



**Boca Helping Hands, Inc.
and Subsidiary**

Consolidated Financial Statements
Years Ended December 31, 2020 and 2019

BOCA HELPING HANDS, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

Boca Helping Hands, Inc. and Subsidiary
Boca Raton, Florida

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 (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 the Organization as of December 31, 2020, and the consolidated 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.



Emphasis of Matter - Coronavirus

We draw attention to NOTE 11 of the consolidated financial statements, which describes the uncertainty related to the coronavirus ("COVID-19") outbreak.

Other Matter

The consolidated financial statements of the Organization as of and for the year ended December 31, 2019 were audited by Morrison, Brown, Argiz & Farra, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those consolidated financial statements in their report dated September 4, 2020.

BDO USA, LLP

Certified Public Accountants
May 19, 2021

BOCA HELPING HANDS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS	2020	2019
Cash and cash equivalents	\$ 3,819,165	\$ 1,317,045
Contribution and grants receivable	23,000	95,100
Other receivables	14,431	74,050
Investments	4,841,280	3,707,485
Prepaid expenses and other assets	40,353	37,780
Property and equipment, net	<u>6,258,628</u>	<u>6,083,281</u>
TOTAL ASSETS	<u>\$ 14,996,857</u>	<u>\$ 11,314,741</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 211,454	\$ 119,020
Paycheck Protection Program loan	<u>170,155</u>	<u>-</u>
TOTAL LIABILITIES	<u>381,609</u>	<u>119,020</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	9,692,454	7,175,747
Board designated endowment	<u>4,898,044</u>	<u>3,924,874</u>
Total net assets without donor restrictions	14,590,498	11,100,621
With donor restrictions	<u>24,750</u>	<u>95,100</u>
TOTAL NET ASSETS	<u>14,615,248</u>	<u>11,195,721</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,996,857</u>	<u>\$ 11,314,741</u>

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,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 4,477,781	\$ 350,411	\$ 4,828,192	\$ 2,008,366	\$ 281,919	\$ 2,290,285
Capital campaign contributions	-	354,500	354,500	-	-	-
In-kind, principally food	8,550,000	-	8,550,000	6,460,000	-	6,460,000
Special events	153,675	-	153,675	285,872	-	285,872
Investment income, net	589,276	-	589,276	517,797	-	517,797
Other income (loss)	977	-	977	(2,848)	-	(2,848)
Net assets released from restrictions	775,261	(775,261)	-	359,103	(359,103)	-
TOTAL REVENUE AND SUPPORT	14,546,970	(70,350)	14,476,620	9,628,290	(77,184)	9,551,106
EXPENSES						
Program services:						
Food Center (including in-kind contributions of \$8,550,000 and \$6,460,000 for the years ended December 31, 2020 and 2019, respectively)	9,521,027	-	9,521,027	7,139,606	-	7,139,606
BHH Backpacks	233,352	-	233,352	265,218	-	265,218
Job Training/Job Mentoring Programs	299,031	-	299,031	386,855	-	386,855
Resource center	247,361	-	247,361	332,528	-	332,528
Total program services	10,300,771	-	10,300,771	8,124,207	-	8,124,207
Supporting services:						
General and administrative	408,364	-	408,364	394,732	-	394,732
Fundraising	347,958	-	347,958	391,608	-	391,608
Total supporting services	756,322	-	756,322	786,340	-	786,340
TOTAL EXPENSES	11,057,093	-	11,057,093	8,910,547	-	8,910,547
CHANGE IN NET ASSETS	3,489,877	(70,350)	3,419,527	717,743	(77,184)	640,559
NET ASSETS, BEGINNING OF YEAR	11,100,621	95,100	11,195,721	10,382,878	172,284	10,555,162
NET ASSETS, END OF YEAR	\$ 14,590,498	\$ 24,750	\$ 14,615,248	\$ 11,100,621	\$ 95,100	\$ 11,195,721

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, 2020

	Program Services				Supporting Services		Total Expenses
	Food Center	BHH Backpacks	Job Training/ Job Mentoring Programs	Resource Center	General and Administrative	Fundraising	
Salaries	\$ 309,917	\$ 40,137	\$ 124,884	\$ 60,094	\$ 208,205	\$ 136,027	\$ 879,264
Payroll taxes and employee benefits	74,365	9,631	29,966	14,420	49,959	32,640	210,981
TOTAL SALARIES AND RELATED EXPENSE	384,282	49,768	154,850	74,514	258,164	168,667	1,090,245
In-kind expenses	8,550,000	-	-	-	-	-	8,550,000
Food purchases	195,240	137,170	-	-	-	-	332,410
Emergency assistance payments to clients	-	-	-	66,849	-	-	66,849
Job training	-	-	124,771	-	-	-	124,771
Building maintenance and supplies	43,943	7,922	3,751	17,515	9,537	9,537	92,205
Rent	-	-	-	31,388	-	-	31,388
Utilities and other	19,267	3,473	1,645	7,680	4,181	4,181	40,427
Printing, telephone and other office expenses	9,729	1,754	831	3,878	24,287	24,287	64,766
Insurance	96,315	4,235	3,416	8,981	8,241	7,279	128,467
Professional services	-	-	-	-	30,286	-	30,286
Security	36,807	-	1,937	-	-	-	38,744
Marketing	-	-	-	-	-	71,482	71,482
Information technology	6,702	1,208	572	2,671	16,731	16,731	44,615
Vehicle fuel and maintenance	37,189	6,563	-	-	-	-	43,752
Special events	4,481	808	383	1,786	11,186	22,956	41,600
Equipment rental	22,919	-	-	-	-	-	22,919
Bank charges	-	-	-	-	22,913	-	22,913
Miscellaneous	2,352	424	201	937	5,870	5,871	15,655
Total expenses before depreciation	9,409,226	213,325	292,357	216,199	391,396	330,991	10,853,494
Depreciation	111,801	20,027	6,674	31,162	16,968	16,967	203,599
TOTAL EXPENSES	\$ 9,521,027	\$ 233,352	\$ 299,031	\$ 247,361	\$ 408,364	\$ 347,958	\$ 11,057,093

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, 2019

	Program Services				Supporting Services		Total Expenses
	Food Center	BHH Backpacks	Job Training/ Job Mentoring Programs	Resource Center	General and Administrative	Fundraising	
Salaries	\$ 258,030	\$ 46,413	\$ 153,375	\$ 43,213	\$ 205,657	\$ 124,076	\$ 830,764
Payroll taxes and employee benefits	71,236	12,814	42,343	11,930	56,777	34,255	229,355
TOTAL SALARIES AND RELATED EXPENSE	329,266	59,227	195,718	55,143	262,434	158,331	1,060,119
In-kind expenses	6,460,000	-	-	-	-	-	6,460,000
Food purchases	77,378	164,618	-	-	-	-	241,996
Emergency assistance payments to clients	-	-	-	157,122	-	-	157,122
Job training	-	-	164,180	-	-	-	164,180
Building maintenance and supplies	36,911	6,654	3,151	14,712	8,011	8,011	77,450
Rent	-	-	-	39,195	-	-	39,195
Utilities and other	21,589	3,892	1,843	8,605	4,686	4,686	45,301
Printing, telephone and other office expenses	8,891	1,603	759	3,544	22,196	22,196	59,189
Insurance	32,566	5,869	4,999	11,973	15,262	13,884	84,553
Professional services	-	-	-	-	34,523	-	34,523
Security	41,761	-	8,352	5,568	-	-	55,681
Marketing	-	-	-	-	-	55,646	55,646
Information technology	6,861	1,237	586	2,735	17,127	17,127	45,673
Vehicle fuel and maintenance	26,741	4,719	-	-	-	-	31,460
Special events	-	-	-	-	-	74,287	74,287
Miscellaneous	6,160	951	451	2,102	13,162	20,109	42,935
Total expenses before depreciation	7,048,124	248,770	380,039	300,699	377,401	374,277	8,729,310
Depreciation	91,482	16,448	6,816	31,829	17,331	17,331	181,237
TOTAL EXPENSES	\$ 7,139,606	\$ 265,218	\$ 386,855	\$ 332,528	\$ 394,732	\$ 391,608	\$ 8,910,547

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,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,419,527	\$ 640,559
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	203,599	181,237
Net realized/unrealized (gains) on investments	(499,296)	(412,092)
Loss on disposal of property and equipment	-	3,809
Capital campaign contributions	(454,500)	-
Change in operating assets:		
Contribution and grants receivable	72,100	49,900
Other receivables	59,619	(22,416)
Bequest receivable	-	1,063,085
Prepaid expenses and other assets	(2,573)	9,006
Change in operating liabilities		
Accounts payable and accrued expenses	92,434	49,223
TOTAL ADJUSTMENTS	(528,617)	921,752
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,890,910	1,562,311
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(378,946)	(171,467)
Purchases of investments	(1,562,339)	(3,434,425)
Proceeds from sale of investments	927,840	2,203,089
NET CASH USED IN INVESTING ACTIVITIES	(1,013,445)	(1,402,803)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital campaign contributions	454,500	-
Borrowing from Paycheck Protection Program	170,155	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	624,655	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,502,120	159,508
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,317,045	1,157,537
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,819,165	\$ 1,317,045
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
In-kind donations received	\$ 8,550,000	\$ 6,460,000

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

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

1. ORGANIZATION AND 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. It was 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 in its mission to provide food, assistance, job mentoring and other services to underserved communities in 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, nutritious meals weekly to those experiencing food insecurity in the community (lunches from Monday through Saturday and a Thursday Night Family Dinner). Volunteers also deliver hot meals to homebound clients. (During the pandemic, service was converted to a drive-through operation to eliminate contact, and the Thursday dinner was suspended.) 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. 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, 2020, the Organization prepared and distributed approximately 89,000 hot meals, delivering approximately 6,000 meals to the homebound. The Organization also distributed approximately 79,000 pantry bags of food to clients who were primarily comprised of the working poor or retired, disabled and unemployed individuals (many whom were out of work due to COVID-19). During the year ended December 31, 2019, the Organization prepared and served approximately 52,000 hot meals at the Food Center, delivered approximately 3,000 meals to the homebound, and distributed approximately 79,000 pantry bags of food to clients who were primarily comprised of the working poor or retired, disabled and unemployed individuals. During the years ended December 31, 2020 and 2019, the Organization received more than approximately 3,271,000 pounds and 2,420,000 pounds, respectively, of food from food banks, supermarkets, restaurants, individuals, businesses, schools, governmental agencies and other organizations.

BHH Backpacks

The Organization administers BHH 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 schoolchildren home with six meals, three snacks, two shelf-stable milks and two juice boxes in backpacks for the weekend. Prior to the pandemic, there were 12 participating schools. There are currently six participating schools, with the remainder expected to rejoin the program in the coming school year. 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. Local faith communities and other organizations volunteer to pack the backpacks each week. The specific food items used in the backpacks cost approximately \$10 per child/per week. During the years ended December 31, 2020 and 2019, the Organization incurred approximately \$137,000 and \$165,000, respectively, in expenses related to food purchases in connection with this program.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Description of Programs (Continued)

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 and Hospitality (see descriptions below).

Commercial Driver's License (CDL): The Organization has partnered with The CDL School in Lake Worth and Miami and the Metropolitan Trucking and Technical Institute in West Palm Beach to train students to earn a Class A Commercial Driver's License. Students must begin the program already having their temporary permit and then complete required tests and forty hours of vehicle driving training. Graduates work with these schools and the Organization's job mentors to pursue job opportunities.

Home Health Aide (HHA): The Organization has worked in partnership with International Institute for Health Care Professionals in Boca Raton and Family Care Training Center in West Palm Beach to prepare students to work in the home healthcare industry. The Organization pays the tuition and related costs to complete their training curriculum. 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 class leading to certification as Certified Nursing Assistants, which generally leads to higher wages as well as greater opportunities for employment and advancement.

Certified Nursing Assistant (CNA): The Organization has partnered with the Family Care Training Center in West Palm Beach and Medical Institute of Palm Beach in Greenacres to prepare students to work in the home healthcare industry. The Organization has paid the tuition and related costs to complete their training curriculum, which includes hands-on training and clinical experience. Upon completion, students take Florida's Board of Nursing (Prometric) Nurse Aide Exam to obtain their certification. Graduates work with the Organization's job mentors to pursue job opportunities with local home healthcare agencies and hospitals.

Medical Billing and Coding (MBC): The Organization has partnered with South Tech Academy in Boynton Beach and contracted a Certified Professional Coder (CPC) instructor to train students to work in the rapidly growing healthcare field. Students learn the curriculum for nine months and then prepare to take their CPC Certification. Graduates work with the Organization's job mentors to pursue job opportunities that can include working at health systems and hospitals, physician offices and ambulatory surgery centers, amongst many others. As many as one-third of coders are able to work remotely.

Customer Service Representative: The Organization partners with Call4Health, a medical healthcare call center in Delray Beach, to train and place students in jobs in the rapidly growing call center industry. Students are able to obtain a job as a Patient Care Representative in as little as 2-3 weeks.

IT Help Desk Technician: The Organization has partnered with The Academy and PC Professor to prepare students to work as Computer Service Technicians, providing 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.

Hospitality: This course prepared participants to work in the South Florida hospitality industry. Students earned key industry certifications and practiced hands-on skills during vocational training at South Tech Academy in Boynton Beach. Graduates worked with the Organization's job mentors to pursue job opportunities. This program was suspended during the pandemic due to its adverse impacts on the local hospitality industry and the resulting limits on employment opportunities.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Description of Programs (Continued)

Job Training/Job Mentoring Programs (Continued)

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 years ended December 31, 2020 and 2019, 93 and 102 students, respectively, 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 and fax machines for job search and application purposes. The Job Mentoring Program offers computer classes for those wishing to learn basic computer skills, MS Word, or Excel. During the years ended December 31, 2020 and 2019, the Organization’s Job Mentoring Program assisted 150 and 106 individuals, respectively, in obtaining employment.

Resource Center

Through its Resource Center, Boca Helping Hands provides limited financial assistance to qualifying Boca Raton 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.

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 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.

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

Discounted Bus Passes: Individuals wishing to purchase discounted 31-day Palm Tran bus passes have been able to do so at Boca Helping Hands on Tuesdays from 9:00am – 12:30pm. One-day bus passes have also been 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.

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.

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. All ESOL courses have been conducted virtually during the pandemic.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Description of Programs (Continued)

Resource Center (Continued)

During the years ended December 31, 2020 and 2019, the Organization's Resource Center provided approximately \$67,000 and \$157,000, respectively, in financial assistance for crisis situations and the Children's Assistance Program. During the years ended December 31, 2020 and 2019, the Organization's Resource Center provided approximately \$14,000 and \$20,000, respectively, in funding to make healthcare access more affordable.

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.

Capital Campaign

During the year ended December 31, 2020 the Organization launched a capital campaign fund to raise funds to construct a new warehouse food storage facility (NOTE 4). Capital campaign contributions received for the purpose of the warehouse construction are recorded as net assets with donor restrictions. Those restrictions are considered to expire and are released from net assets with donor restrictions to net assets without donor restrictions once the funds are used for construction or capital campaign related expenses are incurred.

Contribution and Grants Receivable

Contribution and grants receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to changes in net assets and a credit to a valuation allowance based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts and which are not covered, are written off through a charge to the valuation allowance and a credit to the related receivables. There was no provision for uncollectible contributions and grants for the years ended December 31, 2020 and 2019, nor was there any allowance for uncollectible contributions and grants since all the receivables were collected subsequent to each respective year end.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Other Receivables

As disclosed above, BHH and Genesis have established collaboration agreements whereby Genesis provides healthcare services to BHH clients and others. As part of these agreements, BHH leases dental offices for the programs to operate and Genesis is responsible for part of the rent. The Organization records Genesis' proportionate share of the medical leases as Due from Unrelated Affiliate in the consolidated Balances sheets until the balance due from Genesis are collected. There was no provision for uncollectable balances due from Genesis at December 31, 2020 and 2019, nor was there any allowance for uncollectable balances due from Genesis since all the receivables were collected subsequent to each respective year end.

Investments

The Organization reports its investments in equity securities, bond securities, and investments held at the Community Foundation of Palm Beach and Martin Counties 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. See NOTE 5 for the discussion of fair value measurements.

Prepaid Expenses and Other Assets

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

Property and Equipment, Net

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

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

In the absence of donor-imposed restrictions, donated assets are recorded at their fair market value as 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. The Organization did not record impairment of long-lived assets for the years ended December 31, 2020 and 2019.

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 and those differences could be material.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Revenue Recognition – Contributions

Funding for the Organization is substantially provided through contributions from individuals, foundations, businesses, faith-based organizations, grants and fund-raising events. Donations are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP.

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods. 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.

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.” Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor 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 deferred revenue when amounts are received in advance to the compliance conditions being met. Grants receivables at year-end represent expenditures and/or units of service performed, which have not yet been reimbursed by the granting agency.

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 Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“Topic 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 recorded at the time of the event.

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.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Donated Facilities, Goods and Services (Continued)

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 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, 2020 and 2019 amounted to \$8,550,000 and \$6,460,000, 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. For the year ended December 31, 2020, contributed food was recorded at \$10.50 per meal served and \$94.47 per grocery bag distributed. For the year ended December 31, 2019, contributed food was recorded at \$9.50 per meal served and \$75.43 per grocery bag distributed.

Food inventory on hand at December 31, 2020 and 2019 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. Direct expense have been assigned to functions based on specific identification. All indirect expenses have been 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. Occupancy, insurance and depreciation expenses are allocated based on the percentage of square footage in the buildings by each function.

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 2017.

Concentrations and Credit Risk

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

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

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Recent Accounting Pronouncements

Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update ("ASU") 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, lessor accounting, and disclosures related to accounting changes and error corrections. 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 full impact of this standard and the method of adoption it will elect. The update is originally effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted.

Subsequent Events

The Organization has evaluated subsequent events through May 19, 2021, which is the date the consolidated financial statements were available to be issued.

Reclassification

Certain items in the 2019 consolidated financial statements were reclassified to conform with the 2020 presentation.

2. CONTRIBUTION AND GRANTS RECEIVABLE

As of December 31, 2020 and 2019, the Organization had promises to give in the amount of \$23,000 and \$95,100, respectively. As of December 31, 2020 and 2019, all promises to give were due within one year, therefore no discount was required. For the years ended December 31, 2020 and 2019, there was no bad debt expense related to promises to give.

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.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES (CONTINUED)

The Organization's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows as of December 31,:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,819,165	\$ 1,317,045
Promises to give	23,000	95,100
Accounts receivable	14,431	74,050
Investments	<u>4,841,280</u>	<u>3,707,485</u>
Total financial assets available within one year	8,697,876	5,193,680
Less: amounts unavailable to management due to donor imposed restrictions	(24,750)	(95,100)
Less: amounts unavailable to management without Board approval Endowment (Note 6)	<u>(4,898,044)</u>	<u>(3,924,874)</u>
Total financial assets available to management	<u>\$ 3,775,082</u>	<u>\$ 1,173,706</u>

4. PROPERTY AND EQUIPMENT, NET

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

	<u>2020</u>	<u>2019</u>
Land	\$ 3,066,214	\$ 3,066,214
Buildings and improvements	3,610,357	3,610,357
Furniture and equipment	611,380	577,184
Vehicles	313,642	313,642
Construction in progress	<u>344,750</u>	<u>-</u>
Total	7,946,343	7,567,397
Less: accumulated depreciation	<u>(1,687,715)</u>	<u>(1,484,116)</u>
Total property and equipment, net	<u>\$ 6,258,628</u>	<u>\$ 6,083,281</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$203,599 and \$181,237, respectively.

During the year ended December 31, 2020, the Organization began constructing a new warehouse to provide additional storage to support the growth of its food donations and distribution efforts. The Project is estimated to cost approximately \$624,000. Sources of funds to complete the Project include the Organization's general funds and its capital campaign (NOTE 1). During the year ended December 31, 2020, the Organization collected approximately \$355,000 of capital campaign contributions for the warehouse and spent approximately \$345,000 on construction and equipment for the facility which is reflected in "Construction in progress." The project is expected to be completed during the second quarter of fiscal year 2021.

5. FAIR VALUE MEASUREMENTS

The Accounting Standards Committee 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).

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy 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, 2020 and 2019.

Items Measured at Fair Value on a Recurring Basis

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 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.

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.

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, 2020 and 2019, these investments are reflected at NAV, using the practical expedient, on the accompanying Consolidated Statements 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 methodologies 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, 2020 and 2019

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables represent the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2020 and 2019 for each of the fair value hierarchy levels:

Description	Total	Fair Value Measurements at December 31, 2020		
		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				
Corporate Bond	\$ 229,557	\$ 229,557	\$ -	\$ -
Diversified emerging markets	145,546	145,546	-	-
Fixed income	630,481	630,481	-	-
Foreign	597,541	597,541	-	-
High yield bond	444,127	444,127	-	-
Infrastructure	6,920	6,920	-	-
Large blend	707,158	707,158	-	-
Large growth	347,750	347,750	-	-
Large value	387,220	387,220	-	-
Mid-cap blend	299,343	299,343	-	-
Small blend	264,924	264,924	-	-
Technology	134,426	134,426	-	-
Corporate bonds	289,990	289,990	-	-
Government bonds	324,553	324,553	-	-
	\$ 4,809,537	\$ 4,809,537	\$ -	\$ -
Investments at net asset value	31,743			
	\$ 4,841,280			

Description	Total	Fair Value Measurements at December 31, 2019		
		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				
Corporate Bond	\$ 135,857	\$ 135,857	\$ -	\$ -
Diversified emerging markets	103,972	103,972	-	-
Fixed income	698,798	698,798	-	-
Foreign	523,491	523,491	-	-
High yield bond	322,782	322,782	-	-
Infrastructure	8,308	8,308	-	-
Large blend	478,453	478,453	-	-
Large growth	185,085	185,085	-	-
Large value	346,118	346,118	-	-
Mid-cap blend	206,511	206,511	-	-
Small blend	148,292	148,292	-	-
Small value	54,280	54,280	-	-
Technology	68,617	68,617	-	-
Corporate bonds	229,837	229,837	-	-
Government bonds	168,894	168,894	-	-
	\$ 3,679,293	\$ 3,679,293	\$ -	\$ -
Investments at net asset value	28,192			
	\$ 3,707,485			

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

5. FAIR VALUE MEASUREMENTS (CONTINUED)

There were no financial assets or liabilities measured at fair value on a non-recurring basis at December 31, 2020 and 2019.

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

	<u>2020</u>	<u>2019</u>
Dividends and interest, net of fees	\$ 89,980	\$ 105,705
Net realized (losses) gains	(4,042)	13,540
Net unrealized gains	<u>503,338</u>	<u>398,552</u>
	<u>\$ 589,276</u>	<u>\$ 517,797</u>

Investment income, net for the years ended December 31, 2020 and 2019 is shown net of management fees of approximately \$30,000 and \$22,000, respectively.

6. PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, the Organization received a loan of \$170,155 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act that was signed into law on March 27, 2020. The loan begins accruing interest at a rate of 1.00% on the effective date. The loan matures on April 13, 2022, at which time all unpaid principal and accrued interest is due. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Organization retains employees during a specified period. The proceeds from the loan are recognized as a financial liability. The proceeds will be recognized as a gain on extinguishment of debt once forgiveness has been granted and the Organization is legally released of the obligation. As of December 31, 2020, the amount outstanding on the PPP loan was approximately \$170,155. On April 26, 2021, the Organization received notice that the entire loan was forgiven by the Small Business Association ("SBA").

Maturities of the Paycheck Protection Program loan, including interest, as of December 31, 2020 is as follows:

Years ending December 31,

2021	\$ 129,489
2022	<u>43,163</u>
	<u>\$ 172,652</u>

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 underserved populations in 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.

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

7. BOARD DESIGNATED ENDOWMENT (CONTINUED)

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Summary of Endowment Assets:

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 71,875	\$ 258,266
Investments	4,826,169	3,666,608
	<u>\$ 4,898,044</u>	<u>\$ 3,924,874</u>

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,:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning	\$ 3,924,874	\$ 2,174,317
Board designated transfer of contributions	388,545	1,603,069
Amounts appropriated for expenditure	-	(360,000)
Investment income including interest, dividends and net realized and unrealized gains (net of fees)	584,625	507,488
Endowment net assets, ending	<u>\$ 4,898,044</u>	<u>\$ 3,924,874</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Job Training/Job Mentoring Programs	\$ 15,000	\$ 95,100
Capital campaign	9,750	-
	<u>\$ 24,750</u>	<u>\$ 95,100</u>

BOCA HELPING HANDS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

9. EMPLOYEE BENEFIT PLAN

During the year ended December 31, 2015, the Organization adopted a 401(k) benefit plan (the "401(k) 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 401(k) Plan expenses and contributions for the years ended December 31, 2020 and 2019 were approximately \$19,000 and \$24,000, 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 and real estate tax charges of approximately \$1,300 are due monthly for the dental facility lease through April 2021. Additionally, lease payments and related common area maintenance and real estate tax charges of approximately \$2,000 are due monthly for the Medical facility lease through June 2024.

Total rent expense incurred under the leases during each of the years ended December 31, 2020 and 2019 was approximately \$31,000 and \$39,000, respectively.

Future minimum approximate lease payments under these non-cancelable operating leases at December 31, 2020 are as follows:

For the years ending December 31,:

2021	\$	28,000
2022		23,000
2023		23,000
2024		12,000
	\$	<u>86,000</u>

11. RISKS AND UNCERTAINTIES

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.

Since January 2020, the coronavirus ("COVID-19") outbreak has caused substantial disruption in international and U.S. economics and markets. The fear of further spread of COVID-19 has caused quarantines, cancellation of events and travel, business and school shutdowns, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated COVID-19 as a pandemic. While the Organization did not incur significant disruptions during the year ended December 31, 2020 from COVID-19, the Organization is unable to predict the impact that COVID-19 will have on the consolidated financial position and change in net assets due to numerous uncertainties. These uncertainties include the severity of the virus, the duration of the outbreak, governmental, or other actions (which include promotion of social distancing), or changes to the Organization's operations. The Organization is currently evaluating the potential adverse effect this matter will have on its consolidated financial position, operations and cash flows. While the ultimate outcome of this uncertainty is unknown, it is reasonably possible the impact may be materially adverse.

On March 27, 2020, the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act" was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferral of employer side social security payments. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. In April 2020, the Organization received a loan under the PPP in the amount of \$170,155 (NOTE 6). The Organization noted no other material impact from the CARES Act.