

HELPING HAND HOME FOR CHILDREN, INC.
AND
HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION

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FASKE LAY & CO., L.L.P.

Certified Public Accountants and Business Advisors

3508 Far West Boulevard, Suite 300, Austin, TX 78731
(512) 346-9623 - FAX (512) 346-8109

3609 Williams Dr., Suite 105, Georgetown, TX 78628
(512) 591-7441 - FAX (512) 591-7805

Toll-Free (888) 346-9623
www.faskelay.com

M. Howard Faske, CPA
Joseph G. Jistel, CPA
Jeffrey L. Miller, CPA
Connie B. Clark, CPA

Partners Emeritus
Benton E. Ryon, CPA
Richard R. Singhaus, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Helping Hand Home for Children, Inc. and
Helping Hand Home for Children Foundation

We have audited the accompanying combined financial statements of the Helping Hand Home for Children, Inc. and Helping Hand Home for Children Foundation (collectively, Helping Hand), which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Auditor's Responsibility - Continued

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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Helping Hand as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fiske & Co., L.L.P.

Austin, Texas

November 16, 2015

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

	Helping Hand Home	Foundation	Total
<hr/>			
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,178,129	\$ 1,166,262	\$ 2,344,391
Investments	-	7,560,888	7,560,888
Accounts receivable	385,469	-	385,469
Prepaid expenses	21,306	-	21,306
Total Current Assets	<u>1,584,904</u>	<u>8,727,150</u>	<u>10,312,054</u>
Property and Equipment			
Land	659,380	-	659,380
Building and equipment	4,459,178	-	4,459,178
Vehicles	118,291	-	118,291
Accumulated depreciation	(2,237,927)	-	(2,237,927)
Total Property and Equipment	<u>2,998,922</u>	<u>-</u>	<u>2,998,922</u>
Total Assets	<u><u>\$ 4,583,826</u></u>	<u><u>\$ 8,727,150</u></u>	<u><u>\$ 13,310,976</u></u>
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 59,039	\$ 1,680	\$ 60,719
Accrued liabilities	371,153	11,470	382,623
Deferred revenue	492,734	-	492,734
Total Current Liabilities	<u>922,926</u>	<u>13,150</u>	<u>936,076</u>
Net Assets			
Unrestricted	3,397,429	8,714,000	12,111,429
Temporarily restricted	263,471	-	263,471
Total Net Assets	<u>3,660,900</u>	<u>8,714,000</u>	<u>12,374,900</u>
Total Liabilities and Net Assets	<u><u>\$ 4,583,826</u></u>	<u><u>\$ 8,727,150</u></u>	<u><u>\$ 13,310,976</u></u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014

	Helping Hand Home	Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,064,759	\$ 1,582,216	\$ 2,646,975
Investments	-	7,167,393	7,167,393
Accounts receivable	357,062	-	357,062
Prepaid expenses	95,811	-	95,811
Total Current Assets	<u>1,517,632</u>	<u>8,749,609</u>	<u>10,267,241</u>
Property and Equipment			
Land	659,380	-	659,380
Building and equipment	4,275,604	-	4,275,604
Vehicles	99,293	-	99,293
Accumulated depreciation	<u>(2,101,295)</u>	<u>-</u>	<u>(2,101,295)</u>
Total Property and Equipment	<u>2,932,982</u>	<u>-</u>	<u>2,932,982</u>
Total Assets	<u><u>\$ 4,450,614</u></u>	<u><u>\$ 8,749,609</u></u>	<u><u>\$ 13,200,223</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 41,013	\$ 1,590	\$ 42,603
Accrued liabilities	254,140	-	254,140
Deferred revenue	463,925	-	463,925
Total Current Liabilities	<u>759,078</u>	<u>1,590</u>	<u>760,668</u>
Net Assets			
Unrestricted	3,465,653	8,748,019	12,213,672
Temporarily restricted	225,883	-	225,883
Total Net Assets	<u>3,691,536</u>	<u>8,748,019</u>	<u>12,439,555</u>
Total Liabilities and Net Assets	<u><u>\$ 4,450,614</u></u>	<u><u>\$ 8,749,609</u></u>	<u><u>\$ 13,200,223</u></u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

	Helping Hand Home	Foundation	Total
CHANGES IN UNRESTRICTED NET ASSETS			
Public support and revenue			
Program revenue	\$ 2,945,240	\$ -	\$ 2,945,240
Contributions and public support	595,323	23,705	619,028
Fundraising events	1,679,776	-	1,679,776
In-kind support	290,706	-	290,706
Other revenue	4,192	-	4,192
Investment income	114	6,422	6,536
Total unrestricted public support and revenue	5,515,351	30,127	5,545,478
Expenses paid by Foundation to Home	12,000	(12,000)	-
Net assets released from restrictions			
Restrictions satisfied by payments	993,209	-	993,209
Total unrestricted public support, revenue and net assets released from restrictions	6,520,560	18,127	6,538,687
Expenses			
Program services			
Residential Treatment Center	3,925,064	-	3,925,064
Foster Care	778,203	-	778,203
UT Charter School	344,568	-	344,568
Total program expenses	5,047,835	-	5,047,835
Supporting services			
Management and general	708,279	52,146	760,425
Fundraising	832,670	-	832,670
Total supporting services	1,540,949	52,146	1,593,095
Total expenses	6,588,784	52,146	6,640,930
Increase (decrease) in unrestricted net assets	\$ (68,224)	\$ (34,019)	\$ (102,243)

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Helping Hand Home	Foundation	Total
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Public support and revenue			
Contributions and public support	\$ 199,091	\$ -	\$ 199,091
Grants and contracts	831,706	-	831,706
Total public support and revenue	<u>1,030,797</u>	<u>-</u>	<u>1,030,797</u>
Net assets released from restrictions			
Restrictions satisfied by payments	<u>(993,209)</u>	<u>-</u>	<u>(993,209)</u>
Increase in temporarily restricted net assets	<u>37,588</u>	<u>-</u>	<u>37,588</u>
Decrease in net assets	(30,636)	(34,019)	(64,655)
Net assets at beginning of year	<u>3,691,536</u>	<u>8,748,019</u>	<u>12,439,555</u>
Net assets at end of year	<u>\$ 3,660,900</u>	<u>\$ 8,714,000</u>	<u>\$ 12,374,900</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

	Helping Hand Home	Foundation	Total
CHANGES IN UNRESTRICTED NET ASSETS			
Public support and revenue			
Program revenue	\$ 3,024,114	\$ -	\$ 3,024,114
Contributions and public support	630,329	36,355	666,684
Fundraising events	1,538,162	-	1,538,162
In-kind support	255,451	-	255,451
Other revenue	3,522	-	3,522
Investment income	368	1,072,041	1,072,409
Total unrestricted public support and revenue	5,451,946	1,108,396	6,560,342
Contributions from Home to Foundation	(475,000)	475,000	-
Expenses paid by Foundation to Home	12,000	(12,000)	-
Net assets released from restrictions			
Restrictions satisfied by payments	710,980	-	710,980
Total unrestricted public support, revenue and net assets released from restrictions	5,699,926	1,571,396	7,271,322
Expenses			
Program services			
Residential Treatment Center	3,481,276	-	3,481,276
Foster Care	581,362	-	581,362
UT Charter School	303,813	-	303,813
Total program expenses	4,366,451	-	4,366,451
Supporting services			
Management and general	651,565	48,008	699,573
Fundraising	714,666	-	714,666
Total supporting services	1,366,231	48,008	1,414,239
Total expenses	5,732,682	48,008	5,780,690
Increase in unrestricted net assets	\$ (32,756)	\$ 1,523,388	\$ 1,490,632

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	Helping Hand Home	Foundation	Total
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Public support and revenue			
Contributions and public support	\$ 26,626	\$ -	\$ 26,626
Grants and contracts	752,950	-	752,950
Total public support and revenue	<u>779,576</u>	<u>-</u>	<u>779,576</u>
Net assets released from restrictions			
Restrictions satisfied by payments	<u>(710,980)</u>	<u>-</u>	<u>(710,980)</u>
Increase in temporarily restricted net assets	<u>68,596</u>	<u>-</u>	<u>68,596</u>
Increase in net assets	35,840	1,523,388	1,559,228
Net assets at beginning of year	<u>3,655,696</u>	<u>7,224,631</u>	<u>10,880,327</u>
Net assets at end of year	<u>\$ 3,691,536</u>	<u>\$ 8,748,019</u>	<u>\$ 12,439,555</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services			Supporting Services		
Residential Treatment Center	Foster Care	UT Charter School	Total Program Services	Management and General	Fund-raising	Total Supporting Services
Salaries, benefits, and contract labor	\$ 346,615	\$ 288,836	\$3,553,659	\$ 442,233	\$ 317,106	\$ 759,339
Direct care costs	364,982	15,840	751,997	-	-	-
Operations costs	39,947	5,382	47,121	42,640	436,697	479,337
Educational services costs	4,950	-	4,950	-	-	-
Administrative expenses	20,279	23,578	43,857	189,585	49,933	239,518
Payroll taxes	194,971	23,247	225,421	23,739	21,539	45,278
Facility costs	144,825	9,045	182,479	42,236	3,719	45,955
Workers compensation expense	81,974	5,354	89,616	4,550	2,272	6,822
Transportation costs	25,199	-	25,199	-	-	-
Total expenses before depreciation	3,801,528	778,203	4,924,299	744,983	831,266	1,576,249
Depreciation	123,536	-	123,536	15,442	1,404	16,846
Total expenses	\$3,925,064	\$ 778,203	\$5,047,835	\$ 760,425	\$ 832,670	\$1,593,095
						\$6,640,930

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services			Supporting Services		
	Residential Treatment Center	Foster Care	UT Charter School	Total Program Services	Management and General	Total Supporting Services
Expenses						
Salaries, benefits, and contract labor	\$2,599,737	\$ 204,517	\$ 251,970	\$3,056,224	\$ 369,212	\$ 617,479
Direct care costs	330,990	331,085	12,240	674,315	-	-
Operations costs	25,956	2,656	1,643	30,255	47,631	469,157
Administrative expenses	13,472	20,828	-	34,300	230,588	252,097
Payroll taxes	173,527	13,683	6,403	193,613	22,454	38,638
Facility costs	130,376	5,769	29,196	165,341	15,231	19,231
Workers compensation expense	72,506	2,824	2,361	77,691	-	1,866
Transportation costs	19,057	-	-	19,057	-	-
Total expenses before depreciation	3,365,621	581,362	303,813	4,250,796	685,116	1,398,468
Depreciation	115,655	-	-	115,655	14,457	15,771
Total expenses	<u>\$3,481,276</u>	<u>\$ 581,362</u>	<u>\$ 303,813</u>	<u>\$4,366,451</u>	<u>\$ 699,573</u>	<u>\$1,414,239</u>
						<u>\$5,780,690</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2015

	Helping Hand Home	Foundation	Total
Cash flows from operating activities			
Increase (decrease) in net assets	\$ (30,636)	\$ (34,019)	\$ (64,655)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities			
Depreciation	140,382	-	140,382
Gifts of equipment	(15,000)	-	(15,000)
Loss on the sale of property and equipment	8,753	-	8,753
Realized (gain) loss on investments	-	(150,178)	(150,178)
Unrealized loss (gain) on investments	-	292,193	292,193
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(28,407)	-	(28,407)
Decrease (increase) in prepaid expenses	74,505	-	74,505
Increase (decrease) in accounts payable	18,026	90	18,116
Increase (decrease) in accrued liabilities	117,013	11,470	128,483
Increase (decrease) in deferred revenue	28,809	-	28,809
Net cash provided (used) by operating activities	<u>313,445</u>	<u>119,556</u>	<u>433,001</u>
Cash flows from investing activities			
Purchase of investments	-	(2,645,822)	(2,645,822)
Proceeds from sales of investments	-	2,110,312	2,110,312
Purchase of property and equipment	<u>(200,075)</u>	<u>-</u>	<u>(200,075)</u>
Net cash provided (used) by investing activities	<u>(200,075)</u>	<u>(535,510)</u>	<u>(735,585)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	113,370	(415,954)	(302,584)
Beginning of year cash and cash equivalents	<u>1,064,759</u>	<u>1,582,216</u>	<u>2,646,975</u>
End of year cash and cash equivalents	<u>\$ 1,178,129</u>	<u>\$1,166,262</u>	<u>\$ 2,344,391</u>
Noncash investing activities			
Gifts of equipment	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
COMBINED STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2014

	Helping Hand Home	Foundation	Total
Cash flows from operating activities			
Increase (decrease) in net assets	\$ 35,840	\$ 1,523,388	\$ 1,559,228
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities			
Depreciation	131,426	-	131,426
Gifts of equipment	(8,500)	-	(8,500)
Realized (gain) loss on investments	-	(179,274)	(179,274)
Unrealized (gain) loss on investments	-	(742,713)	(742,713)
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(106,846)	-	(106,846)
(Increase) decrease in prepaid expenses	(72,853)	-	(72,853)
Increase (decrease) in accounts payable	(4,297)	(1,235)	(5,532)
Increase (decrease) in accrued liabilities	24,477	-	24,477
Increase (decrease) in deferred revenue	114,390	-	114,390
Net cash provided (used) by operating activities	113,637	600,166	713,803
Cash flows from investing activities			
Purchase of investments	-	(1,679,793)	(1,679,793)
Proceeds from sales of investments	-	1,323,778	1,323,778
Purchase of property and equipment	(28,799)	-	(28,799)
Net cash provided (used) by investing activities	(28,799)	(356,015)	(384,814)
Cash flows from financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	84,838	244,151	328,989
Beginning of year cash and cash equivalents	979,921	1,338,065	2,317,986
End of year cash and cash equivalents	<u>\$ 1,064,759</u>	<u>\$ 1,582,216</u>	<u>\$ 2,646,975</u>
Noncash investing activities			
Gifts of equipment	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 8,500</u>

The accompanying notes are an integral part of this financial statement.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - NATURE OF OPERATIONS

Helping Hand Home for Children, Inc. (the Home), is a private nonprofit corporation formed in 1893 under the laws of the State of Texas, and governed by the membership of the Helping Hand Society. The Home provides a place to heal for abused, neglected and abandoned children. The Home provides a residential treatment center, foster care program, adoption services, and a charter school for emotionally disturbed children and advocates for greater public support of early prevention, intervention and treatment. The Home is the oldest continuously operating residential childcare agency in Travis County, a priceless resource kept strong and viable through community support.

The Residential Treatment Center focuses on supplanting the self-protective beliefs and socially inappropriate behaviors of the children with prosocial beliefs and collaborative behaviors. The children reside at the home and all of their needs are met through the Home. The UT Charter School is in partnership with the University of Texas, which began in August 2008. The school, which is located on the campus of the Home, enhances the treatment plans of the children for their academic and behavioral needs. The school helps the most socially and academically challenged children by equipping them with the skills they need to succeed in the public school system.

Funding is provided primarily by state and local governments and contributions from the general public.

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Helping Hand Home for Children Foundation (the Foundation) was incorporated January 7, 1994 for the purpose of receiving and maintaining a fund or funds of real or personal property, or both, for the Home. The Foundation is organized and operated exclusively for the benefit of, and to further the activities and purposes of, Helping Hand Home for Children, Inc. The Foundation holds and invests funds given to it for the benefit of the Home.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, the date which the combined financial statements were available to be issued.

Combined Financial Statements

The accompanying combined financial statements include the financial statements of the Home and the Foundation (collectively, Helping Hand).

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of the combined statement of cash flows, Helping Hand considers all highly liquid investments with a maturity of twelve months or less to be cash equivalents.

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

As required by the Presentation of Financial Statements Subtopic of the Not-for-Profit Entities Topic of FASB ASC, Helping Hand reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Revenue Recognition

Helping Hand accounts for contributions in accordance with the requirements of the Revenue Recognition Subtopic of the Not-for-Profit Entities Topic of FASB ASC. In accordance with this FASB ASC Topic, contributions (grants) received from federal, state, and local governments that are conditioned upon the Home incurring certain qualifying costs are considered to be exchange transactions and therefore are recognized as revenue as those costs are incurred. The Home earns revenue on state contracts monthly that is based on the number of children served.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recognition of Donor Restrictions

Unconditional promises to give are recognized as revenues or gains in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Helping Hand considers all contributions (unconditional promises to give) to be unrestricted contributions unless the restriction is a donor-imposed stipulation specifying a use for the contribution that is more specific than the broad limits resulting from the nature and purpose of the organization and its continuing programs. Unrestricted contributions are recorded as an increase in unrestricted net assets available in the period in which the notice of the unconditional promise to give is received.

Contributions or grants which result in new and nonrecurring programs as well as contributions received as the result of a capital campaign for the acquisition or rehabilitation of property and equipment are considered temporarily restricted contributions.

Contributions or grants that contain a donor-imposed stipulation where the contributions cannot be used until a future period are recorded as time restricted contributions. Contributions, that are time restricted with respect to the expenditure of the funds, are recorded as increases in temporarily restricted net assets available in the period in which the notice of the grant award is received.

Temporarily restricted net assets are reclassified to unrestricted net assets in the period in which the use restriction has been met or the time restriction has lapsed. Contributions of property and equipment are classified as temporarily restricted and reclassified to unrestricted over the estimated useful life of the asset as depreciation expense is recognized.

Income Taxes

The Home and the Foundation are both exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Neither entity is classified as a private foundation. Therefore, no provision for income taxes is made in the accompanying combined financial statements. Management is not aware of any tax positions that would have a significant impact on its financial position. The Home's and Foundation's tax returns for the last four years remain subject to examination.

HELPING HAND HOME FOR CHILDREN, INC.
AND HELPING HAND HOME FOR CHILDREN FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

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

Investments

The Foundation has adopted the Investments-Debt and Equity Subtopic of the Not-for-Profit Entities Topic of FASB ASC. Under this FASB ASC Topic, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined statement of financial position. All interest, dividends and realized and unrealized gains and losses are reported in the combined statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Any investment received as a gift is recorded at the fair value on the date of receipt.

Accounts Receivable

The Home considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Property and Equipment

Expenditures for land, building, and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expense is calculated using the straight-line method and the following estimated useful lives:

Building and equipment	7 - 39 years
Vehicles	5 years

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Depreciation expense totaling \$140,382 and \$131,426 was charged to operations for the years ended June 30, 2015 and 2014, respectively. The Home capitalized all fixed assets with a cost greater than or equal to \$5,000 and a useful life greater than one year.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Allocation of Common Costs

The Home allocates common costs among program services, management and general, and fundraising by a study of the Home's activities at the start of each grant or contract. The resulting allocations are reviewed periodically, and the allocations are revised, if necessary, to reflect changes in activities of the Home.

NOTE 3 - INVESTMENTS

The Foundation's investment securities at June 30, 2015 are as follows:

	Cost	Market Value
Common stock	\$ 4,402,279	\$ 5,664,688
Corporate bonds	1,762,715	1,785,530
Governmental agencies	108,187	110,670
	<u>\$ 6,273,181</u>	<u>\$ 7,560,888</u>

The Foundation's investment securities at June 30, 2014 are as follows:

	Cost	Market Value
Common stock	\$ 4,070,295	\$ 5,598,782
Corporate bonds	1,017,455	1,056,332
Governmental agencies	508,110	512,279
	<u>\$ 5,595,860</u>	<u>\$ 7,167,393</u>

The Foundation's investment returns for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Interest and dividend income	\$ 148,612	\$ 150,054
Realized gain	149,990	179,274
Unrealized (loss) gain	(292,180)	742,713
	<u>\$ 6,422</u>	<u>\$ 1,072,041</u>

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NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2015 and 2014:

	2015	2014
Grants specified for program services	\$ 132,775	\$ 161,424
Gifts specified for program services	127,816	61,027
Benevolent fund - society members	2,880	3,432
	<u>\$ 263,471</u>	<u>\$ 225,883</u>

NOTE 5 - BOARD DESIGNATED NET ASSETS

The Foundation's Board designated the Foundation's unrestricted net assets as follows as of June 30, 2015 and 2014. The Board monitors the balance of the net assets of the Foundation and with the approval of the Home's Board may change the designation at its discretion.

	2015	2014
Reserve Fund	\$ 3,557,266	\$ 3,656,749
Home Fund	4,371,490	4,004,746
Capital Improvement Fund	785,244	790,460
Scholarship Fund	-	296,064
	<u>\$ 8,714,000</u>	<u>\$ 8,748,019</u>

During the year ended June 30, 2015, the Foundation's Board dissolved the Scholarship Fund and created an Endowment Fund. The Endowment Fund had a balance of \$0 as of June 30, 2015.

NOTE 6 - REVOLVING LINE OF CREDIT

The Home has a revolving line of credit of \$150,000 at June 30, 2015 and 2014. The line had no outstanding balance at June 30, 2015 and 2014. Interest payments on the credit line are due monthly at a rate equal to the Prime Rate plus 2.6%. The credit line is secured by deposit accounts held by the lender and certain real property owned by the Home. The credit line does not expire until canceled by the Home.

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NOTE 7 - IN-KIND CONTRIBUTIONS

The Home receives various types of in-kind contributions. In-kind contributions are recognized at fair value when received and are reflected in the combined financial statements as in-kind support, which is offset by like amounts included in expenses. Contributed services are recognized at fair market value if the service (a) creates or enhances long-lived assets or (b) requires specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Home received \$70,768 and \$73,999 in contributed assets and recognized \$219,938 and \$181,452 in contributed services for the years ended June 30, 2015 and 2014, respectively.

In addition, a number of volunteers donated approximately 12,470 and 12,948 hours to the Home's program and support services for the years ended June 30, 2015 and 2014. These contributed services are not reflected in the combined financial statements since these services do not meet the criteria for recognition.

NOTE 8 - PENSION CONTRIBUTION

The Home established a pension plan in 1991, which was later converted to a 401(k) retirement plan for the benefit of employees. The plan allows for bi-weekly contributions through payroll deductions. Individual employee contributions vary. The Home makes discretionary contributions to the plan determined annually by the Board of Directors. The Home's contribution for the years ended June 30, 2015 and 2014 was \$77,536 and \$69,731, respectively.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants and Contracts

The Home is funded by grants and contracts that are subject to review and audit by the grantor agencies. These grants and contracts have certain compliance requirements and, should audits by the grantor agencies disclose any areas of substantial noncompliance, the Home may be required to refund any disallowed costs.

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NOTE 10 - FAIR VALUE MEASUREMENTS

The Foundation has adopted the Fair Value Measurements and Disclosure Topic of FASB ASC, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurements and Disclosure Topic of FASB ASC are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active market;

Quoted prices for identical or similar assets or liabilities in inactive markets; or

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 Unobservable pricing inputs that are generally less observable from objective sources, such as discounts cash flow models or valuations.

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.

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NOTE 10 - FAIR VALUE MEASUREMENTS - CONTINUED

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 June 30, 2015.

Common stocks, corporate bonds, and government agencies: valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2015.

	Level 1	Level 2	Level 3
Common stock	\$ 5,664,688	\$ -	\$ -
Corporate bonds	1,785,530	-	-
Government agencies	110,670	-	-
	<u>\$ 7,560,888</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2014.

	Level 1	Level 2	Level 3
Common stock	\$ 5,598,782	\$ -	\$ -
Corporate bonds	1,056,332	-	-
Government agencies	512,279	-	-
	<u>\$ 7,167,393</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTE 11 - CONCENTRATION OF RISK

Helping Hand maintains cash deposits at banks, which at times exceed the federally insured limits. Periodic excess deposits are due primarily to the timing of contributions and grant collections. Management monitors balances and Helping Hand has not experienced any losses on its deposits at banks. Helping Hand had uninsured cash of \$696,546 and \$603,205 as of June 30, 2015 and 2014, respectively.

The Foundation has significant investments in money market funds, stocks, and bonds and is therefore subject to risk. Investments are made by investment managers engaged by the Foundation and are monitored by the Foundation's Board. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Home.

The brokerage firm engaged by the Foundation is a member of the Securities Investor Protection Corporation (SIPC). The SIPC helps investors whose money, stocks and other securities are stolen by a broker or put at risk when a brokerage fails for other reasons, up to a ceiling of \$500,000 per investor, including a maximum of \$250,000 for cash claims. The Foundation had cash and investments totaling \$8,205,340 and \$8,215,288 in excess of this ceiling as of June 30, 2015 and 2014, respectively.