

BOCA HELPING HANDS, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

BOCA HELPING HANDS, INC.

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## INDEPENDENT AUDITORS' REPORT

To Board of Directors of  
Boca Helping Hands, Inc.  
Boca Raton, Florida

We have audited the accompanying statement of financial position of Boca Helping Hands, Inc. (a not-for-profit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Boca Helping Hands, Inc.'s management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Boca Helping Hands, Inc., as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Lanzaro & Halperin, CPA's P.A.*

Boca Raton, Florida  
May 15, 2010

**BOCA HELPING HANDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2009**

**ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Current assets</b>			
Cash	\$ 277,254	\$ 147,039	\$ 424,292
Contributions receivable	108,639	-	108,639
Prepaid expenses and other assets	29,356	-	29,356
<b>Total current assets</b>	<b>415,249</b>	<b>147,039</b>	<b>562,288</b>
 Property and equipment, net of accumulated depreciation	 4,268,068	 -	 4,268,068
<b>Total assets</b>	<b>\$ 4,683,317</b>	<b>\$ 147,039</b>	<b>\$ 4,830,356</b>

**LIABILITIES AND NET ASSETS**

Current liabilities - accrued expenses payable	\$ 5,993	\$ -	\$ 5,993
 Long term liabilities - bank note payable	 311,932	 -	 311,932
<b>Total liabilities</b>	<b>317,925</b>	<b>-</b>	<b>317,925</b>
 Net assets	 4,365,392	 147,039	 4,512,431
<b>Total liabilities and net assets</b>	<b>\$ 4,683,317</b>	<b>\$ 147,039</b>	<b>\$ 4,830,356</b>

The accompanying notes are an integral part of the financial statements.

**BOCA HELPING HANDS, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions - cash	\$ 535,396	\$ 358,324	\$ 893,720
In-kind contributions, principally food	528,392	-	528,392
Grants	144,401	-	144,401
Special events	11,099	82,860	93,959
Investment income	12,741	-	12,741
Net assets released from Temporarily Restricted, satisfied donor restriction	646,550	(646,550)	-
<b>Total support and revenue</b>	<u>1,878,580</u>	<u>(205,366)</u>	<u>1,673,213</u>
<b>Expenses</b>			
<b>Program Expenses:</b>			
Food programs	671,969	-	671,969
Assistance and job mentoring programs	306,189	-	306,189
<b>Total program expenses</b>	<u>978,158</u>	<u>-</u>	<u>978,158</u>
<b>Support Services:</b>			
General and administrative	56,017	-	56,017
Fund raising	76,418	34,162	110,580
<b>Total supporting services</b>	<u>132,435</u>	<u>34,162</u>	<u>166,597</u>
<b>Total expenses</b>	<u>1,110,593</u>	<u>34,162</u>	<u>1,144,755</u>
<b>Change in net assets</b>	<b>767,986</b>	<b>(239,529)</b>	<b>528,458</b>
<b>Net assets, beginning of year</b>	<u>3,597,406</u>	<u>386,567</u>	<u>3,983,973</u>
<b>Net assets, end of year</b>	<u>\$ 4,365,392</u>	<u>\$ 147,039</u>	<u>\$ 4,512,431</u>

The accompanying notes are an integral part of the financial statements.

BOCA HELPING HANDS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2009

	Program Expenses			Supporting Services			Total Expenses
	Food Programs	Assistance and Job Mentoring Programs	Total Programs	General and Administrative	Fund Raising	Total Supporting Services	
Food and supplies, principally in-kind donations	\$ 508,265	\$ -	\$ 508,265	\$ -	\$ -	\$ -	\$ 508,265
Salaries and payroll taxes	55,110	70,858	125,968	25,409	32,965	58,374	184,342
Assistance payments	-	153,916	153,916	-	-	-	153,916
Rent	15,718	33,468	49,185	8,367	8,367	16,734	65,919
Special events	24,978	5,699	30,677	-	34,162	34,162	64,839
Telephone, printing and other office expenses	15,472	15,472	30,943	7,736	7,736	15,472	46,415
Depreciation	24,057	10,520	34,577	5,260	5,260	10,520	45,097
Electricity and other occupancy expenses	13,979	10,698	24,677	2,887	2,887	5,774	30,451
Insurance	9,859	4,069	13,928	3,213	3,213	6,427	20,354
Professional fees	-	-	-	2,400	6,000	8,400	8,400
Other	4,533	1,490	6,023	745	9,989	10,734	16,757
<b>Total expenses</b>	<b>\$ 671,969</b>	<b>\$ 306,189</b>	<b>\$ 978,158</b>	<b>\$ 56,017</b>	<b>\$ 110,580</b>	<b>\$ 166,597</b>	<b>\$ 1,144,755</b>

The accompanying notes are an integral part of the financial statements.

**BOCA HELPING HANDS, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2009

<b>Cash Flows From Operating Activities:</b>	
Change in net assets	\$ 528,458
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	45,097
Contributed equipment	(28,392)
Increase in operating assets:	
Contributions receivable	(71,106)
Prepaid expenses and other assets	(3,248)
Decrease in operating liabilities - accrued expenses	(3,082)
Net cash provided by operating activities	<u>467,727</u>
<b>Cash Flows From Investing Activities:</b>	
Decrease in short-term investments, net	450,285
Purchase of property and equipment	(965,808)
Net cash used by investing activities	<u>(515,523)</u>
<b>Cash Flows From Financing Activities:</b>	
Borrowings under bank note	<u>311,932</u>
Net decrease in cash and cash equivalents	264,135
Cash and cash equivalents, beginning of year	160,157
Cash and cash equivalents, end of year	<u>\$ 424,292</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>	
In kind donations received during 2009 consisted of:	
Food & supplies	\$ 500,000
Furniture and equipment	28,392
Total in kind donations	<u>\$ 528,392</u>

The accompanying notes are an integral part of the financial statements.

BOCA HELPING HANDS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities – Boca Helping Hands, Inc. (the Organization) is a community-supported agency which was incorporated in May 2000 as a not-for-profit (501(c)(3)) corporation to provide assistance to the hungry and working poor in Southern Palm Beach County, Florida. The Organization's mission is to provide compassionate service through food and assistance programs to individuals, families and children in order to instill dignity and break the cycle of dependence. The Organization operates a Food Center, where volunteers cook and serve hot, nutritional lunches, provide grocery staples to eligible individuals, and prepare and deliver sandwiches to low income children in after-school programs. The Organization also runs an Assistance Center which offers temporary financial assistance in crisis situations for utilities, housing, pharmaceutical and other immediate or emergency needs. In addition, the Organization operates a Job Mentoring Program which provides assistance for job seekers such as career guidance, resume preparation and job leads. Funding for the Organization is primarily through contributions from individuals, foundations, corporations and faith-based organizations, grants and fund-raising events.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no permanently restricted net assets as of December 31, 2009.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment – Property and equipment is stated at cost if purchased, or, if donated, at fair market value on the date of donation. Property and equipment donations are reported as unrestricted support unless the donor has restricted the use of the asset for a specific purpose. Contributions of cash, other assets and unconditional promises to give which are restricted for the purpose of acquiring property and equipment are reported as temporary restricted support. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions as reclassifications to unrestricted net assets when the donated or acquired assets are placed in service, as instructed by the donor. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets - three or four years for vehicles, furniture and equipment, and forty years for the building (See NOTE D). Depreciation expense totaled \$45,097 during 2009. The following is a breakdown of Property and Equipment as of December 31, 2009:

Land	\$2,175,000
Building	1,100,000
Building improvements	944,516
Furniture, equipment and vehicles	<u>141,333</u>
	4,360,849
Less accumulated depreciation	<u>(92,781)</u>
Net property and equipment	\$4,268,068

BOCA HELPING HANDS, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
December 31, 2009

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition and Promises to Give – Contributions of cash and other assets are recognized as revenue when received from the donor. Unconditional promises to give are recognized when the pledge is made, at the fair market value of the asset, based on the present value of estimated future cash flows using a discount rate commensurate with the risks involved. Conditional promises to give are not recognized until the donor-imposed conditions have been substantially met. Unconditional promises to give are reported as contributions receivable.

Contributions are classified as unrestricted, temporarily restricted, or permanently restricted based upon any donor-imposed restrictions on the use of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or when a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributed Services – The Organization receives substantial support from a dedicated group of more than 200 volunteers. No amount has been recorded in the financial statements for these contributed services, because they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

In-Kind Contributions – The Organization receives a substantial amount of food donations from local organizations, corporations and individuals. Donations of food are recorded as support/revenue and food program expense when the food is delivered to the Organization's clients, based on the estimated fair market value, the number of meals served and food bags distributed. The value of in-kind donations recorded in the accompanying financial statements for 2009 amounted to \$528,000, consisting of \$500,000 of food & supplies and furniture and computer equipment, valued at \$28,392. Food inventory on hand at December 31, 2009 was not material and, accordingly, was not included in the Organization's net assets in the accompanying Statement of Financial Position.

Allocations of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying Statement of Activities. Certain of these costs have been allocated among the programs and supporting services benefited.

Income Taxes – No provision for federal or state income taxes is required since the Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

**NOTE B – TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2009, Temporarily Restricted Net Assets amounted to \$147,039, representing donations designated for improvements, renovations and furnishings for the Organization's headquarters purchased in September 2008. (See NOTE D).

**NOTE C - UNSECURED CASH BALANCES**

The Organization currently maintains its cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not incurred losses related to uninsured balances.

BOCA HELPING HANDS, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
December 31, 2009

**NOTE D – LEASES AND BUILDING**

The Organization owns an approximately 12,000 square foot building in Boca Raton, Florida which currently serves as the sole headquarters for all of the Organization's activities, programs and services. The building was purchased in 2008 for \$3,275,000, which was funded by Temporarily Restricted Building Fund donations received over several years, principally \$2,400,000 from two individuals in 2008 (including \$400,000 donated by the Organization's President). In addition, during 2009 and the beginning of 2010, the Organization incurred approximately \$1.4 million in renovations, improvements and furnishings for this facility, which was funded by Temporarily Restricted Building Fund donations as well as \$411,000 borrowed from a lending institution (See NOTE F).

During 2009, the Organization leased space for its Assistance Center, Job Mentoring Program and Food Center in Boca Raton, Florida and incurred rental expense of approximately \$66,000. During 2010, the leases expired and as of April 2010, the Organization no longer had any real property lease obligations.

**NOTE E – CONTRIBUTIONS RECEIVABLE**

During 2009, the Organization's President committed to match certain contributions received by the Organization during the fourth quarter of 2009. Contributions received during the fourth quarter which qualified for the match amounted to \$108,639, which has been classified as Contributions Receivable on the accompanying Statement of Financial Position at December 31, 2009. The Organization received this amount from the President in February 2010.

**NOTE F – BANK LOAN**

In connection with the Organization's renovations to its headquarters building (See NOTE D), on November 18, 2009 the Organization entered into a Loan Agreement with First Southern Bank which provides that the Organization can borrow up to \$650,000 (the "Principal Sum") under a Promissory Note which bears interest at 5.75% per annum through May 18, 2012 and, thereafter through November 18, 2014 (the "Maturity Date"), at the greater of 5.75% or 350 basis points above the average yield on three-year U.S. Treasury Bills. During the initial twelve months of the loan, the Organization is required to make monthly payments of interest only. Thereafter and through the Maturity Date, monthly payments of interest and principal are required based on a 25-year amortization schedule. The Organization has the right to prepay the unpaid principal balance of the loan in whole or in part at any time without penalty. The Organization may request advances against the Principal Sum through November 18, 2010. The loan is collateralized by the Organization's headquarters building (see NOTE D).

At December 31, 2009, the amount borrowed under the Promissory Note amounted to \$311,932. During the first quarter of 2010, the Organization borrowed an additional \$100,000.