

PROJECT OPEN HAND

JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

Project Open Hand

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Independent Auditors' Report

THE BOARD OF DIRECTORS
PROJECT OPEN HAND
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of **PROJECT OPEN HAND** which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

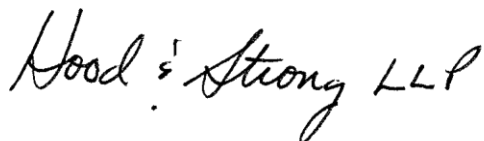
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Open Hand as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Project Open Hand's June 30, 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

San Francisco, California
December 6, 2017

Project Open Hand
Statement of Financial Position

<i>June 30, 2017 (with comparative totals for 2016)</i>	2017	2016
Assets		
Cash and cash equivalents	\$ 105,254	\$ 151,477
Accounts and contracts receivable	684,025	655,910
Contributions receivable	358,000	664,955
Prepaid expenses and other assets	184,389	130,105
Investments	2,567,561	2,334,943
Property and equipment, net	3,573,509	3,711,503
	\$ 7,472,738	\$ 7,648,893
Liabilities and Net Assets		
Liabilities:		
Line of credit	\$ 480,000	\$ 200,000
Accounts payable	134,050	191,267
Accrued liabilities	681,791	602,378
Total liabilities	1,295,841	993,645
Net Assets:		
Unrestricted:		
Board-designated	2,616,076	2,589,622
Undesignated	2,878,932	3,657,258
Total unrestricted net assets	5,495,008	6,246,880
Temporarily restricted	681,889	408,368
Total net assets	6,176,897	6,655,248
	\$ 7,472,738	\$ 7,648,893

See accompanying notes to financial statements.

Project Open Hand

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2017 (with comparative totals for 2016)

	2017			2016 Totals
	Unrestricted	Temporarily Restricted	Total	
Support and Revenues from Operations:				
Individual donations	\$ 2,979,334		\$ 2,979,334	\$ 2,964,181
Government grants	4,000,811		4,000,811	3,441,425
Bequests	898,080		898,080	1,051,109
Foundation donations	604,750	\$ 947,036	1,551,786	867,996
Fundraising events	409,895	175,000	584,895	801,858
Program service fees	580,982		580,982	639,351
Business and corporate donations	239,711	15,000	254,711	520,587
In-kind donations			-	14,800
Net assets released from restrictions	863,515	(863,515)	-	-
Total support and revenue	10,577,078	273,521	10,850,599	10,301,307
Operating Expenses:				
Program services:				
San Francisco:				
HIV Meal Delivery	1,543,982		1,543,982	1,737,699
HIV Grocery Services	456,229		456,229	521,421
HCI Meal Delivery	841,356		841,356	735,924
HCI Grocery Services	222,425		222,425	118,852
Senior Meals	4,684,869		4,684,869	3,889,550
CheFS Pilot Program	309,359		309,359	
East Bay:				
HIV Meal Delivery	367,205		367,205	517,057
HIV Grocery Services	129,817		129,817	98,656
HCI Meal Delivery	504,065		504,065	347,045
HCI Grocery Services	52,704		52,704	43,584
Total program services	9,112,011		9,112,011	8,009,788
Supporting services:				
Management and general	596,725		596,725	761,581
Development	2,507,845		2,507,845	2,002,979
Total supporting services	3,104,570		3,104,570	2,764,560
Total operating expenses	12,216,581		12,216,581	10,774,348
Change in Net Assets from Operations	(1,639,503)	273,521	(1,365,982)	(473,041)
Other Changes in Net Assets:				
Interest and dividends	60,662		60,662	59,456
Realized gains on investments	68,941		68,941	271,017
Unrealized gains (losses) on investments	130,597		130,597	(343,491)
Rental income	591,483		591,483	603,451
Miscellaneous	35,948		35,948	46,177
Total other revenue	887,631		887,631	636,610
Changes in Net Assets	(751,872)	273,521	(478,351)	163,569
Net Assets, beginning of year	6,246,880	408,368	6,655,248	6,491,679
Net Assets, end of year	\$ 5,495,008	\$ 681,889	\$ 6,176,897	\$ 6,655,248

See accompanying notes to financial statements.

Project Open Hand
Statement of Functional Expenses

Year Ended June 30, 2017 (with comparative totals for 2016)

	Program Services											Supporting Services			2017 Total	2016 Total	
	San Francisco						East Bay					Total Program Services	Management and General	Development			Total Support Services
	HIV		HCI		Senior		CheFS Pilot Program	HIV		HCI							
Meal Delivery	Grocery Services	Meal Delivery	Grocery Services	Private Meals	OOA Meals	Meal Delivery		Grocery Services	Meal Delivery	Grocery Services							
Personnel expense	\$ 987,850	\$ 207,477	\$ 606,680	\$ 110,348	\$ 483,484	\$ 2,466,357		\$ 239,862	\$ 61,316	\$ 346,794	\$ 19,716	\$ 5,529,884	\$ 310,750	\$ 1,295,348	\$ 1,606,098	\$ 7,135,982	\$ 6,099,148
Food and related purchases	277,900	194,072	80,812	90,412	210,761	584,244		43,992	42,674	26,608	24,938	1,576,413	6,318	3,475	9,793	1,586,206	1,532,145
Public information														309,503	309,503	309,503	157,500
Depreciation and amortization	47,807	10,073	30,162	4,746	28,144	128,456		9,502	3,228	16,156	1,006	279,280	68,711	37,791	106,502	385,782	363,136
Utilities/pest control/security	68,611	14,161	43,288	6,671	40,042	211,369		12,056	4,096	20,500	1,277	422,071	95,743	53,537	149,280	571,351	504,468
Supplies and small equipment	35,280	10,361	9,305	901	28,936	122,072		3,109	309	2,809	94	213,176	9,027	19,900	28,927	242,103	230,787
Rent and storage						10,651		25,805	8,767	43,878	2,733	91,834			-	91,834	89,767
Repairs and maintenance	14,182	3,126	8,947	1,473	8,349	39,869		2,023	687	3,440	214	82,310	20,579	11,318	31,897	114,207	107,967
Insurance	10,087	2,125	6,364	1,001	5,938	27,103		2,005	681	3,409	212	58,925	14,498	7,974	22,472	81,397	76,569
Vehicle expenses	9,151		5,774		5,387	24,589		9,174	3,116	15,598	972	73,761		12	12	73,773	79,987
Donor related expenses														428,861	428,861	428,861	820,650
Miscellaneous expenses	9,063	1,909	5,718	900	5,335	24,351		1,800	612	3,061	191	52,940	13,108	78,274	91,382	144,322	99,731
Public relations	13,928	2,862	8,788	1,348	8,285	37,847		3,188	1,083	5,490	338	83,157	7,866	8,398	16,264	99,421	22,544
Legal and professional	54,717	6,755	26,072	3,182	25,210	110,166	\$ 309,359	10,205	1,764	8,828	550	556,808	34,058	18,732	52,790	609,598	320,355
Postage and messengers	1,215	256	766	121	715	3,264		241	82	410	26	7,096	1,746	960	2,706	9,802	28,608
Event expense														203,964	203,964	203,964	105,214
Equipment rental	3,497	737	2,207	347	2,059	9,397		1,333	453	2,266	141	22,437	5,027	2,765	7,792	30,229	34,220
Volunteer recognition/recruitment	656	138	414	65	386	1,764		272	92	462	29	4,278	943	519	1,462	5,740	11,606
Printing	1,938	635	1,223	192	459	6,075		397	135	675	42	11,771	647	356	1,003	12,774	36,919
Dues and subscriptions	1,138	240	718	113	670	2,541		239	81	407	25	6,172	1,133	8,775	9,908	16,080	5,630
Board expense	714	150	451	71	420	1,919		142	48	241	15	4,171	1,026	565	1,591	5,762	2,455
Travel and business expenses	4,489	781	2,557	359	2,443	9,775		1,083	329	1,712	102	23,630	3,336	6,088	9,424	33,054	15,708
Conference expense	382	80	241	38	225	431		76	26	129	8	1,636	230	9,591	9,821	11,457	686
Data management	1,208	255	762	120	711	3,996		667	227	1,135	71	9,152	1,736	955	2,691	11,843	23,020
Taxes, licenses & permits	169	36	107	17	100	574		34	11	57	4	1,109	243	184	427	1,536	5,528
Total expense	\$ 1,543,982	\$ 456,229	\$ 841,356	\$ 222,425	\$ 858,059	\$ 3,826,810	\$ 309,359	\$ 367,205	\$ 129,817	\$ 504,065	\$ 52,704	\$ 9,112,011	\$ 596,725	\$ 2,507,845	\$ 3,104,570	\$ 12,216,581	\$ 10,774,348

See accompanying notes to financial statements.

Project Open Hand

Statement of Cash Flows

<i>June 30, 2017 (with comparative totals for 2016)</i>	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ (478,351)	\$ 163,569
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donated stock	(109,969)	(2,895)
Depreciation and amortization	385,782	363,136
Realized and unrealized (gain) loss on investments	(199,538)	72,474
Changes in assets and liabilities:		
Receivables	278,840	(578,597)
Prepaid expenses and other assets	(54,284)	(43,130)
Accounts payable	(57,217)	19,566
Accrued liabilities	67,287	56,630
Net cash (used in) provided by operating activities	(167,450)	50,753
Cash Flows from Investing Activities:		
Purchases of property and equipment	(235,662)	(119,027)
Purchases of investments	(816,315)	(2,087,324)
Proceeds from sale of investments	893,204	2,067,481
Net cash used in investing activities	(158,773)	(138,870)
Cash Flows from Financing Activities:		
Proceeds from line of credit	1,605,000	1,083,000
Repayments on line of credit	(1,325,000)	(1,083,000)
Net cash provided by financing activities	280,000	-
Net Change in Cash and Cash Equivalents	(46,223)	(88,117)
Cash and Cash Equivalents, beginning of year	151,477	239,594
Cash and Cash Equivalents, end of year	\$ 105,254	\$ 151,477
Noncash transactions:		
Accrued purchases of property and equipment	\$ 12,126	\$ -
Supplemental Cash Flow Information:		
In-kind donations	\$ -	\$ 14,800
Interest paid	\$ 13,105	\$ 8,248

See accompanying notes to financial statements.

Project Open Hand

Notes to Financial Statements

Note 1 - Organization:

Project Open Hand (POH) was established in October 1985 and incorporated in November 1986 as a nonprofit public benefit corporation. POH provides home delivered meals, groceries and nutrition education to people living with HIV/AIDS; congregate lunches, home delivered meals and nutrition education to seniors; home delivered meals and groceries to homebound and critically ill people.

POH's services are conducted in the California counties of San Francisco and Alameda and receive partial support from Federal Ryan White Act funds through the San Francisco and Alameda county public health departments. The senior program is funded through San Francisco's Office on the Aging, Alameda's Area Agency on Aging, senior contributions and donor contributions. POH is also funded through grants and donations from individuals, foundations and corporations.

During the year ended June 30, 2017, POH served 599,294 meals and provided 45,222 grocery bags to its clients.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

b. Description of Net Assets

POH reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets

Unrestricted net assets represent the portion of net assets that is neither temporarily restricted nor permanently restricted by donor-imposed stipulations. Also included in unrestricted net assets are funds designated by the Board to cover a percentage of budgeted operating expenses.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent the portion of net assets which contain donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of POH.

Project Open Hand

Notes to Financial Statements

Permanently Restricted Net Assets

Permanently restricted net assets represent the portion of net assets which contain donor-imposed stipulations that neither expire by passage of time nor can otherwise be removed by actions of POH. At June 30, 2017, POH did not have any permanently restricted net assets.

c. Revenue and Receivables

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.

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 temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted by the donor are reported as an increase in unrestricted net assets if the restriction is released in the same reporting period in which the support is received.

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.

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 Statement of Financial Position.

Receivables are stated at the amount management expects to collect from outstanding balances. POH has determined that all receivables are fully collectible and no allowance for uncollectible amounts has been recorded. This is based on previous experience and management's analysis. All receivables are anticipated to be collected within the next fiscal year.

d. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash, money market funds, and certificates of deposit. POH considers investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Project Open Hand

Notes to Financial Statements

e. Investments

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, 2017. Investments received through gifts are recorded at estimated fair value at the date of donation. Realized and unrealized gains and losses are reflected in the Statement of Activities and Changes in Net Assets. Dividend and interest income is accrued when earned.

f. Fair Value Measurements

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.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 such as quoted prices for similar securities or quoted prices in inactive markets.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

g. Inventory

Purchased inventory, which consists primarily of food, is stated at cost based on the stated unit price. Donated inventory is reflected as contributions at its fair value on the date of receipt. The inventory balance of \$108,623 as of June 30, 2017 is included within prepaid expenses and other assets on the Statement of Financial Position.

h. Property and Equipment

Property and equipment are stated at cost, when purchased, or, if donated, at the estimated fair market value at the time the donation is received. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 30 years. Leasehold improvements are amortized over the shorter of the asset life or the lease term. Renewals and improvements are capitalized; maintenance and repairs are charged to expense as incurred.

Project Open Hand

Notes to Financial Statements

i. Donated Goods and Services

Contributions of donated noncash assets are recorded at their fair values in the period received. 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 \$2,347,000 for the year ended June 30, 2017.

j. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited based on time records and on estimates made by management.

k. Allocation of Joint Costs

In 2017, POH incurred joint costs of \$309,503 for informational materials and activities that include fund-raising appeals. The amount was included in development expense under supporting services in the Statement of Functional Expenses.

l. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

m. Comparative Information

The financial statements include certain comparative information for which the prior year information is summarized in total but not by net asset class. Accordingly, such information should be read in conjunction with POH's financial statements for the year ended June 30, 2016, from which the summarized information is derived.

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Notes to Financial Statements

n. Income Taxes

POH is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from California franchise tax under Revenue and Taxation Code Section 23701(d).

As of June 30, 2017, management evaluated POH's tax positions and concluded that POH had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

o. Subsequent Events

POH has evaluated subsequent events from June 30, 2017 through December 6, 2017, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

p. Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-04 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. Amendments should be applied on a retrospective basis in the year the update is first applied. POH is currently evaluating the impact the amendments in this ASU will have on its financial statements.

In May 2014, the FASB issued *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. POH is currently evaluating the effect that the updated standard will have on its financial statements.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*. The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2019 with early application permitted. POH is currently evaluating the impact this guidance will have on its financial statements.

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Notes to Financial Statements

Note 3 - Investments and Fair Value Measurements:

Investments at June 30, 2017, which serve as collateral for the line of credit (Note 6), consist of the following:

	Fair Value	Cost
Cash and cash equivalents	\$ 89,597	\$ 89,597
Fixed income	895,050	879,111
Equities	1,277,565	1,069,986
Alternative investments	136,532	131,000
Real assets	168,817	170,852
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	\$ 2,567,561	\$ 2,340,546

The table below shows the input levels used (Note 2f) to determine the fair value of investments, and provides disaggregated information about the investments as of June 30, 2017.

	Total	Level 1	Level 2
Cash and cash equivalents	\$ 89,597	\$ 89,597	
Fixed income funds:			
Government obligations	293,825		\$ 293,825
Corporate obligations	313,200		313,200
Domestic mutual funds	139,749	139,749	
International mutual funds	148,276	148,276	
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Total fixed income funds	895,050	288,025	607,025

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Notes to Financial Statements

	Total	Level 1	Level 2
Equities:			
Consumer discretionary	123,944	123,944	
Consumer staples	39,258	39,258	
Energy	11,828	11,828	
Financials	75,683	75,683	
Health care	111,848	111,848	
Industrials	96,538	96,538	
Information technology	166,353	166,353	
Materials	27,595	27,595	
Utilities	16,865	16,865	
International equities	74,150	74,150	
Domestic mutual funds	104,101	104,101	
International mutual funds	421,715	421,715	
Other	7,687	7,687	
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Total equities	1,277,565	1,277,565	
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Alternative investments	136,532		136,532
<hr/>			
Real assets:			
Real estate investment trusts (REITS)	14,771		14,771
Real assets funds	154,046		154,046
<hr/>			
Total real assets	168,817		168,817
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Total Investments	\$ 2,567,561	\$ 1,655,187	\$ 912,374

Note 4 - Property and Equipment:

Property and equipment, at cost, consist of the following at June 30, 2017:

Land	\$ 900,000
Building and building improvements	6,120,401
Furniture and equipment	1,302,575
Leasehold improvements	43,688
Automobiles	540,715
Computers and software	438,048
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	9,345,427
Less accumulated depreciation and amortization	(5,771,918)
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	\$ 3,573,509

Project Open Hand

Notes to Financial Statements

Note 5 - Commitments:

Lessee

POH leases office space through 2018 and equipment through 2022 under non-cancelable operating leases. Future minimum annual lease payments are approximately as follows:

Year ending		
June 30,		
2018	\$	99,000
2019		57,000
2020		15,000
2021		14,000
2022		13,000
		<hr/>
	\$	198,000

Rent expense under all leases amounted to approximately \$134,000 for the year ended June 30, 2017.

Lessor

POH leases space in the building it owns in San Francisco to four tenants and expects to generate rental income of approximately the following:

Year ending		
June 30,		
2018	\$	555,000
2019		287,000
2020		146,000
2021		146,000
2022		135,000
		<hr/>
	\$	1,269,000

A lease agreement for a tenant expired in October 2016 and is currently under negotiation for two years. As the tenant is currently occupying space and paying rent, the minimum estimated rent receipts through October 2018 are included in the table above.

Note 6 - Line of Credit:

In February 2016, a revolving credit line was negotiated and opened with Wells Fargo Bank for \$1,000,000. The line was renewed in April 2017 for a line of \$1,300,000 maturing on February 15, 2018 with interest at 30 day LIBOR plus 1.95% (3.11% at June 30, 2017). At June 30, 2017, POH has an outstanding balance against the line in the amount of \$480,000.

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Notes to Financial Statements

In March 2017, an additional revolving credit line was negotiated and opened with Wells Fargo Bank for \$500,000. The line bears interest at the greater of the prime rate or 4% (4% at June 30, 2017) and matures on February 15, 2018. At June 30, 2017, there was no outstanding balance against the line.

Both lines are secured by the investment accounts and financial covenants are required to be met.

Note 7 - 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 8 - Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30, 2017 are restricted as follows:

Split interest agreement	\$ 24,122
Program restrictions	149,767
Time restrictions	508,000
	<hr/>
	\$ 681,889

During the year restricted net assets of \$863,515 were released from restrictions upon the passage of time or POH incurring expenses satisfying the restrictions.

Note 9 - Retirement Plan:

POH offers a 403(b) retirement and savings plan which matches 50% of employee contributions up to 3% of each employee's eligible compensation. POH's contribution for the plan year ended June 30, 2017 was approximately \$48,000.

Project Open Hand

Notes to Financial Statements

Note 10 - Concentration of Credit Risk and Support:

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

At various times during the year, POH has cash deposits in excess of federally insured limits.

Investments are diversified in order to limit market risk.

All receivables consist primarily of unsecured amounts due from individuals, corporations, foundations and government agencies. The credit risk associated with receivables is substantially mitigated by the large number of entities comprising the receivable balance. 55% of receivables at June 30, 2017 are due from government agencies.