



Project Open Hand
meals with love

**PROJECT OPEN HAND
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

PROJECT OPEN HAND

TABLE OF CONTENTS

	PAGE(S)
Independent auditors' report	1 - 2
Financial Statements:	
Statements of financial position	3
Statements of activities	4 - 5
Statements of functional expenses	6 - 9
Statements of cash flows	10
Notes to financial statements	11 - 27



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Project Open Hand

Opinion

We have audited the accompanying financial statements of Project Open Hand ("POH"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of POH as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of POH and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about POH's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 POH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about POH's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2025, on our consideration of POH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of POH's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering POH's internal control over financial reporting and compliance.

Aprivo, LLP

Walnut Creek, CA
February 25, 2025

**PROJECT OPEN HAND
STATEMENTS OF FINANCIAL POSITION
JUNE 30,**

ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current assets</u>		
Cash	\$ 1,191,195	\$ 1,126,935
Accounts and contracts receivable, net	876,824	463,777
Government grants receivable	707,128	1,324,052
Pledges receivable - less than one year	774,803	346,988
Investments	4,728,992	4,414,996
Inventory	275,453	213,611
Prepaid expenses	<u>181,688</u>	<u>105,077</u>
Total current assets	<u>8,736,083</u>	<u>7,995,436</u>
<u>Long-term assets</u>		
Property, plant, and equipment, net	3,885,312	3,918,885
Deposits	11,600	11,600
Pledges receivable - one to five years, net	417,400	547,033
Right of use assets - operating, net	408,926	560,885
Debt issuance costs, net	<u>8,838</u>	<u>-</u>
Total long-term assets	<u>4,732,076</u>	<u>5,038,403</u>
Total assets	<u>\$ 13,468,159</u>	<u>\$ 13,033,839</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Line of credit	\$ 1,000	\$ -
Accounts payable	714,375	545,786
Unearned revenue	71,746	-
Other current liabilities	1,012,749	980,255
Current portion of lease liability - operating	<u>156,977</u>	<u>148,645</u>
Total current liabilities	1,956,847	1,674,686
<u>Long-term liabilities</u>		
Deposits held	47,356	28,703
Lease liability, net of current portion - operating	<u>260,503</u>	<u>417,480</u>
Total Long-term Liabilities	<u>307,859</u>	<u>446,183</u>
Total liabilities	<u>2,264,706</u>	<u>2,120,869</u>
<u>Net assets</u>		
Without donor restrictions	9,837,206	9,424,192
With donor restrictions	<u>1,366,247</u>	<u>1,488,778</u>
Total net assets	<u>11,203,453</u>	<u>10,912,970</u>
Total liabilities and net assets	<u>\$ 13,468,159</u>	<u>\$ 13,033,839</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<u>Revenues and other support</u>			
Program service fees	\$ 3,015,757	\$ -	\$ 3,015,757
Government grant revenue	7,201,759	-	7,201,759
Individual contributions	2,429,391	31,000	2,460,391
Foundation grants and contributions	105,333	924,026	1,029,359
Bequests	1,409,303	-	1,409,303
Fundraising events	378,509	-	378,509
Business and corporate contributions	308,225	10,000	318,225
In-kind contributions	1,098,384	-	1,098,384
Net assets released from restrictions	<u>1,087,557</u>	<u>(1,087,557)</u>	<u>-</u>
Total revenues and other support	<u>17,034,218</u>	<u>(122,531)</u>	<u>16,911,687</u>
<u>Operating expenses</u>			
Program services:			
San Francisco:			
HIV meal delivery	2,654,825	-	2,654,825
HIV grocery services	670,768	-	670,768
Homebound Critically Ill meal delivery	1,452,281	-	1,452,281
Homebound Critically Ill grocery services	686,314	-	686,314
Senior meals	7,987,269	-	7,987,269
East Bay/Other:			
HIV meal delivery	659,806	-	659,806
HIV grocery services	319,011	-	319,011
Homebound Critically Ill meal delivery	1,109,525	-	1,109,525
Homebound Critically Ill grocery services	<u>347,083</u>	<u>-</u>	<u>347,083</u>
Total program services	<u>15,886,882</u>	<u>-</u>	<u>15,886,882</u>
Supporting services:			
Management and general Development	845,937	-	845,937
	<u>1,518,924</u>	<u>-</u>	<u>1,518,924</u>
Total supporting services	<u>2,364,861</u>	<u>-</u>	<u>2,364,861</u>
Total operating expenses	<u>18,251,743</u>	<u>-</u>	<u>18,251,743</u>
Change in net assets from operations	<u>(1,217,525)</u>	<u>(122,531)</u>	<u>(1,340,056)</u>
<u>Other income (expense)</u>			
Rental income	963,552	-	963,552
Investment income, net	661,820	-	661,820
Miscellaneous income	3,369	-	3,369
Bad debt recovery	2,602	-	2,602
Interest expense	<u>(804)</u>	<u>-</u>	<u>(804)</u>
Total other income (expense)	<u>1,630,539</u>	<u>-</u>	<u>1,630,539</u>
Change in net assets	413,014	(122,531)	290,483
Net assets, beginning of year	<u>9,424,192</u>	<u>1,488,778</u>	<u>10,912,970</u>
Net assets, end of year	<u>\$ 9,837,206</u>	<u>\$ 1,366,247</u>	<u>\$ 11,203,453</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and other support</u>			
Program service fees	\$ 4,246,489	\$ -	\$ 4,246,489
Government grant revenue	6,973,122	-	6,973,122
Individual contributions	2,591,927	32,000	2,623,927
Foundation grants and contributions	292,229	1,641,460	1,933,689
Bequests	644,573	-	644,573
Fundraising events	378,064	-	378,064
Fiscal sponsor revenue	188,755	50,000	238,755
Business and corporate contributions	-	459,200	459,200
In-kind contributions	806,471	-	806,471
Net assets released from restrictions	<u>1,206,450</u>	<u>(1,206,450)</u>	<u>-</u>
Total revenues and other support	<u>17,328,080</u>	<u>976,210</u>	<u>18,304,290</u>
<u>Operating expenses</u>			
Program services:			
San Francisco:			
HIV meal delivery	2,102,872	-	2,102,872
HIV grocery services	502,834	-	502,834
Homebound Critically Ill meal delivery	1,300,013	-	1,300,013
Homebound Critically Ill grocery services	472,776	-	472,776
Senior meals	9,679,468	-	9,679,468
East Bay/Other			
HIV meal delivery	643,728	-	643,728
HIV grocery services	339,512	-	339,512
Homebound Critically Ill meal delivery	580,141	-	580,141
Homebound Critically Ill grocery services	<u>157,280</u>	<u>-</u>	<u>157,280</u>
Total program services	<u>15,778,624</u>	<u>-</u>	<u>15,778,624</u>
Supporting services:			
Management and general	887,373	-	887,373
Development	<u>1,634,529</u>	<u>-</u>	<u>1,634,529</u>
Total supporting services	<u>2,521,902</u>	<u>-</u>	<u>2,521,902</u>
Total operating expenses	<u>18,300,526</u>	<u>-</u>	<u>18,300,526</u>
Change in net assets from operations	<u>(972,446)</u>	<u>976,210</u>	<u>3,764</u>
<u>Other income (expense)</u>			
Rental income	924,138	-	924,138
Miscellaneous income	9,443	-	9,443
Loss on disposal of fixed assets	(30,953)	-	(30,953)
Investment income, net	<u>423,653</u>	<u>-</u>	<u>423,653</u>
Total other income (expense)	<u>1,326,281</u>	<u>-</u>	<u>1,326,281</u>
Change in net assets	353,835	976,210	1,330,045
Net assets, beginning of year	<u>9,070,357</u>	<u>512,568</u>	<u>9,582,925</u>
Net assets, end of year	<u>\$ 9,424,192</u>	<u>\$ 1,488,778</u>	<u>\$ 10,912,970</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Supporting Activities				Total expenses
	Program services	Management and general	Development	Total support activities	
Personnel expense	\$ 9,032,572	\$ 447,430	\$ 664,621	\$ 1,112,051	\$ 10,144,623
Collaborative partners	15,278	-	-	-	15,278
Board expenses	3,760	905	381	1,286	5,046
Data management	19,582	4,028	1,694	5,722	25,304
Donor related expenses	-	-	122,681	122,681	122,681
Dues and subscriptions	89,955	14,922	12,158	27,080	117,035
Equipment rental	25,744	7,489	2,633	10,122	35,866
Event expenses	-	-	197,801	197,801	197,801
Cost of food and food service supplies	4,405,802	64	27	91	4,405,893
Insurance	117,225	28,222	11,869	40,091	157,316
Legal and professional	721,250	92,648	134,343	226,991	948,241
Postage and messengers	6,019	755	318	1,073	7,092
Public information	25,208	6,069	211,812	217,881	243,089
Public relations	14,455	709	5,361	6,070	20,525
Rent and storage	133,060	-	-	-	133,060
Repairs and maintenance	105,783	24,444	9,507	33,951	139,734
Supplies and small equipment	132,017	14,250	2,674	16,924	148,941
Taxes, licenses, and permits	8,897	2,142	901	3,043	11,940
Travel and conference expenses	14,287	516	2,693	3,209	17,496
Utilities, pest control, and security	461,662	99,301	41,762	141,063	602,725
Vehicle expenses	130,092	17	7	24	130,116
Volunteer recognition and recruitment	9,362	2,254	948	3,202	12,564
Depreciation and amortization	408,795	98,306	41,391	139,697	548,492
Bad debt expense	-	-	30,901	30,901	30,901
Miscellaneous expenses	<u>6,077</u>	<u>1,466</u>	<u>22,441</u>	<u>23,907</u>	<u>29,984</u>
Total operating expenses	<u>\$ 15,886,882</u>	<u>\$ 845,937</u>	<u>\$ 1,518,924</u>	<u>\$ 2,364,861</u>	<u>\$ 18,251,743</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Supporting Activities				Total Expenses
	Program services	Management and general	Development	Total support activities	
Personnel expense	\$ 8,627,177	\$ 464,764	\$ 798,050	\$ 1,262,814	\$ 9,889,991
Collaborative partners	990,761	-	-	-	990,761
Supplies and small equipment	165,991	23,148	12,080	35,228	201,219
Insurance	110,847	28,363	10,480	38,843	149,690
Dues and subscriptions	78,197	10,115	6,731	16,846	95,043
Cost of food and food service supplies	3,619,783	19	7	26	3,619,809
Donor related expenses	13,326	3,406	182,480	185,886	199,212
Board expenses	2,526	646	239	885	3,411
Legal and professional	579,522	101,638	25,732	127,370	706,892
Postage and messengers	109,735	1,058	391	1,449	111,184
Equipment rental	40,688	7,015	2,592	9,607	50,295
Data management	35,536	5,896	2,178	8,074	43,610
Public information	14,814	3,790	184,784	188,574	203,388
Repairs and maintenance	104,435	25,393	9,118	34,511	138,946
Event expenses	113	-	291,428	291,428	291,541
Public relations	39,321	580	1,481	2,061	41,382
Travel and conference expenses	15,560	1,024	4,660	5,684	21,244
Rent and storage	146,400	-	-	-	146,400
Utilities, pest control, and security	505,456	112,851	41,700	154,551	660,007
Vehicle expenses	127,325	-	-	-	127,325
Volunteer recognition and recruitment	17,163	1,896	3,700	5,596	22,759
Taxes, licenses, and permits	5,940	4,748	561	5,309	11,249
Depreciation and amortization	352,072	90,084	33,288	123,372	475,444
Bad debt expense	72,111	-	-	-	72,111
Miscellaneous expense	<u>3,825</u>	<u>939</u>	<u>22,849</u>	<u>23,788</u>	<u>27,613</u>
Total operating expenses	<u>\$ 15,778,624</u>	<u>\$ 887,373</u>	<u>\$ 1,634,529</u>	<u>\$ 2,521,902</u>	<u>\$ 18,300,526</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENT OF FUNCTIONAL EXPENSES (PROGRAM SUPPORTING DETAIL)
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services										
	San Francisco						East Bay/Other				
	HIV		Homebound Critically Ill		Senior		HIV		Homebound Critically Ill		Total Program Services
	Meal Delivery	Grocery Services	Meal Delivery	Grocery Services	FFS Meals	CNP Meals	Meal Delivery	Grocery Services	Meal Delivery	Grocery Services	
Personnel expense	\$ 1,503,375	\$ 376,049	\$ 913,908	\$ 245,653	\$ 727,888	\$ 4,028,156	\$ 394,422	\$ 223,655	\$ 372,310	\$ 247,156	\$ 9,032,572
Collaborative partners	7,443	1,960	4,547	1,328	-	-	-	-	-	-	15,278
Board expenses	730	192	446	130	407	1,628	95	34	57	41	3,760
Data management	3,248	855	1,984	580	1,812	7,243	1,619	579	964	698	19,582
Dues and subscriptions	15,275	4,022	9,570	2,717	8,103	32,248	7,559	2,702	4,501	3,258	89,955
Equipment rental	5,048	1,329	3,084	901	2,816	11,257	549	196	327	237	25,744
Cost of food and food service supplies	741,601	194,805	290,580	374,764	218,450	1,797,227	133,065	47,883	563,239	44,188	4,405,802
Insurance	22,757	5,992	13,901	4,060	12,694	50,746	2,968	1,061	1,767	1,279	117,225
Legal and professional	122,071	28,809	73,048	18,213	73,934	332,612	28,808	9,714	23,023	11,018	721,250
Postage and messengers	969	254	586	169	521	2,013	43	15	1,087	362	6,019
Public information	4,894	1,289	2,989	873	2,730	10,912	638	228	380	275	25,208
Public relations	2,551	672	841	287	707	7,384	438	157	1,290	128	14,455
Rent and storage	-	-	-	-	-	7,200	20,457	7,313	92,367	5,723	133,060
Repairs and maintenance	18,228	4,800	11,135	3,252	10,168	45,596	5,287	1,890	3,148	2,279	105,783
Supplies and small equipment	19,243	5,276	11,427	3,401	9,907	63,248	3,740	2,077	9,183	4,515	132,017
Taxes, licenses, and permits	1,727	455	1,055	308	963	3,852	225	81	134	97	8,897
Travel and conference expenses	4,364	1,231	2,429	692	493	3,416	649	247	474	292	14,287
Utilities, pest control, and security	80,080	21,087	48,918	14,288	44,666	184,090	28,747	10,277	17,117	12,392	461,662
Vehicle expenses	18,865	4	11,524	2	10,523	42,067	19,760	7,064	11,765	8,518	130,092
Volunteer recognition and recruitment	1,817	479	1,110	324	1,014	4,053	237	85	141	102	9,362
Depreciation and amortization	79,359	20,897	48,477	14,159	44,266	176,965	10,349	3,700	6,162	4,461	408,795
Miscellaneous expenses	1,180	311	722	213	658	2,636	151	53	89	64	6,077
Totals	\$ 2,654,825	\$ 670,768	\$ 1,452,281	\$ 686,314	\$ 1,172,720	\$ 6,814,549	\$ 659,806	\$ 319,011	\$ 1,109,525	\$ 347,083	\$ 15,886,882

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENT OF FUNCTIONAL EXPENSES (PROGRAM SUPPORTING DETAIL)
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services										Total Program Services
	San Francisco					East Bay/Other					
	HIV		Homebound Critically III		Senior		HIV		Homebound Critically III		
	Meal Delivery	Grocery Services	Meal Delivery	Grocery Services	FFS Meals	CNP Meals	Meal Delivery	Grocery Services	Meal Delivery	Grocery Services	
Personnel expense	\$ 1,243,282	\$ 298,822	\$ 891,865	\$ 187,061	\$ 1,133,310	\$ 3,853,787	\$ 369,402	\$ 222,290	\$ 324,369	\$ 102,989	\$ 8,627,177
Collaborative partners	-	-	-	-	947,546	-	20,278	8,083	11,238	3,616	990,761
Supplies and small equipment	17,257	4,664	19,360	2,700	53,573	48,347	4,930	3,014	9,320	2,826	165,991
Insurance	18,548	4,433	11,825	2,806	18,896	48,410	2,782	1,109	1,542	496	110,847
Event expenses	19	5	12	3	19	49	3	1	2	-	113
Dues and subscriptions	11,031	2,636	7,075	1,658	8,646	22,401	11,614	4,629	6,436	2,071	78,197
Cost of food and food service supplies	529,173	128,075	188,863	241,054	796,443	1,508,446	116,032	52,994	39,074	19,629	3,619,783
Equipment rental	6,889	1,096	4,392	694	7,018	17,979	1,323	390	733	174	40,688
Board expenses	423	101	270	64	431	1,103	63	25	35	11	2,526
Data management	4,297	1,027	2,739	650	3,928	10,063	6,021	2,400	3,338	1,073	35,536
Legal and professional	78,733	18,816	55,296	10,615	92,772	267,197	26,068	10,392	14,956	4,677	579,522
Postage and messengers	943	226	904	210	104,002	1,812	125	50	1,115	348	109,735
Donor related expenses	2,228	532	1,420	337	2,269	5,814	334	133	196	63	13,326
Taxes, licenses, and permits	995	238	634	150	1,013	2,596	147	59	82	26	5,940
Public information	2,479	593	1,580	375	2,525	6,470	372	148	206	66	14,814
Repairs and maintenance	16,179	4,540	10,314	2,874	16,481	43,242	4,956	2,144	2,746	959	104,435
Public relations	14,827	3,543	3,861	426	1,972	11,571	356	142	2,450	173	39,321
Travel and conference expenses	2,117	503	1,398	314	1,843	6,958	801	319	1,132	175	15,560
Rent and storage	-	-	-	-	-	7,200	8,955	3,570	121,201	5,474	146,400
Utilities, pest control, and security	74,000	17,637	47,177	11,164	75,386	199,602	37,736	15,091	20,912	6,751	505,456
Vehicle expenses	15,219	-	9,703	-	15,505	39,722	22,137	8,824	12,268	3,947	127,325
Volunteer recognition and recruitment	4,677	1,120	3,357	615	1,684	3,213	365	146	1,842	144	17,163
Depreciation and amortization	58,912	14,079	37,558	8,912	60,016	153,761	8,837	3,523	4,898	1,576	352,072
Bad debt expense	-	-	-	-	72,111	-	-	-	-	-	72,111
Miscellaneous expenses	644	148	410	94	656	1,680	91	36	50	16	3,825
Totals	\$ 2,102,872	\$ 502,834	\$ 1,300,013	\$ 472,776	\$ 3,418,045	\$ 6,261,423	\$ 643,728	\$ 339,512	\$ 580,141	\$ 157,280	\$ 15,778,624

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	<u>2024</u>	<u>2023</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 290,483	1,330,045
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowance for credit losses	21,163	-
Depreciation and amortization	548,492	475,444
Non-cash interest expense	804	-
Non-cash lease expense	151,959	147,343
Donated stock	(77,178)	(78,859)
Realized and unrealized gains on investments	(574,135)	(366,486)
Loss on disposal of fixed assets	-	30,953
(Increase) decrease in assets:		
Accounts and contracts receivable	(434,210)	1,921,887
Government grants receivable	616,924	(471,913)
Pledges receivable	(298,182)	(890,114)
Inventory	(61,842)	(1,048)
Prepaid expenses	(76,611)	(11,453)
Increase (decrease) in liabilities:		
Line of credit	1,000	-
Accounts payable	168,589	(1,649,371)
Unearned revenue	71,746	(823)
Other current liabilities	32,494	(91,354)
Lease liabilities - operating	(148,645)	(142,103)
Deposits held	<u>18,653</u>	<u>(2,935)</u>
Total adjustments	<u>(38,979)</u>	<u>(1,130,832)</u>
Net cash provided by operating activities	<u>251,504</u>	<u>199,213</u>
<u>Cash flows from investing activities</u>		
Purchases of investments	(437,683)	(1,237,963)
Proceeds from sale of investments	775,000	531,837
Purchases of property, plant, and equipment	<u>(514,919)</u>	<u>(770,952)</u>
Net cash used in investing activities	<u>(177,602)</u>	<u>(1,477,078)</u>
<u>Cash flows from financing activities</u>		
Payments of debt issuance costs	<u>(9,642)</u>	<u>-</u>
Net cash used in financing activities	<u>(9,642)</u>	<u>-</u>
Net increase (decrease) in cash	<u>64,260</u>	<u>(1,277,865)</u>
Cash, beginning of year	<u>1,126,935</u>	<u>2,404,800</u>
Cash, end of year	<u>\$ 1,191,195</u>	<u>\$ 1,126,935</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note A

Nature of Organization

Project Open Hand ("POH") was established in October 1985 and incorporated in November 1986 as a 501(c)3 nonprofit public benefit corporation. Since its beginning providing meals to those impacted by the HIV/AIDS epidemic, POH now provides various nutrition interventions to people in San Francisco, Alameda County, Contra Costa County and some parts of Sacramento. Our services include congregate meals for older adults and adults with disabilities and medically supportive nutrition interventions for people that have a chronic health conditions. Our medically tailored services are accessed through our grocery centers in San Francisco and Oakland, satellite grocery center locations in San Francisco, and weekly home delivery of meals and groceries. As part of our nutrition interventions, all clients have access to not only our meals and groceries but educational services offered through our Nutrition Services team. This includes individual counseling sessions with our Registered Dietitians, cooking demonstrations, food demonstrations and various other classes and resources. Our Client Services team is also available to provide some added support to clients needing assistance with other beneficial resources.

POH receives support from Federal Ryan White Act funds, which flow from San Francisco and Alameda county public health departments and various contracts with local managed care plans. POH began working with managed care plans in January 2022 in Alameda County, Contra Costa County and San Francisco County broadening its reach. Congregate meal programming is funded through San Francisco's Department of Disability and Aging Services, consumer contributions and donor contributions. POH is also funded through grants and donations from individuals, foundations and corporations.

Note B

Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of POH are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. Under the accrual basis of accounting, support is recognized when it is awarded, revenues are recognized when they are earned, and expenses are recognized when the liability is incurred. POH is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of POH. These net assets may be used at the discretion of POH's management and the Board of Directors.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. See Note H for a summary of net assets with donor restrictions as of June 30, 2024.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash consist primarily of cash, money market funds, and certificates of deposit. For the purpose of the statements of cash flows, POH considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents held in POH's investment portfolio are part of POH's investment strategy and, therefore, are reported in investments on the statements of financial position.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

POH maintains cash balances its at two financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. Such balances, at various times during the year, may exceed FDIC limits. POH maintains cash balances at one commercial bank and this balances can exceed the FDIC limit. At June 30, 2024 and 2023, POH's cash balance held at the bank exceeded the FDIC limit by \$1,048,197 and \$971,693, respectively. POH has not experienced any losses through the date when the financial statements were available to be issued.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Leases:

POH recognizes and measures its leases in accordance with ASC 842 Leases. POH determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. POH recognizes a lease liability and a right of use ("ROU") asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. In calculating the fair value of the lease liabilities, POH made the election under Financial Accounting Standards Board ("FASB") to use the risk-free rate by class of underlying asset since POH's leases do not provide information with which to determine an implicit rate.

POH has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that POH is reasonably certain to exercise. POH recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, POH accounts for both components as a single lease component.

Revenue Recognition:

Contributions are recorded as revenue at their fair value when the unconditional promise to give to POH is made. POH recognizes revenues received for its core programs, providing meals to all eligible clients that are homebound and/or critically ill with HIV/AIDS or other illnesses, as unrestricted revenue, as donations restricted for those purposes are broadly identified to funders as part of the mission of POH.

POH recognizes contributions of property and equipment at their fair value as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used and contributions of cash and other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how those long-term assets must be maintained, POH reports expirations of donor-imposed restrictions when the donated or acquired long-term assets are placed in service.

All other contributions with donor restrictions that limit the use of the donated assets further than POH's regular program work are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are presented within net assets without donor-imposed restrictions when recognized.

Grant and fee revenues are recognized when POH incurs expenditures related to the required services. Amounts billed or received in advance are recorded as advances until the related services are performed.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Revenues from contracts with customers is derived from contracts to provide meals to private entities. Revenue is recognized at the point in time when control of the product has transferred to the customer. The nature, amount, and timing of payment for such services is not substantially impacted by economic factors.

Fundraising event revenue is recognized when the event occurs.

POH is the beneficiary under various wills and trust agreements. Such amounts are recognized when clear title is established, and the proceeds are measurable. These balances are included within contributions receivable on the statements of financial position.

Accounts and Contracts Receivable and Allowance for Credit Losses:

Accounts and contracts receivable are recorded at the invoiced amount, are granted on an unsecured basis and are typically considered past due if the invoice has been outstanding thirty to sixty days upon a customer's receipt of invoice. The POH does not charge interest on accounts receivable unless substantially delinquent, as determined by management.

Accounts and contracts receivable are reduced by an allowance for credit losses to reserve for potentially uncollectible amounts. Changes in the allowance for credit losses estimates are recorded as bad debt expense. The allowance for credit losses reflects the best estimate of probable losses determined principally based on historical experience and reasonable and supportable forecasts about the future. All accounts or portions thereof deemed to be uncollectible or that require an excessive collection cost are credited to the allowance for credit losses with a corresponding debit to the provision for expected credit losses. The POH writes off accounts receivable when they become uncollectible. Accounts and contracts receivable consists primarily of contract receivables which are stated at the amount management expects to collect from outstanding balances.

Contract assets are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Contract assets:</u>			
Accounts and contracts receivable	\$ 897,987	\$ 463,777	\$ 2,385,664
Allowance for credit losses	<u>(21,163)</u>	<u>-</u>	<u>-</u>
Total contract assets, net	<u>\$ 876,824</u>	<u>\$ 463,777</u>	<u>\$ 2,385,664</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

The activity in the allowance for credit losses is as follows for each of the years ended June 30:

	<u>2024</u>	<u>2023</u>
Allowance for credit losses - beginning balance	\$ -	\$ -
Current provision for expected credit losses	49,462	72,111
Write-offs charged against allowance (i.e. bad debt)	(30,901)	(72,111)
Recoveries of amounts previously written off	<u>2,602</u>	<u>-</u>
Allowance for credit losses - ending balance	<u>\$ 21,163</u>	<u>\$ -</u>

Government Grants Receivable:

Grants receivable consists of amounts due to POH per signed grant agreements. Grants receivable are stated at the amount management expects to collect from outstanding balances.

POH has determined that all grants receivable are fully collectible and no allowance for uncollectible amounts has been recorded. This is based on previous experience and management's analysis of future expected collections. All grants receivable are anticipated to be collected within the next fiscal year.

Pledges Receivable:

Pledges receivable consists of amounts due to POH per various signed unconditional promises to give agreements. Pledges receivable are stated at the amount management expects to collect from outstanding balances. POH has determined that all pledges receivable are fully collectible and no allowance for uncollectible amounts has been recorded. This is based on previous experience and management's analysis of future expected collections.

Pledges receivable consist of the following at each of the years ended June 30:

	<u>2024</u>	<u>2023</u>
Pledges receivable - less than one year	\$ 774,803	\$ 346,988
Pledges receivable - one to five years	450,000	600,000
Discount on pledges receivable	<u>(32,600)</u>	<u>(52,967)</u>
Total pledges receivable, net	<u>\$ 1,192,203</u>	<u>\$ 894,021</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Pledges receivable includes a 5-year pledge received during the year ended June 30, 2023, from a foundation which is discounted to reflect the present value of future receipts using an effective interest rate of 3.79%. Contribution income is recognized over time using the effective interest method. The original amount of the pledge was for \$750,000 and is receivable in 5 annual payments of \$150,000. The following table reflects the discounted amounts of this pledge receivable in future years. The amount for 2025 is included in the current portion of pledges receivable.

<u>Year Ending June 30</u>		
2025	\$	150,000
2026		133,903
2027		139,067
2028		<u>144,430</u>
Net		567,400
Discount		<u>(32,600)</u>
Total	\$	<u><u>534,800</u></u>

Investments:

Investments are carried at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations, or by law. Realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets. Dividend and interest income are accrued when earned.

Investments consist of debt and equity securities and are reported at their fair values in the statements of financial position. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

All debt and equity securities with readily determinable market values are carried at estimated fair value based on quoted market prices as of June 30, 2024. Investments received through gifts are recorded at estimated fair value at the date of donation.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Fair Value Measurements:

POH applies FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

POH carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. POH classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The three general valuation techniques that may be used to measure fair value are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liability in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following are descriptions of the valuation methods and assumptions used by POH to estimate the fair values of certain financial instruments. There have been no changes to the methodologies used at June 30, 2024 and 2023:

Cash and cash equivalents: Fair values of money market funds are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 1 inputs).

Fixed Income Securities: Fixed income securities are invested primarily in high grade fixed income securities. The fair values of these investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information (Level 2 inputs).

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B

Summary of Significant Accounting Policies (Continued)

Equity Securities and Mutual Funds: Consist of exchange traded funds and mutual funds, which are primarily invested in equity securities. The fair value of exchange traded funds and mutual funds, which are readily marketable, is determined by quoted prices on nationally recognized security exchanges (Level 1 inputs).

Inventory:

Purchased inventory, which consists primarily of food, is stated at cost based on the most recent stated unit price. Donated inventory is reflected as contributions at its fair value on the date of receipt.

Property, Plant, and Equipment:

Property, plant, and equipment are stated at cost, when purchased, or, if donated, at the estimated fair market value at the time the donation is received. Expenditures for minor additions of equipment less than \$1,000 or with less than one year useful life are charged to expense when incurred.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets, as follows:

Buildings and improvements	10 - 30 years
Equipment	5 - 10 years
Leasehold improvements	Lesser of estimated useful life or life of the lease
Motor vehicles	5 years
Software	3 years

Renewals and improvements are capitalized; repairs and maintenance are charged to expense as incurred.

Unearned Revenue:

Revenue related to grants and contracts is recognized as the related expenses are incurred. Deposits received in advance of program services being rendered and conditional promises to give are reflected as unearned revenue. Unearned revenue on the statements of financial position totaled \$71,746 and \$- as of June 30, 2024 and 2023, respectively. Unearned revenue is comprised solely of conditional promises to give as of June 30, 2024.

Donated Goods and Services:

Contributions of donated goods and services are reflected as revenue in the accompanying statements of activities at their estimated fair values at the date of receipt. Donated goods consists of donated food items received that were used for grocery services provided to clients during the year and were utilized and expensed within the year received. Fair value for these goods is determined by rates that would have been paid to acquire such products from their vendors had they not received the donated goods.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Donated food and food service supplies received and expensed are as follows for the years ended June 30:

	2024	2023
Donated food and food service supplies	\$ 1,166,897	\$ 792,707
Cost of food and food service supplies expensed	(1,166,897)	(792,707)
Net	\$ -	\$ -

Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A number of unpaid volunteers have made significant contributions of their time to POH. POH receives donated services from volunteers who serve as drivers, cooks, kitchen helpers, and administrative assistants. POH also receives donated services from vendors for fundraising events. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied. The fair value of such volunteer services is estimated based on standardized hourly rates to be approximately \$1,521,510 and \$1,200,958 for the years ended June 30, 2024 and 2023, respectively.

Advertising:

Advertising costs are expensed as incurred and paid. For the years ended June 30, 2024 and 2023, advertising expense totaled \$1,362 and \$4,434, respectively.

Functional Expenses:

POH allocates its expenses on a functional basis among its program services and supporting activities by estimated time distribution as demonstrated in the Statements of Functional Expenses. Development expenses represents costs involved in fundraising for support. The costs of providing the various programs and other activities have been summarized by program on a functional basis in the Statements of Functional Expenses (Program Supporting Detail). Expenses that can be identified with a specific program service or supporting activity, for example, by time records, are allocated directly to respective functional program expenses. Expenses common to several functional program expenses are allocated according estimates developed by management.

Tax Exempt Status:

POH is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and similar state statutes on income other than income from activities outside of the POH's exempt purpose (unrelated business income). During the years ended June 30, 2024 and 2023, POH did not report any unrelated business income. Accordingly, no provision for federal income taxes is required. POH applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes. POH is no longer subject to income tax examinations for tax years up to and including the year ended June 30, 2021.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Measure of Operations:

Operating activities reflect all transaction increasing or decreasing net assets except those items associated with rental activities, investment income and losses, and other activities considered to be of a more unusual or nonrecurring nature.

Contributions:

POH records unconditional promises to give as pledges receivable and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. Contributions that are expected to be collected after one year are discounted at a discount rate commensurate with the risks involved and the period of time over which the contributions are expected to be collected. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for credit losses on pledges receivable is provided based upon management's judgment including such factors as prior collection history, type of pledge receivable, current aging of pledges receivable, and future estimated collections.

Conditional promises to give - that is, those with measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Accordingly, amounts received but not yet recognized as revenue are classified as unearned revenue in the statements of financial position. POH has various grant agreements with governments, generally reimbursement type grants, with award periods that extend beyond the year ended June 30, 2024. As of June 30, 2024, the remaining grant revenue capacity pertaining to these agreements totals approximately \$1,491,000.

Debt Issuance Costs:

Debt issuance costs represent costs incurred in obtaining loans and are amortized on a straight-line basis over the lives of respective loans, which approximates the effective interest method. Debt issuance costs, net of accumulated amortization, are reported in long-term assets on the accompanying Statements of Financial Position. Amortization of debt issuance costs is reported as a component of interest expense.

Recently Adopted Accounting Guidance:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note C

Concentrations of Credit Risk

POH has identified its financial instruments which are potentially subject to credit risk as cash, investments, and receivables.

See Note B regarding concentrations related to cash.

Investments are diversified in order to limit market risk.

All receivables consist primarily of unsecured amounts due from individuals, companies, foundations, and government agencies. The credit risk associated with receivables is substantially mitigated by the large number of entities comprising the receivable balance. At June 30, 2024 and 2023, 45% and 74%, respectively, of receivables are due from government agencies.

Significant Vendors:

A significant vendor is defined as one from which the company receives at least 10% its total purchases. For the year ended June 30, 2024, POH had purchases from a supplier totaling approximately \$751,000, which comprised approximately 10% of POH's annual purchases. The accounts payable balance included approximately \$86,000 to this vendor at June 30, 2024. For the year ended June 30, 2023, POH did not have any significant vendors meeting this criteria.

Note D

Liquidity and Availability of Resources

POH's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of June 30:

	<u>2024</u>	<u>2023</u>
Financial assets available for general expenditure within one year:		
Cash	\$ 1,191,195	\$ 1,126,935
Accounts and contracts receivable, net	876,824	463,777
Government grants receivable	707,128	1,324,052
Pledges receivable - less than one year	774,803	346,988
Investments	<u>4,728,992</u>	<u>4,414,996</u>
Total financial assets	8,278,942	7,676,748
Less: net assets with donor restrictions	<u>(1,366,247)</u>	<u>(1,488,778)</u>
Total financial assets available for general expenditure within one year	<u>\$ 6,912,695</u>	<u>\$ 6,187,970</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note D

Liquidity and Availability of Resources (Continued)

POH monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. In addition to financial assets available for general expenditure within one year, POH operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Because donor restrictions require resources to be used in a particular manner or in future periods, POH maintains sufficient resources to meet the responsibility to its donors. Thus, financial assets are subject to donor restrictions may not be available for general expenditure within one year.

Note E

Investments

Investments consisted of the following as of June 30:

	Assets at Fair Value as of June 30, 2024		
	Level 1	Level 2	Total Fair Value
Investments:			
Cash and cash equivalents	\$ <u>6,393</u>	\$ <u>-</u>	\$ <u>6,393</u>
Exchange traded funds	<u>3,926,556</u>	<u>-</u>	<u>3,926,556</u>
Mutual funds	<u>636,100</u>	<u>-</u>	<u>636,100</u>
Fixed income securities:			
U.S. treasury obligations	-	92,019	92,019
Corporate bonds	-	58,415	58,415
International bonds	<u>-</u>	<u>9,509</u>	<u>9,509</u>
Total fixed income funds	<u>-</u>	<u>159,943</u>	<u>159,943</u>
Total investments	<u>\$ 4,569,049</u>	<u>\$ 159,943</u>	<u>\$ 4,728,992</u>
	Assets at Fair Value as of June 30, 2023		
	Level 1	Level 2	Total Fair Value
Investments:			
Cash and cash equivalents	\$ <u>860,606</u>	\$ <u>-</u>	\$ <u>860,606</u>
Exchange traded funds	<u>3,362,690</u>	<u>-</u>	<u>3,362,690</u>
Fixed income funds:			
U.S. treasury obligations	-	100,090	100,090
Corporate bonds	-	72,257	72,257
International bonds	<u>-</u>	<u>19,353</u>	<u>19,353</u>
Total fixed income funds	<u>-</u>	<u>191,700</u>	<u>191,700</u>
Total investments	<u>\$ 4,223,296</u>	<u>\$ 191,700</u>	<u>\$ 4,414,996</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note E
Investments (Continued)

The components of investment income are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 87,685	\$ 57,167
Realized gains (losses), net	7,026	(7,381)
Unrealized gains, net	<u>567,109</u>	<u>373,867</u>
Total investment income, net	<u>\$ 661,820</u>	<u>\$ 423,653</u>

Note F
Property, Plant, and Equipment

The following is a summary of property, plant, and equipment at cost at June 30,:

	<u>2024</u>	<u>2023</u>
Land	\$ 900,000	\$ 900,000
Buildings and improvements	7,434,662	7,353,208
Equipment	1,212,205	879,295
Leasehold improvements	564,553	564,553
Motor vehicles	542,018	435,961
Software	202,508	202,508
Construction in progress	<u>-</u>	<u>5,502</u>
Property, plant, and equipment, at cost	10,855,946	10,341,027
Less: accumulated depreciation and amortization	<u>(6,970,634)</u>	<u>(6,422,142)</u>
Property, plant and equipment, net	<u>\$ 3,885,312</u>	<u>\$ 3,918,885</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023, totaled \$548,492 and \$475,444, respectively.

Note G
Line of Credit and Debt Issuance Costs

POH has a revolving credit line with Wells Fargo Bank signed on January 26, 2024, for up to \$1,500,000 maturing on January 15, 2029, with interest at the greater of (a) the bank's Prime Rate minus 0.5% or (b) the Floor Rate of 4.5%. At June 30, 2024, there was an outstanding balance on this credit line of \$1,000. The applicable interest rate was 9.00% at June 30, 2024, and is secured by a first lien on POH's real property, receivables, inventory, and equipment.

POH had a previous revolving credit line with Wells Fargo Bank signed on October 29, 2018, for up to \$2,000,000 that matured on March 14, 2024, with interest at the greater of (a) the bank's Prime Rate minus 0.5% or (b) the Floor Rate of 4.5%. At June 30, 2023, there was no outstanding balance on this credit line. The applicable interest rate was 7.75% at June 30, 2023 and was secured by a first lien on POH's real property, receivables, inventory, and equipment.

During the year ended June 30, 2024, POH recorded \$9,642 of debt issuance costs, which was

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note G

Line of Credit and Debt Issuance Costs (Continued)

recognized upon signing the revolving line of credit with Wells Fargo Bank on January 26, 2024. During the year ended June 30, 2024, POH recognized approximately \$800 of amortization expense related to debt issuance costs, which is included in interest expense in the accompanying Statements of Activities. Accumulated amortization expense related to debt issuance costs totaled approximately \$800 at June 30, 2024.

As of June 30, 2024, maturities of future amortization of debt issuance costs are as follows:

Year Ending June 30,

2025	\$	1,928
2026		1,928
2027		1,928
2028		1,928
2029		<u>1,126</u>
Debt issuance costs, net	\$	<u><u>8,838</u></u>

Note H

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2024:

	Beginning Balance <u>June 30, 2023</u>	Contributions and Income	Released from Restrictions	Ending Balance <u>June 30, 2024</u>
Program restrictions:				
California Food is Medicine Coalition	\$ 711,022	\$ -	\$ (163,988)	\$ 547,034
HIV/AIDS	33,333	415,227	(178,541)	270,019
Wellness	433,355	358,246	(522,593)	269,008
Community Nutrition Program	286,068	10,000	(62,715)	233,353
Home Delivered Meals	5,000	-	(5,000)	-
Kitchen Operations	20,000	31,000	(25,000)	26,000
Capital improvements	-	100,553	(100,553)	-
Homebound Critically Ill	<u>-</u>	<u>50,000</u>	<u>(29,167)</u>	<u>20,833</u>
Totals	<u>\$ 1,488,778</u>	<u>\$ 965,026</u>	<u>\$ (1,087,557)</u>	<u>\$ 1,366,247</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note H
Net Assets With Donor Restrictions (Continued)

Net assets with donor restrictions consist of the following as of June 30, 2023:

	Beginning Balance <u>June 30, 2022</u>	Contributions and Income <u></u>	Released from Restrictions <u></u>	Ending Balance <u>June 30, 2023</u>
Program restrictions:				
California Food is Medicine Coalition	\$ 133,333	\$ 746,022	\$ (168,333)	\$ 711,022
HIV/AIDS	275,000	50,000	(291,667)	33,333
Wellness	55,000	975,291	(596,936)	433,355
Community Nutrition Program	8,333	369,347	(91,612)	286,068
Home Delivered Meals	11,250	10,000	(16,250)	5,000
Kitchen Operations	-	32,000	(12,000)	20,000
Other	<u>29,652</u>	<u>-</u>	<u>(29,652)</u>	<u>-</u>
Totals	<u>\$ 512,568</u>	<u>\$ 2,182,660</u>	<u>\$ (1,206,450)</u>	<u>\$ 1,488,778</u>

Note I
Retirement Plan

POH sponsors a 403(b) defined contribution plan known as Project Open Hand Retirement Plan (the "Plan"). Under the Plan, employees who are 21 years or older and have completed three consecutive months of service with POH are eligible to participate. Eligible employees may begin participating in the Plan on the first day of the calendar quarter coinciding with or next following the date eligibility requirements are met. Employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Plan allows for the POH to make discretionary matching contributions to the Plan up to 3% of eligible compensation. POH's discretionary matching contributions for the years ended June 30, 2024 and 2023, totaled \$73,753 and \$75,194, respectively. Additionally, the Plan allows for POH to make discretionary employer contributions. No discretionary employer contributions were made for the years ended June 30, 2024 or 2023. POH's contributions to the Plan vest over a 5-year graded schedule while employee contributions are always 100% vested.

Note J
Right of Use Assets

POH has obligations as a lessee for office space through 2026 and equipment through 2027. All leases are classified as non-cancelable operating leases. Payments due under the lease contracts include mainly fixed payments. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less). As of June 30, 2024 and June 30, 2023, POH has short-term lease expense of \$432,100 and \$480,900, respectively.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note J
Right of Use Assets (Continued)

The components of the leases for the years ended June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 166,001	\$ 165,482
Cash paid for amounts included in the measurement of lease liabilities - operating lease	\$ 160,612	\$ 168,550
Lease liabilities arising from obtaining right of use assets	\$ -	\$ 9,864
Weighted-average remaining lease term - finance lease	2.56 years	3.55 years
Weighted-average discount rate - operating lease	2.90 %	2.90 %

Maturities of the lease liability under the noncancelable operating leases as of June 30, 2024, are as follows:

<u>Year Ending June 30</u>	<u>Total Lease Payment</u>
2025	\$ 166,599
2026	170,625
2027	94,505
2028	<u>1,037</u>
Total undiscounted lease payments	432,766
Less: imputed interest	<u>(15,286)</u>
Total lease liability	<u>\$ 417,480</u>

Note K
Rental Income

POH leases office space in San Francisco, California under non-cancelable operating lease agreements. During the year ended June 30, 2024, POH had effective operating lease agreements with four tenants. These leases include various routine provisions regarding common area maintenance charges, rent increases, and similar items. Rental income was \$963,552 and \$924,138 for the years ended June 30, 2024 and 2023, respectively.

The following is a schedule by year of minimum future rentals to be received on non-cancelable operating leases as of June 30, 2024:

<u>Year Ending June 30</u>	<u>Operating Leases</u>
2025	\$ 966,605
2026	946,270
2027	902,440
2028	841,606
2029	811,188
Thereafter	<u>270,396</u>
Total	<u>\$ 4,738,505</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note L
Contingencies

Amounts received and expended by POH under government funded programs are subject to audit by cognizant governmental agencies. POH's management believes that potential adjustments, if any, resulting from such audits will not have a significant effect on the financial statements.

Note M
Subsequent Events

Management considered all events through February 25, 2025, the date the financial statements were available to be issued, in preparing the financial statements and the related disclosures. POH is not aware of any other significant events that occurred subsequent to June 30, 2024, but prior to the issuance of this report, that would have a material impact on the financial statements.