178,057	
TOTAL EXPENSES	\$ 6,095,317	\$ 242,370	\$ 431,495	\$ 349,903	\$ 391,278	\$ 306,060	\$ 7,816,423	

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		
	Food Center	BHH Backpacks	Job Training Programs	Resource Center	General and Administrative	Fundraising	Total Expenses
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
TOTAL SALARIES AND RELATED EXPENSE	294,059	40,017	116,746	26,617	211,570	87,899	776,908
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
TOTAL EXPENSES	\$ 5,206,526	\$ 252,269	\$ 233,520	\$ 277,464	\$ 376,304	\$ 229,874	\$ 6,575,957

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,

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 958,818	\$ 495,563
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	178,057	168,006
Net realized/unrealized losses (gains) on investments	242,054	(231,512)
Contributions restricted for property improvements	-	(50,000)
Amortization of discount on promises to give	(800)	(9,600)
Decrease (increase) in operating assets:		
Restricted cash	54,458	115,245
Promises to give	(95,000)	10,000
Accounts receivable	(51,634)	-
Bequest receivable	(1,063,085)	-
Prepaid expenses and other assets	4,375	(5,313)
Fair value of contributed property	(200,000)	-
Increase (decrease) in operating liabilities		
Accounts payable, accrued expenses and construction and retainage payable	45,341	(108,473)
<b>TOTAL ADJUSTMENTS</b>	<b>(886,234)</b>	<b>(111,647)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>72,584</b>	<b>383,916</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(884,186)	(186,062)
Purchases of investments	(1,178,384)	(1,121,787)
Proceeds from sale of investments	1,622,115	798,418
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(440,455)</b>	<b>(509,431)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collection of contributions restricted for property improvements	75,000	200,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>75,000</b>	<b>200,000</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(292,871)</b>	<b>74,485</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,423,124</b>	<b>1,348,639</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,130,253</b>	<b>\$ 1,423,124</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
In-kind donations received	\$ 5,400,000	\$ 4,628,000
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH :</b>		
Fair value of contributed property	\$ 200,000	\$ -

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, 2018 and 2017

#### 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 Southern Palm Beach County, Florida 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 7).

##### **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, 2018, the Organization prepared and served approximately 46,000 hot meals at the food center, delivered approximately 3,000 meals to the homebound, and distributed approximately 69,000 grocery food bags to the working poor, unemployed, disabled, homebound and homeless. 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 years ended December 31, 2018 and 2017, the Organization received more than 2,190,000 pounds and 1,960,000 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, 2018 and 2017, the Organization incurred approximately \$153,000 and \$175,000, respectively, in expenses related to 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.



## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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

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##### Description of Programs (Continued)

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

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, 2018 and 2017, the Organization's Job Mentoring Program assisted 196 individuals in obtaining employment. 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, 2018 and 2017, 101 and 92 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 must go through a 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 must go through a specific screening process to meet criteria to be approved.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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

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##### 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. During the years ended December 31, 2018 and 2017, the Organization's Resource Center provided approximately \$193,000 and \$143,000, respectively, in financial assistance for crisis situations and the Children's Assistance Program.

##### 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, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the Organization, the environment in which the Organization operates and the purposes specified in the Organization's articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

##### 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.

During 2018, the Organization entered into an investment agreement with the Community Foundation of Palm Beach and Martin Counties ("Community Foundation"). The balance held with the Community Foundation at December 31, 2018 was \$23,571, which includes an investment loss of \$1,429.

##### Prepaid Expenses and Other Assets

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



## BOCA HELPING HANDS, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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

##### 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:

ASSETS	LIVES
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 net assets without donor restrictions 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 net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions 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 net assets with donor restrictions. 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.



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

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017**

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

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##### **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 revenue and support 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, 2018 and 2017 amounted to \$5,400,000 and \$4,628,000, 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, 2018 and 2017 was not material and, accordingly, was not included in the Organization's 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**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among the program and supporting services based on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimated time and effort.

##### **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 2015.

##### **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.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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

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##### Concentrations (Continued)

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.

##### Adopted Accounting Pronouncement

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

During the year ended December 31, 2018, the Organization adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include, but are not limited to: (a) requiring the presentation of two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations on gifts used to acquire or construct long-lived assets absent explicit donor restrictions otherwise, (d) requiring the presentation of an analysis of expenses by function and nature, (e) requiring the disclosure of information regarding liquidity and availability of resources, and (f) presenting investment return net of external and direct internal investment expenses. In addition, the update removes the requirement that statements of cash flows using the direct method also present a reconciliation consistent with the indirect method. The Organization has applied the update retrospectively to all periods presented and adjusted the presentation of these consolidated financial statements accordingly. As a result, the Organization has reclassified amounts formerly classified as unrestricted net assets to net assets without donor restrictions, as well as, temporarily restricted net assets to net assets with donor restrictions. The adoption of this update has no other material effect on the Organization's consolidated Statements of Financial Position and changes in net assets. In addition, the Organization has elected to continue to present the Consolidated Statements of Cash Flows using the indirect method and a separate Consolidated Statements of Functional Expenses in the consolidated financial statements.

##### Recent Accounting Pronouncements

###### 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. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the consolidated financial statements will continue to be in accordance with current lease accounting. The Organization is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted.



## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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

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##### **Recent Accounting Pronouncements (Continued)**

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

In August 2016, the FASB issued an accounting standard update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for 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.

###### Restricted Cash

In November 2016, the FASB issued an accounting standard 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 Statements 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.

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

In June 2018, the FASB issued an accounting standard 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 Organization is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its consolidated financial statements.

###### Fair Value Measurement

In August 2018, the FASB issued an accounting standard update that removes certain disclosures related to transfers between hierarchy levels and adds certain disclosures related to Level 3 investments. The update also changes certain disclosure requirements. The update is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early application is permitted. The Organization is currently evaluating the potential accounting and disclosure effects the update will have on its consolidated financial statements.

###### Clarifying the Interaction between Topic 808 and Topic 606

In November 2018, the FASB issued an accounting standard update to clarify the interaction between Topic 808, Collaborative Arrangements, and Topic 606, Revenue from Contracts with Customers. The update is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, with early application permitted. The Organization is currently evaluating the potential accounting and disclosure effects the update will have on its consolidated financial statements.

##### **Subsequent Events**

The Organization has evaluated subsequent events through September 12, 2019, which is the date the consolidated financial statements were available to be issued.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

#### 2. PROMISES TO GIVE, NET

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

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 145,000	\$ 100,000
Due in one to five years	<u>-</u>	<u>25,000</u>
Total promises to give	145,000	125,000
Less: Unamortized discount	<u>-</u>	<u>(800)</u>
Promises to give, net	<u>\$ 145,000</u>	<u>\$ 124,200</u>

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

#### 3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization holds cash in various interest-bearing bank accounts with well-known financial institutions and has accounts receivable specialists who actively follow up and collect on open accounts receivable balances. Additionally, the Organization has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowments while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis.

The Organization's financial assets available within one year of the Consolidated Statement of Financial Position date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,130,253
Restricted cash	27,284
Unconditional promises to give, net	145,000
Accounts receivable	51,634
Bequest receivable	1,063,085
Investments	<u>2,064,057</u>
Total financial assets available within one year	4,481,313
Less: amounts unavailable to management due to donor imposed restrictions	(172,284)
Less: amounts unavailable to management without Board approval	
Endowment (Note 7)	<u>(2,174,317)</u>
Total financial assets available to management	<u>\$ 2,134,712</u>



**BOCA HELPING HANDS, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2018 and 2017****4. INVESTMENTS**

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

	<u>2018</u>	<u>2017</u>
Common stock	\$ -	\$ 179,299
Mutual funds	1,319,677	1,836,507
Corporate bonds	539,415	554,240
Government bonds	181,394	179,796
Investments held at the Community Foundation of Palm Beach and Martin Counties	23,571	-
	<u>\$ 2,064,057</u>	<u>\$ 2,749,842</u>

Investment (loss) income, net for the years ended December 31, 2018 and 2017 is shown net of management fees of approximately \$12,000 and \$18,000, respectively.

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

	<u>2018</u>	<u>2017</u>
Dividends and interest, net of fees	\$ 67,623	\$ 52,208
Net realized gains	70,193	36,606
Net unrealized (losses) gains	(312,247)	194,906
	<u>\$ (174,431)</u>	<u>\$ 283,720</u>

**5. PROPERTY AND EQUIPMENT, NET**

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

	<u>2018</u>	<u>2017</u>
Land	\$ 3,066,214	\$ 2,376,893
Buildings and improvements	3,521,116	3,277,370
Furniture and equipment	548,415	502,051
Vehicles	206,934	192,610
Construction in progress	75,397	-
Total	7,418,076	6,348,924
Less: accumulated depreciation	(1,321,216)	(1,158,193)
Total property and equipment, net	<u>\$ 6,096,860</u>	<u>\$ 5,190,731</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$178,057 and \$168,006, respectively.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

#### 6. 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, 2018 and 2017.

#### **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.

*Investments held at the Community Foundation of Palm Beach and Martin Counties ("Community Foundation")* consist of investments held with the Community Foundation whose fair values are determined by calculating the Organization's net asset value ("NAV") in the pool. The Organization has the ability to redeem the investment at NAV upon request and approval of the Community Foundation's board and there are no unfunded commitments. At December 31, 2018, these investments are reflected at NAV, using the practical expedient, on the accompanying Statement of Financial Position.

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 those differences could be material.



# BOCA HELPING HANDS, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

### 6. FAIR VALUE MEASUREMENTS (CONTINUED)

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

The following tables represent the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2018 and 2017 for each of the fair value hierarchy levels:

Description	Total	Fair Value Measurements at December 31, 2018		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Mutual funds	\$ 1,319,677	\$ 1,319,677	\$ -	\$ -
Corporate bonds	539,415	539,415	-	-
Government bonds	181,394	181,394	-	-
	<u>\$ 2,040,486</u>	<u>\$ 2,040,486</u>	<u>\$ -</u>	<u>\$ -</u>
Investments at net asset value	23,571			
	<u>\$ 2,064,057</u>			

Description	Total	Fair Value Measurements at December 31, 2017		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
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	-	-
	<u>\$ 2,749,842</u>	<u>\$ 2,749,842</u>	<u>\$ -</u>	<u>\$ -</u>

There were no financial assets or liabilities measured at fair value on a non-recurring basis at December 31, 2018 and 2017.

### 7. 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 Southern Palm Beach County, Florida and to enhance BHH's long range goals. The Endowment Fund includes funds only designated by the Executive Board and does not include any funds with donor restrictions. 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.

## BOCA HELPING HANDS, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

#### 7. 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,:

	2018	2017
Cash and cash equivalents	\$ 110,260	\$ 109,258
Common stock	-	179,299
Mutual funds	1,319,677	1,836,507
Corporate bonds	539,415	554,240
Government bonds	181,394	179,796
Investments held at the Community Foundation of Palm Beach and Martin Counties	23,571	-
	<u>\$ 2,174,317</u>	<u>\$ 2,859,100</u>

As of and during the years ended December 31, 2018 and 2017, the Endowment Fund includes funds only designated by the Executive Board and does not include any fund with donor restrictions. Management of the Organization anticipates that, as a result of fundraising and solicitation efforts, the Endowment Fund will receive donor funds in the future.

Changes in endowment net assets are as follows for the years ended December 31,:

	2018	2017
Endowment net assets, beginning	\$ 2,859,100	\$ 2,251,629
Board designated transfer of contributions	630,587	331,000
Amounts appropriated for expenditure	(1,139,550)	-
Investment (loss) income including interest, dividends and net realized and unrealized gains (net of fees)	(175,820)	276,471
Endowment net assets, ending	<u>\$ 2,174,317</u>	<u>\$ 2,859,100</u>

#### 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are time and purpose restricted as follows as of December 31,:

	2018	2017
Job Mentoring/Job Training Programs	\$ 172,284	\$ 205,942
	<u>\$ 172,284</u>	<u>\$ 205,942</u>



## BOCA HELPING HANDS, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

#### 9. 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, 2018 and 2017 were approximately \$19,000 and \$16,000, respectively.

#### 10. 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 were 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 during each of the years ended December 31, 2018 and 2017 was approximately \$29,000 and \$37,000, respectively.

Future minimum approximate lease payments under these non-cancelable operating leases at December 31, 2018 are as follows:

For the years ending December 31,:

2019	\$	86,000
2020		86,000
2021		29,000
	\$	<u>201,000</u>

Future approximate reimbursements related to the Organization's rental commitment above under the collaboration agreements with Genesis at December 31, 2018 are as follows:

For the years ending December 31,;

2019	\$	74,000
2020		74,000
2021		25,000
	\$	<u>173,000</u>

#### 11. SUBSEQUENT EVENTS

##### Bequest Receivable

In February of 2019, the Organization received notification that it was the beneficiary of a bequest and is entitled to 17% of the residuary assets in the donor's IRA account. The Organization received approximately \$1,063,000 from the bequest in April 2019. Due to the fact that the donor passed away in 2018, the contribution of the bequest was recognized during the year ended December 31, 2018 and is included within "Grants and contributions" on the accompanying Consolidated Statements of Activities. The related receivable is classified as a current asset without donor restrictions under the line titled "Bequest receivable" on the accompanying Consolidated Statements of Financial Position.