

BOCA HELPING HANDS, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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, 2010, 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, 2010, 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 PA

Lanzaro & Halperin, CPA's P.A.

Boca Raton, Florida
February 15, 2011

BOCA HELPING HANDS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2010

ASSETS

	Unrestricted
Current assets	
Cash	\$ 466,264
Prepaid insurance and other	9,766
Total current assets	476,030
Property and equipment, net of accumulated depreciation	4,585,766
Total assets	\$ 5,061,796

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 19,271
Current portion of capital lease obligations	\$ 3,676
Total current liabilities	\$ 22,947
Long-term liabilities	
Note Payable	171,380
Capital lease obligations, less current portion	9,174
Total long-term liabilities	180,554
Total liabilities	203,501
Net assets	4,858,294
Total liabilities and net assets	\$ 5,061,796

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

BOCA HELPING HANDS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

	<u>Unrestricted</u>
Support and Revenue	
Contributions - cash	951,176
In-kind contributions, principally food	637,000
Grants	206,500
Special events	119,303
Investment income	2,552
Total support and revenue	<u>1,916,530</u>
 Expenses	
Program Expenses:	
Food programs	992,064
Resource programs (job mentoring and assistance)	343,728
Total program expenses	<u>1,335,791</u>
Support Services:	
General and administrative	101,212
Fund raising	133,664
Total support services	<u>234,876</u>
Total expenses	<u>1,570,667</u>
 Change in net assets	 345,863
 Net assets, beginning of year	 <u>4,512,431</u>
Net assets, end of year	<u>4,858,294</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, 2010

	Program Expenses			Support Services				Total Expenses
	Food Programs	Resource Center (Job Mentoring and Assistance)	Total Programs	General and Administrative	Fund Raising	Support Services	Total	
Food and supplies, principally in-kind donations	\$ 682,491	\$ -	\$ 682,491	\$ -	\$ -	\$ -	\$ -	\$ 682,491
Payroll and fringe	83,452	71,620	155,072	50,590	45,737	96,327	96,327	251,399
Outreach assistance payments	-	174,057	174,057	-	-	-	-	174,057
Occupancy Costs:								
Building maintenance & supplies	30,478	12,497	42,976	5,604	5,604	11,209	11,209	54,184
Electricity and other utilities	16,476	6,756	23,232	3,030	3,030	6,059	6,059	29,291
Security	20,101	-	20,101	-	-	-	-	20,101
Interest on loan	9,213	3,777	12,990	1,694	1,694	3,388	3,388	16,378
Other occupancy costs	7,048	2,890	9,937	1,296	1,296	2,592	2,592	12,529
Telephone, printing and other office expenses	21,664	21,664	43,328	10,832	10,832	21,664	21,664	64,993
Special events	9,721	2,002	11,723	-	34,165	34,165	34,165	45,888
Professional fees - Information technology	15,337	15,337	30,675	7,669	7,669	15,337	15,337	46,012
Other professional fees	10,729	5,240	15,969	6,586	9,781	16,367	16,367	32,336
Insurance	13,993	4,763	18,755	3,542	3,485	7,027	7,027	25,783
Depreciation	60,878	21,348	82,226	9,573	9,573	19,147	19,147	101,373
Other	10,482	1,777	12,259	797	797	1,593	1,593	13,852
Total expenses	\$ 992,064	\$ 343,728	\$ 1,335,791	\$ 101,212	\$ 133,664	\$ 234,876	\$ 234,876	\$ 1,570,667

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, 2010**

	<u>Unrestricted</u>
Cash Flows From Operating Activities:	
Change in net assets	\$ 345,863
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	101,373
Decrease in operating assets:	
Contributions receivable	108,639
Prepaid insurance and other assets	19,591
Increase in operating liabilities:	
Accounts payable and accrued expenses	13,278
Current portion of capital lease obligations	3,676
Net cash provided by operating activities	<u>592,421</u>
Cash Flows From Investing Activities - additions to property and equipment	<u>(419,072)</u>
Cash Flows From Financing Activities:	
Proceeds from Notes Payable	304,380
Repayment of Notes Payable	(444,932)
Long-term capital lease obligations	9,174
Net cash used by financing activities	<u>(131,378)</u>
Increase in Cash	41,972
Cash- beginning of year	<u>424,292</u>
Cash- end of year	<u>\$ 466,264</u>

Supplemental Disclosure of Cash Flow Information:

During 2010, in-kind donations (principally food) valued at \$637,000 were received.

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

BOCA HELPING HANDS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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, working poor and those less fortunate in Southern Palm Beach County, Florida. The Organization's mission is to provide compassionate service through food, limited financial assistance and job mentoring 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 meals, provide grocery staples to eligible individuals, prepare and deliver sandwiches to low income children in after-school programs and deliver lunches to the homebound. The Organization also operates a Resource Center, which offers limited temporary financial assistance in crisis situations principally for utilities and rent, and a Job Mentoring Program, which provides educational assistance for job seekers such as career guidance, resume preparation, interviewing skills, computer access to job websites 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 or temporarily restricted net assets as of December 31, 2010.

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 – four or five years for vehicles, furniture and equipment, forty years for the original cost of the building and thirty years for building improvements (See NOTE C). Depreciation expense totaled \$101,373 during 2010. The following is a breakdown of Property and Equipment as of December 31, 2010:

BOCA HELPING HANDS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010

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

Land	\$2,175,000
Building	1,100,000
Building improvements	1,257,769
Furniture, equipment and vehicles	<u>230,369</u>
	4,763,138
Less accumulated depreciation	<u>(177,372)</u>
Net property and equipment	<u>\$4,585,766</u>

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. At December 31, 2009, Temporarily Restricted Net Assets amounted to \$147,039, representing donations designated for improvements, renovations and furnishings for the Organization's headquarters. During January 2010, renovations to that facility were completed and the Temporarily Restricted Net Assets have been reclassified to unrestricted net assets in the accompanying Statement of Financial Position.

Contributed Services – The Organization receives substantial support from a dedicated group of more than 250 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, supermarkets, restaurants, 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 2010 amounted to \$637,000, principally consisting of food. Food inventory on hand at December 31, 2010 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).

BOCA HELPING HANDS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010

NOTE B - 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.

NOTE C - BUILDING

The Organization owns an approximately 14,000 square foot building in Boca Raton, Florida which serves as the 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 donations received over several years. In addition, during 2009 and 2010, the Organization incurred approximately \$1.4 million in renovations, improvements and furnishings for this facility, which were funded by donations as well as a bank loan (See NOTE D).

NOTE D - LOANS

In connection with the Organization's renovations to its headquarters building (See NOTE C), on November 18, 2009 the Organization entered into a Loan Agreement with a bank which provided that the Organization could borrow up to \$650,000 under a Promissory Note which bore 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 was required to make monthly payments of interest only. Thereafter and through the Maturity Date, monthly payments of interest and principal were required based on a 25-year amortization schedule. The Organization had the right to prepay the unpaid principal balance of the loan in whole or in part at any time without penalty. The loan was collateralized by the Organization's headquarters building.

During 2009 and January 2010, the Organization borrowed \$411,932 under the Promissory Note in order to complete the renovations. After the Organization had paid down the Promissory Note to approximately \$204,000, on November 23, 2010 the Organization's President loaned the Organization \$204,380 (the "Unsecured Loan") which enabled the Organization to repay the Promissory Note in full on that date. On December 29, 2010, the Organization repaid \$33,000 of the Unsecured Loan reducing the outstanding balance of that loan to \$171,380. The Unsecured Loan matures on November 23, 2013, bears interest at .32% per annum, payable annually, and can be prepaid in whole or in part at any time without penalty.