



Project Open Hand
meals with love

**PROJECT OPEN HAND
FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

PROJECT OPEN HAND

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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, 2025 and 2024, 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 financial statements present fairly, in all material respects, the financial position of POH as of June 30, 2025 and 2024, 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 for 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.

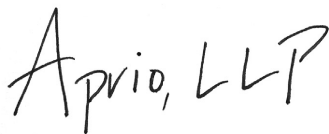
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 our report dated March 23, 2026, 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, and grant agreements and other matters. The purpose of that report is solely 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.

A handwritten signature in black ink that reads "Aprivo, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, CA
March 23, 2026

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

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
<u>Current assets</u>		
Cash	\$ 986,417	\$ 1,191,195
Accounts and contracts receivable, net	380,061	876,824
Unbilled receivables	5,244	-
Insurance proceeds receivable	100,000	-
Government grants receivable	1,100,583	707,128
Pledges receivable - less than one year	5,118,558	774,803
Investments	5,584,468	4,728,992
Inventory	206,091	275,453
Prepaid expenses	<u>130,219</u>	<u>181,688</u>
Total current assets	<u>13,611,641</u>	<u>8,736,083</u>
<u>Long-term assets</u>		
Property, plant, and equipment, net	3,744,545	3,885,312
Deposits	11,600	11,600
Pledges receivable - one to five years, net	2,283,497	417,400
Right of use assets - operating	252,547	408,926
Debt issuance costs, net	<u>6,910</u>	<u>8,838</u>
Total long-term assets	<u>6,299,099</u>	<u>4,732,076</u>
Total assets	<u>\$ 19,910,740</u>	<u>\$ 13,468,159</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities</u>		
Line of credit	\$ -	\$ 1,000
Accounts payable	805,486	714,375
Unearned revenue	133,048	71,746
Other current liabilities	1,194,053	1,012,749
Current portion of lease liabilities - operating	<u>165,669</u>	<u>156,977</u>
Total current liabilities	<u>2,298,256</u>	<u>1,956,847</u>
<u>Long-term liabilities</u>		
Deposits held	40,738	47,356
Lease liabilities, net of current portion - operating	<u>94,834</u>	<u>260,503</u>
Total long-term liabilities	<u>135,572</u>	<u>307,859</u>
Total liabilities	<u>2,433,828</u>	<u>2,264,706</u>
<u>Net assets</u>		
Without donor restrictions	9,775,380	9,837,206
With donor restrictions	<u>7,701,532</u>	<u>1,366,247</u>
Total net assets	<u>17,476,912</u>	<u>11,203,453</u>
Total liabilities and net assets	<u>\$ 19,910,740</u>	<u>\$ 13,468,159</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<u>Revenues and other support</u>			
Program service fees	\$ 3,897,585	\$ -	\$ 3,897,585
Government grant revenue	7,780,761	-	7,780,761
State grant income	97,925	-	97,925
Individual contributions	2,566,984	5,000	2,571,984
Foundation grants and contributions	355,296	868,290	1,223,586
Bequests	1,516,720	6,913,299	8,430,019
Fundraising events	368,765	29,217	397,982
Business and corporate contributions	155,577	-	155,577
In-kind contributions	1,505,966	-	1,505,966
Net assets released from restrictions	<u>1,480,521</u>	<u>(1,480,521)</u>	<u>-</u>
Total revenues and other support	<u>19,726,100</u>	<u>6,335,285</u>	<u>26,061,385</u>
<u>Operating expenses</u>			
Program services:			
San Francisco:			
HIV meal delivery	2,950,660	-	2,950,660
HIV grocery services	1,334,412	-	1,334,412
Homebound Critically Ill meal delivery	860,291	-	860,291
Homebound Critically Ill grocery services	522,082	-	522,082
Senior meals	10,320,838	-	10,320,838
East Bay/Other:			
HIV meal delivery	1,103,129	-	1,103,129
HIV grocery services	669,711	-	669,711
Homebound Critically Ill meal delivery	317,405	-	317,405
Homebound Critically Ill grocery services	<u>286,500</u>	<u>-</u>	<u>286,500</u>
Total program services	<u>18,365,028</u>	<u>-</u>	<u>18,365,028</u>
Supporting activities:			
Management and general	1,084,831	-	1,084,831
Development	<u>1,931,812</u>	<u>-</u>	<u>1,931,812</u>
Total supporting services	<u>3,016,643</u>	<u>-</u>	<u>3,016,643</u>
Total operating expenses	<u>21,381,671</u>	<u>-</u>	<u>21,381,671</u>
Change in net assets from operations	<u>(1,655,571)</u>	<u>6,335,285</u>	<u>4,679,714</u>
<u>Other income (expense)</u>			
Rental income	971,167	-	971,167
Investment income, net	608,049	-	608,049
Miscellaneous income	361	-	361
Interest income	16,097	-	16,097
Interest expense	<u>(1,929)</u>	<u>-</u>	<u>(1,929)</u>
Total other income, net	<u>1,593,745</u>	<u>-</u>	<u>1,593,745</u>
Change in net assets	(61,826)	6,335,285	6,273,459
Net assets, beginning of year	<u>9,837,206</u>	<u>1,366,247</u>	<u>11,203,453</u>
Net assets, end of year	<u>\$ 9,775,380</u>	<u>\$ 7,701,532</u>	<u>\$ 17,476,912</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 activities:			
Management and general	845,937	-	845,937
Development	<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, net	<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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	Supporting Activities				Total expenses
	Program services	Management and general	Development	Total supporting activities	
Personnel expense	\$ 10,453,568	\$ 548,861	\$ 1,063,418	\$ 1,612,279	\$ 12,065,847
Board expenses	3,806	951	439	1,390	5,196
Data management	17,454	3,253	1,502	4,755	22,209
Donor related expenses	-	-	114,120	114,120	114,120
Dues and subscriptions	120,446	25,067	15,808	40,875	161,321
Equipment rental	30,488	7,282	3,361	10,643	41,131
Event expenses	-	-	200,555	200,555	200,555
Cost of food and food service supplies	4,929,935	17	8	25	4,929,960
Insurance	104,951	26,225	12,104	38,329	143,280
Legal and professional	814,651	126,648	145,935	272,583	1,087,234
Postage and messengers	5,574	1,196	552	1,748	7,322
Public information	12,891	3,221	178,805	182,026	194,917
Public relations	27,899	4,312	3,204	7,516	35,415
Rent and storage	148,620	-	-	-	148,620
Repairs and maintenance	260,120	94,389	43,565	137,954	398,074
Supplies and small equipment	135,031	17,717	13,005	30,722	165,753
Taxes, licenses, and permits	7,378	1,843	853	2,696	10,074
Travel and conference expenses	18,277	676	1,327	2,003	20,280
Utilities, pest control, and security	495,553	112,959	52,135	165,094	660,647
Vehicle expenses	127,229	70	33	103	127,332
Volunteer recognition and recruitment	5,137	1,284	592	1,876	7,013
Depreciation and amortization	426,500	106,573	49,189	155,762	582,262
Bad debt expense	210,250	-	-	-	210,250
Miscellaneous expenses	9,270	2,287	31,302	33,589	42,859
Total operating expenses	<u>\$ 18,365,028</u>	<u>\$ 1,084,831</u>	<u>\$ 1,931,812</u>	<u>\$ 3,016,643</u>	<u>\$ 21,381,671</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 supporting activities	
Personnel expense	\$ 9,032,572	\$ 447,430	\$ 664,621	\$ 1,112,051	\$ 10,144,623
Collaborative partners	15,278	-	-	-	15,278
Supplies and small equipment	132,017	14,250	2,674	16,924	148,941
Insurance	117,225	28,222	11,869	40,091	157,316
Dues and subscriptions	89,955	14,922	12,158	27,080	117,035
Cost of food and food service supplies	4,405,802	64	27	91	4,405,893
Donor related expenses	-	-	122,681	122,681	122,681
Board expenses	3,760	905	381	1,286	5,046
Legal and professional	721,250	92,648	134,343	226,991	948,241
Postage and messengers	6,019	755	318	1,073	7,092
Equipment rental	25,744	7,489	2,633	10,122	35,866
Data management	19,582	4,028	1,694	5,722	25,304
Public information	25,208	6,069	211,812	217,881	243,089
Repairs and maintenance	105,783	24,444	9,507	33,951	139,734
Event expenses	-	-	197,801	197,801	197,801
Public relations	14,455	709	5,361	6,070	20,525
Travel and conference expenses	14,287	516	2,693	3,209	17,496
Rent and storage	133,060	-	-	-	133,060
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
Taxes, licenses, and permits	8,897	2,142	901	3,043	11,940
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 (PROGRAM SUPPORTING DETAIL)
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services										Total Program Services
	San Francisco						East Bay/Other				
	HIV		Homebound Critically Ill		Senior		HIV		Homebound Critically Ill		
	Meal Delivery	Grocery Services	Meal Delivery	Grocery Services	FFS Meals	CNP Meals	Meal Delivery	Grocery Services	Meal Delivery	Grocery Services	
Personnel expense	\$ 1,809,556	\$ 390,720	\$ 563,290	\$ 125,773	\$ 1,607,658	\$ 4,593,560	\$ 753,229	\$ 275,442	\$ 224,252	\$ 110,088	\$ 10,453,568
Board expenses	823	146	260	48	565	1,635	215	31	70	13	3,806
Data management	2,819	502	891	164	1,938	5,603	3,637	516	1,172	212	17,454
Dues and subscriptions	24,060	4,281	7,582	1,391	16,598	47,539	12,479	1,770	4,018	728	120,446
Equipment rental	6,300	1,121	1,991	365	4,332	12,521	2,534	359	817	148	30,488
Cost of food and food service supplies	588,028	851,104	102,150	362,447	806,845	1,526,996	139,268	364,279	24,833	163,985	4,929,935
Insurance	22,688	4,037	7,170	1,316	15,599	45,089	5,946	843	1,916	347	104,951
Legal and professional	158,524	23,695	69,317	11,250	130,659	370,691	33,832	3,855	11,189	1,639	814,651
Postage and messengers	1,337	236	432	79	1,171	2,239	59	8	11	2	5,574
Public information	2,786	496	881	162	1,916	5,538	730	104	236	42	12,891
Public relations	5,667	1,008	2,139	393	6,034	10,741	1,295	184	371	67	27,899
Rent and storage	-	-	-	-	101,782	7,200	29,361	4,164	5,175	938	148,620
Repairs and maintenance	81,709	14,545	25,823	4,741	56,180	63,701	8,814	1,251	2,841	515	260,120
Supplies and small equipment	26,136	7,100	8,802	2,414	19,976	52,772	7,589	2,138	6,491	1,613	135,031
Taxes, licenses, and permits	1,595	284	504	92	1,097	3,170	418	59	135	24	7,378
Travel and conference expenses	4,281	760	1,325	243	1,647	7,642	1,216	172	839	152	18,277
Utilities, pest control, and security	97,724	17,389	30,891	5,670	67,199	201,057	49,669	7,044	16,009	2,901	495,553
Vehicle expenses	21,337	32	6,729	8	14,640	42,171	27,791	3,941	8,957	1,623	127,229
Volunteer recognition and recruitment	1,111	198	351	64	763	2,207	291	41	94	17	5,137
Depreciation and amortization	92,200	16,406	29,138	5,347	63,393	183,231	24,161	3,426	7,787	1,411	426,500
Bad debt expense	-	-	-	-	210,250	-	-	-	-	-	210,250
Miscellaneous expenses	1,979	352	625	115	1,361	3,932	595	84	192	35	9,270
Totals	\$ 2,950,660	\$ 1,334,412	\$ 860,291	\$ 522,082	\$ 3,131,603	\$ 7,189,235	\$ 1,103,129	\$ 669,711	\$ 317,405	\$ 286,500	\$ 18,365,028

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										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	\$ 1,503,375	\$ 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
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
Insurance	22,757	5,992	13,901	4,060	12,694	50,746	2,968	1,061	1,767	1,279	117,225
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
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
Equipment rental	5,048	1,329	3,084	901	2,816	11,257	549	196	327	237	25,744
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
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
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
Public relations	2,551	672	841	287	707	7,384	438	157	1,290	128	14,455
Travel and conference expenses	4,364	1,231	2,429	692	493	3,416	649	247	474	292	14,287
Rent and storage	-	-	-	-	-	7,200	20,457	7,313	92,367	5,723	133,060
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
Taxes, licenses, and permits	1,727	455	1,055	308	963	3,852	225	81	134	97	8,897
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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2025	2024
<u>Cash flows from operating activities</u>		
Change in net assets	\$ <u>6,273,459</u>	<u>290,483</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowance for credit losses	155,813	21,163
Depreciation and amortization	582,262	548,492
Non-cash interest expense	1,928	804
Accretion of discount on long-term pledges receivable	(16,097)	-
Non-cash lease expense	156,379	151,959
Donated stock	(105,435)	(77,178)
Realized and unrealized gains on investments, net	(520,360)	(574,135)
(Increase) decrease in assets:		
Accounts and contracts receivable	340,950	(434,210)
Unbilled receivables	(5,244)	(61,842)
Insurance proceeds receivable	(100,000)	-
Government grants receivable	(393,455)	616,924
Pledges receivable, net of discount	(6,193,755)	(298,182)
Inventory	69,362	(76,611)
Prepaid expenses	51,469	-
Increase (decrease) in liabilities:		
Accounts payable	91,111	168,589
Unearned revenue	61,302	71,746
Other current liabilities	181,304	(116,151)
Deposits held	(6,618)	-
Lease liabilities - operating	<u>(156,977)</u>	<u>18,653</u>
Total adjustments	<u>(5,806,061)</u>	<u>(39,979)</u>
Net cash provided by operating activities	<u>467,398</u>	<u>250,504</u>
<u>Cash flows from investing activities</u>		
Purchases of investments	(1,837,786)	(437,683)
Proceeds from sale of investments	1,608,105	775,000
Purchases of property, plant, and equipment	<u>(441,495)</u>	<u>(514,919)</u>
Net cash used in investing activities	<u>(671,176)</u>	<u>(177,602)</u>
<u>Cash flows from financing activities</u>		
Payments of debt issuance costs	-	(9,642)
Proceeds from line of credit	-	1,000
Payments on line of credit	<u>(1,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,000)</u>	<u>(8,642)</u>
Net (decrease) increase in cash	(204,778)	64,260
Cash, beginning of year	<u>1,191,195</u>	<u>1,126,935</u>
Cash, end of year	<u>\$ 986,417</u>	<u>\$ 1,191,195</u>

See independent auditors' report and notes to the financial statements

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1

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 2

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, 2025 AND 2024**

Note 2
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 8 for a summary of net assets with donor restrictions at June 30, 2025.

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.

Risks and Uncertainties:

POH typically receives the majority of its funding, directly or indirectly, from the federal government in the form of government grants and is subject to various political and regulatory risks that may impact its financial performance. Changes in government policies, shifts in budget allocations, procurement delays, or the passage of new legislation could adversely affect grant awards, renewals, and funding. Political uncertainty, including changes in administration, regulatory scrutiny, and geopolitical tensions, may influence the timing and execution of government grants. POH continuously monitors these risks and engages in risk management to mitigate potential adverse effects on its operations and financial position.

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 an initial 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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

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

POH maintains cash balances 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 the FDIC limit at each bank. At June 30, 2025 and 2024, POH's cash balances held at these banks exceeded the FDIC limit in the aggregate by \$949,286 and \$1,048,197, respectively. POH has not experienced any losses through the date when the financial statements were available to be issued.

Leases:

Right of use ("ROU") assets and related lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets resulting from operating leases are disclosed as right of use assets, operating and the related liabilities are included in lease liabilities – operating in the statements of financial position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as occupancy in the accompanying statements of functional expenses. Lease and non-lease components of office lease agreements are accounted as a single component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that POH will exercise that option. POH determines if an arrangement is a lease at inception. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which POH made the short-term lease election.

POH recognizes and measures its leases in accordance with Accounting Standards Codification ("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.

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 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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

Exchange Transactions

In accordance with FASB Topic 606, *Revenue from Contracts with Customers*, or ASC 606, POH recognizes revenue from exchange transactions when a customer obtains control of promised goods or services, in an amount that reflects the consideration POH expects to receive in exchange for those goods or services. To determine revenue recognition, POH performs the following five steps:

- Identification of the contract, or contracts, with a customer (Step 1)
- Identification of the performance obligation(s) in the contract (Step 2)
- Determination of the transaction price (Step 3)
- Allocation of the transaction price to the performance obligation(s) in the contract (Step 4)
- Recognition of revenue when or as POH satisfies the performance obligations (Step 5)

The following revenue streams relate to exchange transactions and are described further below:

Program service fee revenues are recognized over time as POH incurs expenditures based on units of service related to the required services, the delivery of meals to customers. Amounts billed or received in advance are recorded as advances until the related services are performed. The nature, amount, and timing of payment for such services is not substantially impacted by economic factors.

Contributions and Other Revenue Not Subject to ASC 606

Contributions: POH recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues with donor restrictions. When a restriction expires or is met, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts on multi-year pledges is recorded as additional contribution revenue and as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions.

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 substantially met. Contributions are presented within net assets without donor-imposed restrictions when recognized.

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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

Cost-reimbursable contracts and grants: A portion of the POH's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the POH has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. No amounts have been received in advance under federal, state, and local contracts and grants.

Fundraising events: Fundraising event revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The POH recognizes fundraising events revenue equal to the fair value of direct benefits to donors in the period when the special event takes place. The POH recognizes the contribution element of fundraising event revenue immediately, unless there is a right of return if the event does not take place.

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.

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

	2025	2024
Donated food and food service supplies	\$ 1,505,966	\$ 1,098,384
Cost of food and food service supplies expensed	(1,505,966)	(1,098,384)
Net	\$ -	\$ -

POH recognizes contributions of property, plant, 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.

No significant contributions of property, plant, or equipment were received during the years ended June 30, 2025 and 2024, respectively.

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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

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.

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. 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. 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. POH has elected to apply the practical expedient in accordance with Accounting Standards Update ("ASU") No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets for Private Companies and Certain Not-for-Profit Entities*. Under this election, POH assumes that the current conditions at the statements of financial position dates do not change over the remaining life of the asset.

Contract assets and liabilities are as follows at:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>July 1, 2023</u>
<u>Contract assets:</u>			
Accounts and contracts receivable	\$ 557,037	\$ 897,987	\$ 463,777
Allowance for credit losses	<u>(176,976)</u>	<u>(21,163)</u>	<u>-</u>
Total contract assets, net	<u>\$ 380,061</u>	<u>\$ 876,824</u>	<u>\$ 463,777</u>
<u>Contract liabilities:</u>			
Unearned revenue	\$ 29,048	\$ -	\$ -
Total contract liabilities	<u>\$ 29,048</u>	<u>\$ -</u>	<u>\$ -</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
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>2025</u>	<u>2024</u>
Allowance for credit losses - beginning balance	\$ 21,163	\$ -
Current provision for expected credit losses	366,063	49,462
Write-offs charged against allowance (i.e. bad debt)	(210,250)	(30,901)
Recoveries of amounts previously written off	<u>-</u>	<u>2,602</u>
Allowance for credit losses - ending balance	<u>\$ 176,976</u>	<u>\$ 21,163</u>

The increase in write-offs related to receivables from health plans for which the appeal time expired or the clients to whom services were provided lost eligibility prior to collection.

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.

Conditional grants, 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 substantially met. Consequently, at June 30, 2025 and 2024, government reimbursement grants approximating \$3,011,000 and \$1,491,000, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not yet been met. They relate to federal funding of grocery programs for medical care. Reimbursement grants are presented within net assets without donor-imposed restrictions when recognized.

Pledges Receivable:

Pledges receivable consists of amounts due to POH per various 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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

Pledges receivable consist of the following at:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Pledges receivable - less than one year	\$ 5,118,558	\$ 774,803
Pledges receivable - one to five years	2,300,000	450,000
Discount on pledges receivable	(16,503)	(32,600)
Total pledges receivable, net	\$ 7,402,055	\$ 1,192,203

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 one the pledge was for \$750,000 and is receivable in 5 annual payments of \$150,000. Pledges receivable also includes a bequest for \$6,000,000, with \$4,000,000 anticipated to be collected during the year ending June 30, 2026 with the remainder to be collected during the year ending June 30, 2027. Management has determined the discount associated with the bequest anticipated to be collected subsequent to June 30, 2026 is immaterial to the financial statements.

The following table reflects the amounts of pledges receivable including any discounts in future years. The amounts for the year ending June 30, 2026 are included in pledges receivable - less than one year on the statements of financial position.

<u>Year Ending June 30,</u>			
2026		\$	5,118,558
2027			2,144,430
2028			139,067
Net			7,402,055
Unamortized discount			16,503
Total		\$	7,418,558

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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

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 at June 30, 2025. Investments received through gifts are recorded at estimated fair value at the date of donation.

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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

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, 2025 and 2024:

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).

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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

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 on the statements of financial position.

Unearned revenue is comprised of the following at June 30,:

	<u>2025</u>	<u>2024</u>
Advanced deposits	\$ 29,048	\$ -
Conditional promises to give	<u>104,000</u>	<u>71,746</u>
	<u>\$ 133,048</u>	<u>\$ 71,746</u>

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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

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, 2025 and 2024, 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, 2022.

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.

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:

POH has elected to apply the practical expedient in accordance with ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets for Private Companies and Certain Not-for-Profit Entities*. Under this election, POH assumes that the current conditions at the statements of financial position dates do not change over the remaining life of the asset.

Note 3
Concentrations of Credit Risk

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

See Note 2 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, 2025 and 2024, 1% and 45%, respectively, of receivables are due from government agencies.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 3
Concentrations of Credit Risk (Continued)

Significant Vendors:

A significant vendor is defined as one from which POH receives at least 10% its total purchases. For the year ended June 30, 2025, POH did not have any significant vendors meeting this criteria. For the year ended June 30, 2024, POH had purchases from a vendor 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.

Note 4
Liquidity and Availability of Resources

The following reflects POH's financial assets at the date of the statements of financial position, which have been reduced by amounts not available for general use because of donor or other contractual imposed restrictions within one year of the statements of financial position date. Amounts not available include amounts set aside for a liquidity reserve that could be drawn upon if the board approves that action.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
List of financial assets on the statements of financial position, at year-end:		
Cash	\$ 986,417	\$ 1,191,195
Accounts and contracts receivable, net	380,061	876,824
Unbilled receivables	5,244	-
Insurance proceeds receivable	100,000	-
Government grants receivable	1,100,583	707,128
Pledges receivable, net	7,402,055	1,192,203
Investments	5,584,468	4,728,992
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(7,701,532)</u>	<u>(1,366,247)</u>
Total financial assets available for general expenditure within one year	<u>\$ 7,857,296</u>	<u>\$ 7,330,095</u>

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.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

**Note 5
Investments**

Investments consisted of the following at June 30, 2025 and 2024:

	Assets at Fair Value at June 30, 2025			
	Level 1	Level 2	Level 3	Total Fair Value
<u>Investments:</u>				
Cash and cash equivalents	\$ <u>506,002</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>506,002</u>
Exchange traded funds	<u>4,794,866</u>	<u>-</u>	<u>-</u>	<u>4,794,866</u>
Mutual funds	<u>283,600</u>	<u>-</u>	<u>-</u>	<u>283,600</u>
Total investments	\$ <u><u>5,584,468</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>5,584,468</u></u>

	Assets at Fair Value at June 30, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
<u>Investments:</u>				
Cash and cash equivalents	\$ <u>6,393</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,393</u>
Exchange traded funds	<u>3,926,556</u>	<u>-</u>	<u>-</u>	<u>3,926,556</u>
Mutual Funds	<u>636,100</u>	<u>-</u>	<u>-</u>	<u>636,100</u>
<u>Fixed income securities:</u>				
U.S. treasury obligations	-	92,019	-	92,019
Corporate bonds	-	58,415	-	58,415
International bonds	<u>-</u>	<u>9,509</u>	<u>-</u>	<u>9,509</u>
Total fixed income securities	<u>-</u>	<u>159,943</u>	<u>-</u>	<u>159,943</u>
Total investments	\$ <u><u>4,569,049</u></u>	\$ <u><u>159,943</u></u>	\$ <u><u>-</u></u>	\$ <u><u>4,728,992</u></u>

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

	2025	2024
Interest and dividends	\$ 87,689	\$ 87,685
Realized gains (losses), net	(301)	7,026
Unrealized gains, net	<u>520,661</u>	<u>567,109</u>
Investment income, net	\$ <u><u>608,049</u></u>	\$ <u><u>661,820</u></u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 6
Property, Plant, and Equipment

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

	<u>2025</u>	<u>2024</u>
Land	\$ 900,000	\$ 900,000
Buildings and improvements	7,463,606	7,434,662
Equipment	1,326,327	1,212,205
Leasehold improvements	564,553	564,553
Motor vehicles	542,018	542,018
Software	226,003	202,508
Construction in progress	<u>274,933</u>	<u>-</u>
Property, plant, and equipment, at cost	11,297,440	10,855,946
Less: accumulated depreciation and amortization	<u>(7,552,895)</u>	<u>(6,970,634)</u>
Property, plant and equipment, net	<u>\$ 3,744,545</u>	<u>\$ 3,885,312</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024, totaled \$582,262 and \$548,492, respectively.

Note 7
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, 2025, there was no outstanding balance on this credit line, so the full amount was available for use at June 30, 2025. The applicable interest rate was 8.00% at June 30, 2025 and is secured by a first lien on POH's real property, receivables, inventory, and equipment. At June 30, 2024, there was an outstanding balance on this line of credit of \$1,000. The applicable interest rate was 9.00% at June 30, 2024 and was 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%.

During the year ended June 30, 2024, POH recorded \$9,642 of debt issuance costs, which was recognized upon signing the revolving line of credit with Wells Fargo Bank on January 26, 2024. During the years ended June 30, 2025 and 2024, POH recognized \$1,928 and \$804 of amortization expense related to debt issuance costs, respectively, which is included in interest expense in the accompanying Statements of Activities. Accumulated amortization expense related to debt issuance costs totaled \$2,732 and \$804 at June 30, 2025 and 2024, respectively.

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 7

Line of Credit and Debt Issuance Costs (Continued)

At June 30, 2025, maturities of future amortization of debt issuance costs are as follows:

Year Ending June 30,

2026	\$	1,928
2027		1,928
2028		1,928
2029		<u>1,126</u>
Total	\$	<u>6,910</u>

Note 8

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2025:

	<u>Beginning Balance June 30, 2024</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance June 30, 2025</u>
Program restrictions:				
California Food is Medicine Coalition	\$ 547,034	\$ 50,000	\$ (159,419)	\$ 437,615
HIV/AIDS	270,019	395,000	(463,769)	201,250
Wellness	269,008	276,248	(505,692)	39,564
Community Nutrition Program	233,353	11,500	(236,974)	7,879
Kitchen Operations	26,000	5,000	(26,000)	5,000
Other	-	60,542	(9,500)	51,042
Homebound Critically Ill	20,833	50,000	(54,167)	16,666
Information Technology	-	25,000	(25,000)	-
Time restricted	<u>-</u>	<u>6,942,516</u>	<u>-</u>	<u>6,942,516</u>
Totals	<u>\$ 1,366,247</u>	<u>\$ 7,815,806</u>	<u>\$ (1,480,521)</u>	<u>\$ 7,701,532</u>

**PROJECT OPEN HAND
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JUNE 30, 2025 AND 2024**

Note 10

Right of Use Assets (Continued)

The components of the leases for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 166,001	\$ 166,001
Cash paid for amounts included in the measurement of lease liabilities - operating leases	\$ 164,524	\$ 160,612
Weighted-average remaining lease term - operating leases	1.56 years	2.56 years
Weighted-average discount rate - operating leases	2.90 %	2.90 %

Maturities of the lease liabilities under the noncancelable operating leases at June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Total Lease Payment</u>
2026	\$ 170,625
2027	94,505
2028	<u>1,037</u>
Total undiscounted lease payments	266,167
Less: imputed interest	<u>(5,664)</u>
Total lease liabilities	<u>\$ 260,503</u>

Note 11

Rental Income

POH leases office space in San Francisco, California under non-cancelable operating lease agreements. During the year ended June 30, 2025, 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 \$971,167 and \$963,552 for the years ended June 30, 2025 and 2024, respectively.

The following is a schedule by year of minimum future rentals to be received on non-cancelable operating leases at June 30, 2025:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2026	\$ 903,046
2027	852,234
2028	877,802
2029	904,136
2030	<u>304,333</u>
Total	<u>\$ 3,841,551</u>

**PROJECT OPEN HAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12
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 13
Subsequent Events

Sale of Cell Tower Lease and Easement Rights:

On October 30, 2025, POH completed the sale and assignment of its cell tower lease and related easement rights at this property. The total consideration received was approximately \$1,400,000, net of customary closing adjustments and prorations. The transaction included the transfer of all rights and obligations under the existing lease agreement with the cell tower tenant at October 30, 2025. The rental income disclosure of minimum future rentals in Note 11 has been updated to reflect these changes implemented according to the executed agreement.

New Line of Credit

On November 24, 2025, the Organization entered into a new line of credit agreement in the amount of \$2,000,000 with a new bank. This line of credit is intended to replace the outstanding line of credit. The new line matures November 23, 2026. It is an interest-only promissory note bearing interest at the prime rate with a minimum rate of 5.00% due monthly. Funding on this line became available to POH on December 12, 2025.

Both subsequent events noted above represent non-recognized subsequent events in accordance with ASC 855. Therefore, no adjustments have been made to the financial statements as of the date of the statements of financial position for these transactions.

Management considered all events through March 23, 2026, 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, 2025, but prior to the issuance of this report, that would have a material impact on the financial statements.