

Boca Helping Hands, Inc. and Subsidiary

Consolidated Financial Statements
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Boca Helping Hands, Inc.
Boca Raton, Florida

Opinion

We have audited the accompanying consolidated financial statements of Boca Helping Hands, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boca Helping Hands, Inc. and Subsidiary as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. We are required to be independent of Boca Helping Hands, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boca Helping Hands, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

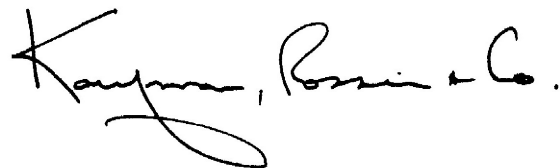
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on these consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boca Helping Hands, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boca Helping Hands, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Kaufman, Rossin & Co., P.A.

October 24, 2023
Miami, Florida

BOCA HELPING HANDS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 2)	\$	1,578,770
Investments (Note 2)		5,509,414
Pledge receivable		25,000
Prepaid expenses and other assets		23,857

Total current assets 7,137,041

DEFERRED COMPENSATION

27,333

PROPERTY AND EQUIPMENT, NET (NOTE 4)

6,348,978

\$ 13,513,352

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	103,817
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CONTINGENCIES (NOTE 7)

NET ASSETS

Without donor restrictions:

Undesignated		7,706,925
Board designated net assets		5,600,994

Total net assets without donor restrictions 13,307,919

With donor restrictions (Note 5) 101,616

Total net assets 13,409,535

\$ 13,513,352

See accompanying notes.

BOCA HELPING HANDS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without donor restrictions	With donor restrictions	Total
SUPPORT, REVENUES, AND OTHER INCOME			
Grants and contributions	\$ 3,327,389	\$ 803,362	\$ 4,130,751
In kind, principally food	5,958,340	-	5,958,340
Special events, net of expenses of \$67,948	139,855	-	139,855
Investment loss, net (Note 2)	(1,442,556)	-	(1,442,556)
Net assets released from restrictions	737,102	(737,102)	-
Total support, revenues, and other income	8,720,130	66,260	8,786,390
EXPENSES (NOTE 8)			
Support services			
General and administrative	632,920	-	632,920
Fundraising	487,032	-	487,032
Program services			
Food Center, (including in-kind contributions of \$5,958,340)	7,798,312	-	7,798,312
BHH Backpacks	655,184	-	655,184
Job Training	996,285	-	996,285
Resource Center	405,263	-	405,263
Total expenses	10,974,996	-	10,974,996
CHANGE IN NET ASSETS	(2,254,866)	66,260	(2,188,606)
NET ASSETS - BEGINNING OF YEAR	15,562,785	35,356	15,598,141
NET ASSETS - END OF YEAR	\$ 13,307,919	\$ 101,616	\$ 13,409,535

See accompanying notes.

BOCA HELPING HANDS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$(2,188,606)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	220,007
Realized loss on investments	169,640
Unrealized loss on investments	1,397,545
Amortization of deferred compensation	36,000
Changes in operating assets and liabilities:	
Pledge receivable	56,003
Prepaid expenses and other assets	12,269
Accounts payable and accrued expenses	18,719
Total adjustments	1,910,183
Net cash used in operating activities	(278,423)

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	(144,479)
Purchase of investments	(1,985,493)
Proceeds on sales of investments	2,288,706
Net cash provided by investing activities	158,734

NET CHANGE IN CASH AND CASH EQUIVALENTS (119,689)

CASH AND CASH EQUIVALENTS - BEGINNING 1,698,459

CASH AND CASH EQUIVALENTS - ENDING \$ 1,578,770

Supplemental Disclosure of Cash Flow Information:

Interest paid	\$ -
Income taxes paid	\$ -

See accompanying notes.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Boca Helping Hands, Inc. (BHH) is a community-supported not-for-profit organization, incorporated in the state of Florida in 2000, established to address increasing food insecurity and other challenges faced by the underserved communities in 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. The Endowment Fund includes funds only designated by the Executive Board and does not include any donor-restricted funds (Note 2).

Basis of Consolidation

The 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, with programs that were converted to drive-through services during the pandemic to eliminate contact. In the food center, volunteers cook and serve seven hot, nutritious meals weekly to those experiencing food insecurity in the community (lunches from Monday through Saturday in East Boca Raton and a Friday night dinner in Lake Worth). Volunteers also deliver hot meals to homebound clients. Staff and volunteers also distribute pantry bags containing food staples (meat, fruit, produce, dairy, bread and other food items) to eligible low-income individuals and families from Monday through Saturday in East Boca Raton and at select times weekly in West Boca Raton, Delray Beach, Boynton Beach, and Lake Worth. Eligibility, affirming status at or below the federal poverty level as required under the USDA's TEFAP program, is monitored very closely. During the year ended December 31, 2022, the Organization prepared and distributed approximately 80,000 hot meals, delivering approximately 6,000 meals to the homebound, as well as distributed approximately 89,000 pantry bags of food to clients who were primarily comprised of the working poor or retired, disabled and unemployed individuals. During the year ended December 31, 2022, the Organization received approximately 2,979,000 pounds of food from food banks, supermarkets, restaurants, individuals, businesses, schools, governmental agencies and other organizations. Donations from three grantors accounted for approximately 61% of contributed nonfinancial assets to the Organization, principally food.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Programs (continued)***BHH Backpacks***

The Organization administers Boca Helping Hands Backpacks, which addresses the critical problem of what low-income children in “Title 1” schools (whose primary weekday meals are free school breakfast and free or reduced-cost school lunch) eat over the weekend. Each Friday during the school year, the Organization sends hundreds of local elementary school children home with six meals, three snacks, two shelf-stable milks and two juice boxes in boxes for the weekend. There are currently twelve participating schools, with more anticipated to join the program. The Organization purchases the food, faith and community volunteer groups pack the boxes, and then the boxes are delivered to each of the schools on a weekly basis during the academic school year. The specific food items cost \$10.59 per child/per week. During the year ended December 31, 2022, the Organization incurred approximately \$520,000 in expenses related to food purchases in connection with this program.

Job Training/Job Mentoring Programs

BHH’s Job Training Program recruits and screens eligible clients and covers the costs of job readiness training, vocational training and certification for those admitted to the program. The BHH Job Training Program allows the applicants to choose from a variety of training programs, including Commercial Driver’s License; Home Health Aide; Certified Nursing Assistant; Medical Billing and Coding; Customer Service; IT Help Desk Technician; Heating, Ventilation, Air Conditioning and Refrigeration; Drafting; and Carpentry.

Selected Job Training clients are carefully screened for each program and must complete an initial Job Readiness Skills class during which they receive training in “soft skills” that are essential for success in the workplace. During the year ended December 31, 2022, 156 students graduated from BHH’s Job Training Programs.

In BHH’s Job Mentoring Program, Job Training graduates, as well as clients who may only need assistance with a job search, receive personalized assistance from volunteer job mentors. The job mentors help with conducting job searches, filling out applications, writing and updating resumes, developing and revising cover letters and preparing for interviews. Clients in the Job Mentoring Program also receive access to computers 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 the year ended December 31, 2022, the Organization’s Job Mentoring Program assisted 115 individuals in obtaining employment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Programs (continued)**Resource Center**

Through its Resource Center, Boca Helping Hands provides limited financial assistance to qualifying Boca Raton, Delray Beach, Boynton Beach and Lake Worth residents in crisis. Clients may receive limited, emergency financial assistance aid with rent (must have a 3-day notice from landlord) and utilities (must have a final notice from FPL or the local water utility). Assistance amounts for families are limited for a twelve-month period and situations 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. At the Lake Worth location, the Organization partners with the Palm Beach County Food Bank to register clients for SNAP (food stamps) and Medicaid by appointment.

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

Affordable Healthcare Access: 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, dental and behavioral) 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, behavioral care services and more. The Organization also offers access to affordable medical and behavioral care through its partnership with Florida Atlantic University's Christine E. Lynn College of Nursing Community Based Clinics (serving residents in West Palm Beach).

English for Speakers of Other Languages: Boca Helping Hands volunteer instructors facilitate English for Speakers of Other Languages (ESOL) classes so that clients can learn English and strengthen their speaking and listening skills. Conversation Café gives ESOL students the chance to practice having casual English conversations with volunteers and other students. Survival English is an immersive online course with additional interaction between students and the instructor.

During the year ended December 31, 2022, the Organization's Resource Center provided approximately \$197,000 in financial assistance for crisis situations and the Children's Assistance Program of which approximately \$56,000 were used in funding to make healthcare access more affordable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, public support, and other income are classified based on the existence or absence of donor-imposed restrictions as follows:

- ◆ *Net Assets Without Donor Restrictions* - Amounts that are not subject to usage restrictions based on donor-imposed requirements and may be expended for any purpose in performing the primary objectives of the Organization. This class also includes assets previously restricted where restrictions have expired or been met. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- ◆ *Net Assets With Donor Restrictions* - Amounts subject to usage limitations based on stipulations imposed by donors and grantors. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by passage of time, be fulfilled or removed by actions of the Organization, pursuant to those stipulations. Donor restrictions which are met in the same reporting period are recorded as net assets without donor restriction support.

Revenue Recognition - Contributions and Grants

Contributions, including unconditional promises, are accounted for under Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*, and are recognized as revenue when the donor's commitment is received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization receives grant funds from various social and governmental agencies. The amounts received under these grants are designated for specific purposes by the granting agencies. For reciprocal arrangements, 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. The Organization records advances at the start of each grant as a liability. For non-reciprocal arrangements, in which the granting agency has not received a direct benefit in exchange for the resources provided, revenue is only recognized when certain conditions are met, such as compliance requirements established by the terms of each agreement. The Organization records a refundable advance when amounts are received in advance of the compliance conditions being met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition - Contribution of Nonfinancial Assets

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 food banks, supermarkets, restaurants, individuals, businesses, schools, governmental agencies and other organizations. Donations of food are recorded as revenue and support and program services expense when the food is received or delivered to the Organization's clients. For the year ended December 31, 2022, contributed nonfinancial assets - food donations recognized in the accompanying consolidated statement of activities amounted to approximately \$5,958,000, based on the estimated fair market value of food donated for distribution to clients.

The Organization utilized the national estimated average fair value of one pound of food as its valuation methodology to value the food donations. For the year ended December 31, 2022, the total value of contributed food was recorded at \$2.00 per pound based on an independent study by Feeding America, as adjusted by inflation using the Consumer Price Index.

Food inventory on hand at December 31, 2022 was not material and, accordingly, was not included in the Organization's assets in the accompanying consolidated statement 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.

Revenue Recognition - Exchange Transactions

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASC 606"). Revenue is recognized pursuant to a five-step model: (i) identify contract(s) with the customer; (ii) identify the performance obligation in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; (v) recognize revenue when (or as) each performance obligation is satisfied.

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services. In addition, ASC 606 requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization conducts special events of which a portion of gross proceeds are recognized as contribution revenue and a portion of the gross proceeds are recognized as an exchange transaction under ASC 606. The portion of the special events revenue recorded as an exchange transaction represents the direct costs of the events which ultimately benefit the donor rather than the Organization and are recognized at the time of the event.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with remaining maturities at date of purchase of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Organization deposits excess cash with high-credit quality institutions. From time to time, such balances may be in excess of federally insured limits. Amounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization's uninsured cash balances approximated \$840,000.

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 statement of financial position. The Organization continually reviews its investment portfolios to monitor these risks.

The Organization maintains its endowment investment portfolio with one financial institution, and its unencumbered and liquid investment portfolio with a separate financial institution.

Investments

The Organization's investments are reported at their fair values in the statement of financial position. Investment income or loss, including realized and unrealized gains and losses, interest and dividend income and investment expenses are included in the statement of activities as changes in net assets without donor restrictions unless income (loss) is restricted by the donor or law. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the price that the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the asset or liability. Fair value measurements establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish a classification of fair value measurements for disclosure purposes. The inputs are summarized in the three broad levels listed below.

Level 1 - Quoted prices in active markets for identical assets and liabilities

Level 2 - Observable inputs other than Level 1 process, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities (including the Organization's own assumptions in determining the fair value of assets and liabilities)

In applying the provisions of fair value measurements to the Organization's investment activities during the year, the following valuation techniques have been employed:

Exchange-Traded Fund Securities

Exchange-traded funds traded on a national exchange or on the national market system of NASDAQ are valued at their last reported sale price or, if there has been no sale on that date, at the closing "bid" price if long, or closing "ask" price if short. Other exchange-traded funds for which over-the-counter market quotations are available are valued at their last reported sale price or, if there had been no sale on that date, at closing "bid" price if long, or closing "ask" price if short as reported by a reputable source selected by the Organization. The Organization has sole and absolute discretion in valuing any positions for which market quotations are not readily available or in adjusting the valuation of any other positions. The Organization's investments in exchange-traded funds are categorized in Level 1 of the fair value hierarchy.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (continued)**Mutual Funds**

Mutual funds consist of securities managed by independent investment advisors with discretionary investment authority. Mutual funds are valued at the closing price reported in the active market in which the individual securities are traded.

Corporate Bonds

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. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

Government Bonds

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.

Community Foundation

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, 2022, these investments are reflected at NAV, using the practical expedient, in the accompanying consolidated statements of financial position.

Pledge Receivable

Unconditional pledges receivable are recognized at the time when the respective donor makes the promise. Unconditional pledges receivable due in the next year are recorded at their net realizable value, which is considered a reasonable estimate of fair value. Unconditional pledges receivable that are expected to be collected in future years are recognized at fair value, using present value techniques and applicable discount rates. The discounts on the estimated future cash flows of receivables are computed using risk-free interest rates applicable to the respective years in which they are expected to be received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met, that is, when they become unconditional. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. Pledges receivable are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2022, no allowance for pledges receivable was deemed necessary by management.

As of December 31, 2022, a pledge receivable from one donor accounted for 100% of the total pledge receivable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

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

Deferred Compensation

The Organization established a Top Hat Trust for the benefit of certain executives. The Organization contributes \$25,000 annually to the trust. Employees vest 20% annually over a period of 5 years.

Property and Equipment

Property and equipment is recorded at cost if purchased, and donated property is stated at fair market value at the date of contribution. Expenditures for major betterments and additions are charged to the asset accounts while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged to expense currently. Depreciation of property and equipment is determined using the straight-line method. The range of estimated useful lives is as follows:

Buildings and improvements	30 - 40 years
Furniture and equipment	5 years
Vehicles	4 years

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. The Organization did not record impairment of long-lived assets for the year ended December 31, 2022.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in Note 8. 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 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.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. For the year ended December 31, 2022, advertising and promotion expense amounted to approximately \$81,000.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

The Organization assesses its tax positions in accordance with "*Accounting for Uncertainties in Income Taxes*" as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Organization's major tax jurisdictions.

The Organization assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Organization records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Organization believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. FAIR VALUE MEASUREMENT

The Organization's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the Organization's accounting policies as disclosed in Note 1. The following table presents information about the Organization's investments measured at fair value as of December 31, 2022:

INVESTMENTS, at fair value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Exchange-traded funds:				
Fixed income - bond	\$ 329,284	-	-	329,284
Equity - large blend	801,146	-	-	801,146
Equity - large value	574,675	-	-	574,675
Equity - mid-cap blend	414,550	-	-	414,550
Equity - large growth	390,418	-	-	390,418
Equity - foreign large value	357,625	-	-	357,625
Equity - small blend	336,540	-	-	336,540
Equity - other	333,731	-	-	333,731
Equity - financial	306,459	-	-	306,459
Equity - diversified emerging markets	220,549	-	-	220,549
Equity - foreign large blend	166,266	-	-	166,266
	4,231,243	-	-	4,231,243
Mutual Funds:				
Fixed income - bond	604,011	-	-	604,011
Mortgage backed securities	284,219	-	-	284,219
Government securities	111,192	-	-	111,192
Equities - Stock	29,869	-	-	29,869
Corporate Bonds	-	219,205	-	219,205
	1,029,291	219,205	-	1,248,496
Investments at net asset value*	-	-	-	29,675
	\$ 5,260,534	\$ 219,205	\$ -	\$ 5,509,414

(*) In accordance with Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

NOTE 2. FAIR VALUE MEASUREMENT (Continued)

Board Designated Endowment

The Organization's Endowment Fund consists of individual funds established for the purpose of benefiting and supporting BHH in its mission. 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.

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.

The Board of the Organization approves all spending of the Endowment Fund when required to support the operations of BHH. The intent is to use funds from the Endowment Fund when necessary and allow the Endowment Fund to grow. In February 2022, the Board approved an annual contribution to BHH from the Endowment Fund equivalent to 4% of a three year rolling average value of the fund, paid on June 30th each year.

Endowment net asset composition is as follows as of December 31, 2022:

Endowment net assets:		
Cash and cash equivalents	\$	121,182
Investments		5,479,812
		<hr/>
Balance - end of year	\$	5,600,994
		<hr/>

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 year ended December 31, 2022:

Endowment net assets, beginning of year	\$	7,587,004
Net investment loss	(1,436,010)
Amounts appropriated for expenditure	(550,000)
		<hr/>
Endowment net assets, end of year	\$	5,600,994
		<hr/>

NOTE 3. LIQUIDITY MANAGEMENT

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. In managing its liquidity needs, the Organization monitors its cash balances and also ensures spending is within budget guidelines. 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 as of December 31, 2022 that are available for general expenditure within one year of the statement of financial position date are as follows:

Total assets, at year-end	\$ 13,513,352
Less non-financial assets:	
Prepaid expenses and other current assets	(23,857)
Deferred compensation	(27,333)
Property and equipment, net	(6,348,978)
<hr/> Total financial assets	<hr/> 7,113,184
Less financial assets unavailable for general expenditures within one year, due to:	
Cash restricted by donor with purpose restriction	(101,616)
Amounts unavailable to management without Board approval	
Endowment (Note 2)	(5,600,994)
<hr/> Financial assets available to meet cash needs for general expenditure within one year	<hr/> \$ 1,410,574

As part of the Organization's liquidity management, the Organization invests cash in excess of daily requirements in cash equivalents and investment securities that are liquid in nature.

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31, 2022:

Land	\$ 3,066,214
Buildings and improvements	4,256,306
Furniture, fixtures, and equipment	848,502
Vehicles	319,969
	<hr/> 8,490,991
Less: accumulated depreciation	(2,142,013)
	<hr/> \$ 6,348,978

Depreciation expense for the year ended December 31, 2022 amounted to approximately \$220,000.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022, net assets with donor restrictions are as follows:

Program services:	
Food Center	\$ 100,000
Capital campaign	1,616
	<hr/> \$ 101,616

NOTE 6. EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution plan (the “Plan”) that covers substantially all employees meeting certain eligibility requirements as defined in the Plan document. The Organization’s contribution to the Plan for the year ended December 31, 2022 amounted to approximately \$37,000.

NOTE 7. CONTINGENCIES

The Organization depends substantially on contributions, in-kind, and grant support. The ability of certain donors to continue giving amounts may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to the Organization. While the Board of Directors believe the Organization has the resources to continue its activities, its ability to do so and the extent to which it continues, may be dependent on the above factors.

NOTE 8. FUNCTIONAL EXPENSES

Certain administrative personnel perform duties that benefit both program and support functions. The expenses associated with these personnel are allocated based on the estimated hours devoted to each function. Other common administrative expenses are allocated based on the estimated utilization by the respective function. As a result, certain costs have been allocated among the program and supporting services benefited. The allocation of costs is based on management's estimate, which is periodically reviewed to assess the appropriateness of the cost allocation.

The cost of providing program and supporting services for the year end December 31, 2022 has been summarized on a functional basis in the table below:

	Program Services	Fundraising	Management and General	Total
Salaries	\$ 777,299	\$ 258,684	\$ 334,229	\$ 1,370,212
Payroll taxes and employee benefits	224,106	51,158	110,036	385,300
In-kind food donations	5,958,340	-	-	5,958,340
Food purchases	1,340,011	-	-	1,340,011
Emergency assistance payments to clients	196,858	-	-	196,858
Job training	610,755	-	-	610,755
Building maintenance and supplies	83,418	5,631	5,631	94,680
Rent	29,369	-	-	29,369
Utilities and other	48,513	6,064	6,064	60,641
Printing, telephone and other office expenses	54,771	6,846	6,846	68,463
Insurance	155,975	12,845	14,680	183,500
Professional services	-	-	43,744	43,744
Security	36,372	-	-	36,372
Marketing	-	80,674	-	80,674
Information technology	23,731	35,595	35,595	94,921
Vehicle fuel and maintenance	78,324	-	-	78,324
Equipment rental	925	-	-	925
Bank charges	-	-	27,109	27,109
Miscellaneous	60,272	7,534	26,985	94,791
Depreciation	176,005	22,001	22,001	220,007
Total expenses	\$ 9,855,044	\$ 487,032	\$ 632,920	\$ 10,974,996

NOTE 9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 24, 2023, which is the date the accompanying consolidated financial statements were available to be issued.