Combined Financial Statements

Helping Hand Home for Children, Inc. and Helping Hand Home for Children Foundation

As of and for the years ended June 30, 2017 and 2016
with Report of Independent Auditors

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Financial Statements

As of and for the years ended June 30, 2017 and 2016

Contents

Report of Independent Auditors

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 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, 2017 and 2016, and the related combined statements of activities and changes in net assets, combined statements of functional expenses, and combined statements of cash flows for the years then ended, and the related notes to the combined financial statements (the "Combined 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 the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Combined Financial Statements referred to above present fairly, in all material respects, the financial position of Helping Hand as of June 30, 2017 and 2016, 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.

Holtzman Partners, LLP

Austin, Texas
November 13, 2017

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Financial Position

	June 30, 2017		
	Helping Hand Home	**Foundation**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	**$ 931,388**	**$ 1,212,872**	**$ 2,144,260**
Investments	**–**	**8,521,643**	**8,521,643**
Accounts receivable	**387,944**	**–**	**387,944**
Prepaid expenses and other current assets	**76,647**	**3,240**	**79,887**
Total current assets	**1,395,979**	**9,737,755**	**11,133,734**
Property and equipment, net	**2,853,489**	**–**	**2,853,489**
Total assets	**$ 4,249,468**	**$ 9,737,755**	**$ 13,987,223**
Liabilities and net assets			
Current liabilities:			
Accounts payable	**$ 42,884**	**$ –**	**$ 42,884**
Accrued liabilities	**290,712**	**–**	**290,712**
Deferred revenues	**620,055**	**–**	**620,055**
Total current liabilities	**953,651**	**–**	**953,651**
Total liabilities	**953,651**	**–**	**953,651**
Net assets:			
Unrestricted	**3,018,012**	**9,722,159**	**12,740,171**
Temporarily restricted	**277,805**	**–**	**277,805**
Permanently restricted	**–**	**15,596**	**15,596**
Total net assets	**3,295,817**	**9,737,755**	**13,033,572**
Total liabilities and net assets	**$ 4,249,468**	**$ 9,737,755**	**$ 13,987,223**

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Financial Position

	June 30, 2016		
	Helping Hand Home	**Foundation**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 936,336	$ 1,037,090	$ 1,973,426
Investments	–	7,397,114	7,397,114
Accounts receivable	422,586	–	422,586
Prepaid expenses and other current assets	67,578	–	67,578
Total current assets	1,426,500	8,434,204	9,860,704
Property and equipment, net	2,963,467	–	2,963,467
Total assets	$ 4,389,967	$ 8,434,204	$ 12,824,171
Liabilities and net assets			
Current liabilities:			
Accounts payable	$ 41,486	$ –	$ 41,486
Accrued liabilities	245,368	–	245,368
Deferred revenues	658,458	–	658,458
Total current liabilities	945,312	–	945,312
Total liabilities	945,312	–	945,312
Net assets:			
Unrestricted	3,144,865	8,429,204	11,574,069
Temporarily restricted	299,790	–	299,790
Permanently restricted	–	5,000	5,000
Total net assets	3,444,655	8,434,204	11,878,859
Total liabilities and net assets	$ 4,389,967	$ 8,434,204	$ 12,824,171

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Activities and Changes in Net Assets

	Year ended June 30, 2017		
	Helping Hand Home	**Foundation**	**Total**
Changes in Unrestricted Net Assets			
Public support and revenue			
Program revenue	$ 3,399,376	$ –	$ 3,399,376
Contributions and public support	778,455	127,593	906,048
Fundraising events	1,830,748	–	1,830,748
In-kind support	323,004	–	323,004
Other revenue	6,908	18	6,926
Investment income (loss)	272	1,157,605	1,157,877
Total unrestricted public support and revenue	6,338,763	1,285,216	7,623,979
Contributions from Home to Foundation	(75,000)	75,000	–
Expenses paid by Foundation to Home	16,307	(16,307)	–
Net assets released from restrictions			
Restrictions satisfied by payments	1,160,357	–	1,160,357
Total unrestricted public support, revenue, and net assets released from restrictions	7,440,427	1,343,909	8,784,336
Expenses			
Program services			
Residential Treatment Center	4,426,590	–	4,426,590
Foster Care	1,043,159	–	1,043,159
UT Charter School	418,565	–	418,565
Total program services	5,888,314	–	5,888,314
Supporting services			
Management and general	778,772	50,954	829,726
Fundraising	900,194	–	900,194
Total supporting services	1,678,966	50,954	1,729,920
Total expenses	7,567,280	50,954	7,618,234
Increase (decrease) in unrestricted net assets	$ (126,853)	$ 1,292,955	$ 1,166,102
Unrestricted net assets at beginning of year	$ 3,144,865	$ 8,429,204	$ 11,574,069
Unrestricted net assets at end of year	$ 3,018,012	$ 9,722,159	$ 12,740,171

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Activities and Changes in Net Assets

	Year ended June 30, 2017			
	Temporarily Restricted		Permanently Restricted	
	Helping Hand Home	**Foundation**	**Foundation**	**Total**
Changes in Restricted Net Assets				
Public support and revenue				
Contributions and public support	**$ 254,726**	**$ –**	**$ 10,000**	**$ 264,726**
Grants and contracts	**883,646**	**–**	**–**	**883,646**
Investment income (loss)	**–**	**–**	**596**	**596**
Total public support and revenue	**1,138,372**	**–**	**10,596**	**1,148,968**
Net assets released from restrictions				
Restrictions satisfied by payments	**(1,160,357)**	**–**	**–**	**(1,160,357)**
Increase (decrease) in restricted net assets	**$ (21,985)**	**$ –**	**$ 10,596**	**$ (11,389)**
Restricted net assets at beginning of year	**$ 299,790**	**$ –**	**$ 5,000**	**$ 304,790**
Restricted net assets at end of year	**$ 277,805**	**$ –**	**$ 15,596**	**$ 293,401**

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Activities and Changes in Net Assets

	Year ended June 30, 2016		
	Helping Hand Home	**Foundation**	**Total**
Changes in Unrestricted Net Assets			
Public support and revenue			
Program revenue	$ 3,200,448	$ –	$ 3,200,448
Contributions and public support	656,131	25,844	681,975
Fundraising events	1,606,675	–	1,606,675
In-kind support	393,170	–	393,170
Other revenue	19,093	–	19,093
Investment income (loss)	26	(215,318)	(215,292)
Total unrestricted public support and revenue	5,875,543	(189,474)	5,686,069
Contributions from Foundation to Home	32,000	(32,000)	–
Expenses paid by Foundation to Home	12,000	(12,000)	–
Net assets released from restrictions			
Restrictions satisfied by payments	1,196,042	–	1,196,042
Total unrestricted public support, revenue, and Net assets released from restrictions	7,115,585	(233,474)	6,882,111
Expenses			
Program services			
Residential Treatment Center	4,352,291	–	4,352,291
Foster Care	969,303	–	969,303
UT Charter School	393,205	–	393,205
Total program services	5,714,799	–	5,714,799
Supporting services			
Management and general	750,562	51,322	801,884
Fundraising	902,788	–	902,788
Total supporting services	1,653,350	51,322	1,704,672
Total expenses	7,368,149	51,322	7,419,471
Decrease in unrestricted net assets	$ (252,564)	$ (284,796)	$ (537,360)
Unrestricted net assets at beginning of year	$ 3,397,429	$ 8,714,000	$ 12,111,429
Unrestricted net assets at end of year	$ 3,144,865	$ 8,429,204	$ 11,574,069

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Activities and Changes in Net Assets

	Year ended June 30, 2016							
	Temporarily Restricted				Permanently Restricted			
	Helping Hand Home		Foundation		Foundation		Total	
Changes in Restricted Net Assets								
Public support and revenue								
Contributions and public support	$	280,594	$	–		5,000	$	285,594
Grants and contracts		951,767		–		–		951,767
Total public support and revenue		1,232,361		–		5,000		1,237,361
Net assets released from restrictions								
Restrictions satisfied by payments		(1,196,042)		–		–		(1,196,042)
Increase in restricted net assets	$	36,319	$	–	$	5,000	$	41,319
Restricted net assets at beginning of year	$	263,471	$	–	$	–	$	263,471
Net assets at end of year	$	299,790	$	–	$	5,000	$	304,790

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Functional Expenses

For the year ended June 30, 2017

	Program Services				Supporting Services			
	Residential Treatment Center	Foster Care	UT Charter School	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Expenses								
Salaries, benefits, and contract labor	$3,347,004	$ 479,724	$ 134,502	$3,961,230	$ 472,048	$ 352,482	$ 824,530	$ 4,785,760
Direct care costs	402,077	467,527	261,226	1,130,830	–	–	–	1,130,830
Operations costs	45,843	7,621	1,837	55,301	57,858	492,225	550,083	605,384
Educational services costs	21,690	1,365	1,329	24,384	–	–	–	24,384
Administrative expenses	27,670	35,347	192	63,209	249,346	23,326	272,672	335,881
Payroll taxes	225,180	31,380	9,671	266,231	24,865	23,942	48,807	315,038
Facility costs	129,816	8,620	8,309	146,745	6,688	5,828	12,516	159,261
Workers compensation expense	67,712	5,689	1,499	74,900	1,379	796	2,175	77,075
Transportation costs	24,044	1,102	–	25,146	–	–	–	25,146
Total before depreciation	4,291,036	1,038,375	418,565	5,747,976	812,184	898,599	1,710,783	7,458,759
Depreciation	135,554	4,784	–	140,338	17,542	1,595	19,137	159,475
Total expenses	$4,426,590	$1,043,159	$ 418,565	$5,888,314	$ 829,726	$ 900,194	$1,729,920	$ 7,618,234

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Functional Expenses

For the year ended June 30, 2016

	Program Services				**Supporting Services**			
	Residential Treatment Center	**Foster Care**	**UT Charter School**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total**
Expenses								
Salaries, benefits, and contract labor	$ 3,253,051	$ 435,696	$ 329,164	$ 4,017,911	$ 446,565	$ 353,351	$ 799,916	$ 4,817,827
Direct care costs	430,796	462,533	15,840	909,169	–	–	–	909,169
Operations costs	24,713	6,875	1,792	33,380	51,834	493,183	545,017	578,397
Educational services costs	32,585	–	1,286	33,871	–	–	–	33,871
Administrative expenses	17,906	22,374	–	40,280	211,031	24,785	235,816	276,096
Payroll taxes	218,188	28,702	8,265	255,155	26,556	23,671	50,227	305,382
Facility costs	130,483	6,410	34,293	171,186	48,724	4,034	52,758	223,944
Workers compensation expense	94,518	6,713	2,565	103,796	972	2,291	3,263	107,059
Transportation costs	20,434	–	–	20,434	–	–	–	20,434
Total before depreciation	4,222,674	969,303	393,205	5,585,182	785,682	901,315	1,686,997	7,272,179
Depreciation	129,617	–	–	129,617	16,202	1,473	17,675	147,292
Total expenses	$4,352,291	$ 969,303	$ 393,205	$ 5,714,799	$ 801,884	$ 902,788	$1,704,672	$ 7,419,471

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Cash Flows

	Year ended June 30, 2017		
	Helping Hand Home	**Foundation**	**Total**
Cash flows from operating activities			
Increase (decrease) in net assets	**$ (148,838)**	**$ 1,303,551**	**$ 1,154,713**
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:			
Depreciation	**159,475**	**–**	**159,475**
Realized (gain) loss on investments	**–**	**(262,376)**	**(262,376)**
Unrealized loss (gain) on investments	**–**	**(742,905)**	**(742,905)**
Donated stock	**–**	**(26,495)**	**(26,495)**
Changes in assets and liabilities			
Accounts receivable	**34,642**	**–**	**34,642**
Prepaid expenses and other current assets	**(9,069)**	**(3,240)**	**(12,309)**
Accounts payable/accruals	**46,742**	**–**	**46,742**
Deferred revenue	**(38,403)**	**–**	**(38,403)**
Net cash provided by operating activities	**44,549**	**268,535**	**313,084**
Cash flows from investing activities			
Purchase of investments	**–**	**(2,103,244)**	**(2,103,244)**
Proceeds from sales of investments	**–**	**2,010,491**	**2,010,491**
Disposal of property and equipment	**–**	**–**	**–**
Purchase of property and equipment	**(49,497)**	**–**	**(49,497)**
Net cash used in investing activities	**(49,497)**	**(92,753)**	**(142,250)**
Cash flows from financing activities	**–**	**–**	**–**
Net increase (decrease) in cash and cash equivalents	**(4,948)**	**175,782**	**170,834**
Beginning of year cash and cash equivalents	**936,336**	**1,037,090**	**1,973,426**
End of year cash and cash equivalents	**$ 931,388**	**$ 1,212,872**	**$ 2,144,260**
Supplemental disclosure of cash flow information			
Gifts of equipment	**$ –**	**$ –**	**$ –**

See accompanying notes to combined financial statements.

Helping Hand Home for Children, Inc.
and Helping Hand Home for Children Foundation

Combined Statement of Cash Flows

	Year ended June 30, 2016		
	Helping Hand Home	**Foundation**	**Total**
Cash flows from operating activities			
Decrease in net assets	$ (248,245)	$ (247,796)	$ (496,041)
Transfer of net assets	32,000	(32,000)	–
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:			
Depreciation			
Gifts of equipment	147,292	–	147,292
Loss on the sale of property and equipment	–	–	–
Realized (gain) loss on investments	–	(176,361)	(176,361)
Unrealized loss (gain) on investments	–	555,894	555,894
Changes in assets and liabilities			
Accounts receivable	(37,117)	–	(37,117)
Prepaid expenses and other current assets	(46,272)	–	(46,272)
Accounts payable/accruals	(143,338)	(13,150)	(156,488)
Deferred revenue	165,724	–	165,724
Net cash provided by (used in) operating activities	(129,956)	86,587	(43,369)
Cash flows from investing activities	–	(1,455,049)	(1,455,049)
Purchase of investments	–	1,239,290	1,239,290
Proceeds from sales of investments	2,967	–	2,967
Purchase of property and equipment:	(114,804)	–	(114,804)
Net cash used in investing activities	(111,837)	(215,759)	(327,596)
Cash flows from financing activities	–	–	–
Net increase (decrease) in cash and cash equivalents	(241,793)	(129,172)	(370,965)
Beginning of year cash and cash equivalents	1,178,129	1,166,262	2,344,391
End of year cash and cash equivalents	$ 936,336	$ 1,037,090	$ 1,973,426
Supplemental disclosure of cash flow information			
Gifts of equipment	$ 147,292	$ –	$ –

See accompanying notes to combined financial statements.

1. Organization and Purpose

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 the 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 (the "School"), in partnership with the University of Texas, is located on the campus of the Home and 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.

Helping Hand Home for Children Foundation (the "Foundation") was incorporated in 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 purpose of, Helping Hand Home for Children, Inc. The Foundation holds and invests funds given to it for the benefit of the Home.

2. Summary of Significant Accounting Policies

Basis of Accounting

The combined financial statements of Helping Hand Home for Children, Inc. and Helping Hand Home for Children Foundation (collectively, "Helping Hand") have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The combined financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958-205, *Not-for-Profit Entities Presentation of Financial Statements*, which requires Helping Hand to report 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. In addition, Helping Hand is required to present the costs of providing various programs and other activities on a functional basis in the statement of activities. Costs are allocated between supporting services or the appropriate program service based on evaluations of the related benefits. Supporting service expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Helping Hand.

> *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 purpose.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, Helping Hand evaluates its estimates, including those related to the useful lives of property and equipment, among others. Helping Hand bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from the estimates made by management with respect to these items and other items that require management's estimates.

Cash and Cash Equivalents

Helping Hand considers all highly liquid investments acquired with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates market value, because of the short maturity of these instruments.

Concentration of Risk

Financial instruments that potentially subject Helping Hand to concentrations of risk consist of cash and cash equivalents, accounts receivable, and investments. Helping Hand maintains its cash and cash equivalent balances in highly rated financial institutions, which at times may exceed federally insured limits. Periodic excess deposits are due primarily to the timing of contributions and grant collections. Helping Hand has not experienced any loss relating to cash and cash equivalents in these accounts.

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.

2. Summary of Significant Accounting Policies (continued)

Funding sources representing more than 10% of Helping Hand's total accounts receivable and revenue at June 30, 2017and for the year then ended are as follows:

	Accounts Receivable	Revenue
Source A	72%	42%
Source B	18%	2%

Additionally, fundraising events representing more than 10% of Helping Hand's fundraising revenue for the year ended June 30, 2017 are as follows:

	Fundraising Revenue
Crystal Ball Gala	65%
Champions for Children Luncheon	31%

Loss of these funding sources could have a material adverse impact on Helping Hand's financial position and results of operations.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Home continuously assesses the collectability of outstanding balances. In estimating this allowance, the Home considers factors such as: historical collection experience, age of the receivable balance, both individually and in the aggregate, and general economic conditions that may affect an entity's ability to pay. At June 30, 2017 and 2016, the Home did not provide for an allowance for doubtful accounts, as all amounts outstanding were deemed collectible. If amounts become uncollectible, they will be charged to expense when that determination is made.

2. Summary of Significant Accounting Policies (continued)

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 based on quoted prices in active markets in the combined statements of financial position. All interest, dividends, and realized and unrealized gains and losses are reported in the combined statements of activities as an increase or decrease in unrestricted net assets unless 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.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the estimated fair market value at the date of the donation less accumulated depreciation. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. When depreciable assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts. Any gains or losses are included in the Home's statements of activities. Major additions and betterments with a cost greater than or equal to $5,000 and a useful life greater than one year are capitalized. Maintenance and repairs which do not materially improve or extend the lives of the respective assets are charged to expense as incurred.

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Foundation follows ASC 820, *Fair Value Measurements and Disclosures.* Those provisions relate to the Foundation's financial assets and liabilities carried at fair value and the Foundation's fair value disclosures related to financial assets and liabilities. The Foundation groups its assets and liabilities measured at fair value in a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: *Level 1*, defined as observable inputs such as quoted prices in active markets, with valuations obtained from readily available pricing sources for market transactions involving identical assets or liabilities; *Level 2*, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, such as quoted prices for similar assets or liabilities; quoted prices in market that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and *Level 3*, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level of the fair value hierarchy in which the fair value measurement falls is determined by the lowest level input that is significant to the fair value measurement.

The Foundation's financial instruments consist principally of common stocks, corporate bonds, and government bonds. As shown in Note 4, these investments are categorized as Level 1 as they are valued at the closing price reported on the active market on which the individual securities are traded. The valuation 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 fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

2. Summary of Significant Accounting Policies (continued)

The Foundation recognizes transfers between levels at the end of the reporting period as if the transfers occurred on the last day of the reporting period. There were no transfers during the years ended June 30, 2017 or 2016.

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, which 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 released ratably over the estimated useful life of the asset.

Contributions that contain donor-imposed stipulations that permanently restrict the entity’s ability to use the funds are classified as permanently restricted contributions.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Fees for services provided from federal, state, and local governments are considered to be exchange transactions and are recognized as revenue as services are provided. The Home earns revenue on state contracts monthly that is based on the number of children served. The Home receives contributions from private donors. In addition, the Home receives revenue related to two significant fundraising events. The Home records tickets purchased by event attendees in advance of the event as deferred revenue, and recognizes the revenue on the date of the respective event.

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.

Income Taxes

The Home and the Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Additionally, the Home and the Foundation are public charities under the IRC Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying combined financial statements.

Helping Hand evaluates uncertain tax positions, if any exist, under ASC Topic 740, *Income Taxes*. Helping Hand accounts for uncertainty of income taxes based on a "more-likely-than-not" threshold for the recognition and de-recognition of tax positions, which includes the accounting for interest and penalties relating to tax positions. Helping Hand currently does not have any tax positions that it would consider uncertain at June 30, 2017 or 2016. Helping Hand's tax returns for the last five years remain subject to examination.

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance, and creates guidance for when revenue should be recognized from the exchange of goods or services. For private companies, this standard is effective for annual reporting periods beginning after December 15, 2018. A nonpublic entity may elect to apply the guidance in this ASU early with certain restrictions. Management is currently evaluating the effect of these provisions on the Home's combined financial position and results of operations.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40)*. This ASU defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. Prior to this ASU, U.S. generally accepted accounting principles lacked guidance about management's responsibility to evaluate whether there is substantial doubt about the organization's ability to continue as a going concern or to provide related footnote disclosures and all guidance was included in generally accepted auditing standards ("GAAS"). This guidance is effective for annual periods ending after December 15, 2016. This standard has been adopted beginning with the reporting period ended June 30, 2017. The adoption of ASU 2014-15 did not have a material effect on the Home's combined financial statements and related disclosures, although it could have an impact on disclosures in future periods.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The ASU requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. The guidance is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. Management is currently evaluating the effect of these provisions on the Home's combined financial position and results of operations.

2. Summary of Significant Accounting Policies (continued)

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments — a consensus of the Emerging Issues Task Force*. This standard promotes consistency in the presentation of certain items on the Statement of Cash Flows. In November 2016 the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. This standard clarifies restricted cash and restricted cash equivalents should be presented in the statement of cash flows. These new standards are effective for annual periods beginning after December 15, 2018. Early adoption is permitted. Management does not expect this provision to have effect on the Homes financial statement presentation.

Subsequent Events

Management has evaluated events occurring between the end of the most recent fiscal year and November 13, 2017, the date the combined financial statements were available to be issued. See specific subsequent events disclosed in Note 13.

3. Property and Equipment

Property and equipment consist of the following:

	June 30, 2017	June 30, 2016
Land	**$ 659,380**	$ 659,380
Building and equipment	**4,480,489**	4,430,992
Vehicles	**119,556**	119,556
	5,259,425	5,209,928
Less: accumulated depreciation	**(2,405,936)**	(2,246,461)
Property and equipment, net	**$ 2,853,489**	$ 2,963,467

3. Property and Equipment (continued)

The estimated useful life is three to forty years for building and equipment, and five years for vehicles. Depreciation relating to the Home's property and equipment for the years ended June 30, 2017 and 2016 was $159,475 and $147,292, respectively.

4. Investments

The Foundation's investment securities at June 30, 2017 are as follows:

	Cost	Market Value*
Common stock	**$ 4,852,868**	**$ 6,337,300**
Corporate bonds	**1,567,780**	**1,576,191**
Government bonds	**609,393**	**608,152**
	$ 7,030,041	**$ 8,521,643**

The Foundation's investment securities at June 30, 2016 are as follows:

	Cost	Market Value*
Common stock	$ 4,464,534	$ 5,170,649
Corporate bonds	1,678,916	1,706,731
Government bonds	509,344	519,734
	$ 6,652,794	$ 7,397,114

*Within the fair value hierarchy, the Foundation's assets and liabilities are categorized as Level 1 as they are valued at the closing price reported on the active market on which the individual securities are traded.

4. Investments (continued)

The Foundation's investment returns for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Interest and dividend income	**$ 152,920**	$ 164,215
Realized gain	**262,376**	176,361
Unrealized (loss) gain	**742,905**	(555,894)
	$ 1,158,201	$ (215,318)

5. Revolving Line of Credit

The Home has a revolving line of credit of $150,000 at June 30, 2017 and 2016. The line had no outstanding balance at June 30, 2017 and 2016. Interest payments on the credit line are due monthly at rate equal to the Prime Rate plus 2.6%. The credit line is secured by deposit accounts held by the lender and certain real estate property owned by the Home. The credit line is renewable annually.

6. Commitments and Contingencies

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.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2017 and 2016:

	2017	2016
Grants specified for program services	**$ 153,689**	$ 161,846
Gifts specified for program services	**123,241**	136,039
Benevolent fund – society members	**875**	1,905
	$ 277,805	$ 299,790

8. Permanently Restricted Net Assets

The Foundation's permanently restricted net assets are available for the following purposes as of June 30, 2017 and 2016:

	2017	2016
Endowment Fund	**$ 15,596**	$ 5,000
	$ 15,596	$ 5,000

9. Board Designated Net Assets

The Foundation's Board designated the Foundation's unrestricted net assets as follows as of June 30, 2017 and 2016. 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.

	2017	2016
Reserve Fund	**$ 3,402,332**	$ 3,402,332
Home Fund	**5,501,443**	4,298,737
Capital Improvement Fund	**818,384**	728,135
	$ 9,722,159	$ 8,429,204

10. Transfer of Net Assets

During the year ended June 30, 2016, the Foundation transferred net assets in the amount of $32,000 to the Home. No such transfers occurred during the year ended June 30, 2017.

11. Donated Material

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 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 $77,912 and $162,701 in contributed assets and recognized $245,092 and $230,469 in contributed services for the years ended June 30, 2017 and 2016, respectively. In addition, a number of volunteers donated hours to the Home's program and support services. These contributed services are not reflected in the combined financial statements as these services do not meet criteria for recognition.

12. Retirement Plan

The Home established a pension plan in 1991, which was later converted to a 401(k) retirement plan (the "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, 2017 and 2016 was $110,109 and $107,281, respectively.

13. Subsequent Events

In September 2017, the Home terminated the revolving line of credit. The line had no outstanding balance at the time of termination.