

The Heimerdinger Foundation, Inc.

(A Nonprofit Corporation)

Financial Statements

With Independent Auditors' Report Thereon

For the Year Ended December 31, 2019

H A Beasley & Company, PLLC

Certified Public Accountants

Murfreesboro, Tennessee



H A Beasley & Company, PC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
The Heimerdinger Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Heimerdinger Foundation, Inc., which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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 auditors' 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 The Heimerdinger Foundation, Inc. as of December 31, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads 'H A Beasley & Company, PLLC'.

H A Beasley & Company, PLLC
August 12, 2020

A Positive Difference Through Professional Accounting Service

Phone: (615) 895-5675 • www.HABeasley.com • Fax: (615) 895-5660
P.O. Box 11669 • 111 MTCS Drive • Murfreesboro, TN 37129

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 343,928
Accounts receivable	860
Prepaid expense	1,630
Investments	<u>2,991</u>
Total current assets	349,409

PROPERTY AND EQUIPMENT, NET	23,196
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OTHER ASSETS

Restricted cash and equivalents	8,500
Other asset	<u>8,490</u>
Total other assets	<u>16,990</u>

TOTAL ASSETS	<u>\$ 389,595</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ <u>3,823</u>
Total current liabilities	3,823

NET ASSETS

Without donor restrictions	377,272
With donor restrictions	<u>8,500</u>
Total net assets	<u>385,772</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 389,595</u>
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See accompanying notes to financial statements and independent auditors' report.

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Individual donations	\$ 128,965	\$ -	\$ 128,965
Fundraising events, net	49,785	-	49,785
Other gifts and grants	68,939	8,500	77,439
In-kind donations	163,362	-	163,362
Other income	675	-	675
Total	411,726	8,500	420,226
Net assets released from donor restrictions:			
Satisfaction of program restrictions	-	-	-
Total revenue and support	411,726	8,500	420,226
Expenses			
Program services	205,167	-	205,167
Supporting services:			
Management and general	122,375	-	122,375
Fundraising	44,933	-	44,933
Total expenses	372,475	-	372,475
Other income			
Dividend income	272	-	272
Interest income	4,828	-	4,828
Unrealized gain on investment	364	-	364
Total other income	5,464	-	5,464
CHANGE IN NET ASSETS	44,715	8,500	53,215
NET ASSETS AT BEGINNING OF YEAR	332,557	-	332,557
NET ASSETS AT END OF YEAR	\$ 377,272	\$ 8,500	\$ 385,772

See accompanying notes to financial statements and independent auditors' report.

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Supporting Services		
	Program Services	Management and General	Fundraising	Totals
Compensation and related expenses:				
Wages	117,135	\$ 13,939	\$ 38,380	\$ 169,454
Payroll taxes	9,286	1,071	3,126	13,483
Other payroll expense	6,941	657	-	7,598
Total compensation and related expenses	133,362	15,667	41,506	190,535
Advertising	2,465	1,486	-	3,951
Bank charges	484	43	22	549
Bookkeeping and financial management	-	15,875	-	15,875
Charitable contributions	-	372	-	372
Commissions and fees	-	175	-	175
Computer and software	518	1,958	-	2,476
Depreciation expense	-	2,856	-	2,856
Dues and subscriptions	-	6,805	-	6,805
Event Gifts	-	96	-	96
Insurance	-	3,172	-	3,172
Business fees	210	558	-	768
Loss on bad debts	-	1,100	-	1,100
Marketing and website	-	5,374	-	5,374
Meals for Health and Healing	46,211	-	-	46,211
Membership fees	100	4,780	-	4,880
Office expense	1,981	1,405	-	3,386
Other expense	-	2,047	-	2,047
Postage and shipping	-	483	-	483
Printing	88	284	-	372
Professional fees	-	52,576	-	52,576
Rent	19,124	3,418	2,563	25,105
Telephone and internet	624	831	624	2,079
Travel, meals and entertainment	-	1,014	218	1,232
Total functional expenses	<u>\$ 205,167</u>	<u>\$ 122,375</u>	<u>\$ 44,933</u>	<u>\$ 372,475</u>

See accompanying notes to financial statements and independent auditors' report.

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 53,215
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,856
Unrealized gain on investments	(357)
Non-cash donation of investments	(1,383)
Non-cash donation of equipment	(17,899)
Increase in operating assets:	
Accounts receivable	(620)
Prepaid expenses	(1,630)
Increase in operating liabilities:	
Accrued expenses	1,521
Net cash provided by operating activities	<u>35,703</u>
Net increase in cash and equivalents and restricted cash	35,703
Beginning cash and equivalents and restricted cash	<u>316,725</u>
Ending cash and equivalents and restricted cash	<u>\$ 352,428</u>

See accompanying notes to financial statements and independent auditors' report.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Heimerdinger Foundation, Inc. (the “Foundation”) is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code located in Nashville, Tennessee. The Foundation is dedicated to raising awareness in the Middle Tennessee community about healthy lifestyles and nourishing meal preparation. The Foundation strives to be a resource for those who are undergoing cancer treatments by providing guidance, support, and delicious organic meals.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis.

Basis of Presentation

The Foundation presents its financial statements in accordance with *Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, Financial Statements for Not-for-Profit Entities*. Accordingly, the Foundation reports information regarding its financial position and activities according to the two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Foundation.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as revenue with restrictions, when received, and such unexpended amounts are reported as net assets with restrictions at year-end. When the donor restriction expires that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from donor restrictions”. Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and other support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Equivalents

Cash and equivalents and restricted cash include cash and short-term investments with an initial maturity date of three months or less.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consist of meals provided to patients after they have received the first twelve weeks of meals at no cost. The accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Accounts with balances greater than 30 days old are considered past due receivable accounts. The Foundation does not charge interest or a finance charge on past due receivable accounts. The Foundation has estimated an allowance for doubtful accounts which is based on management's judgment of such factors as prior collection history. As of December 31, 2019, management has estimated the allowance for uncollectible accounts receivable to be \$1,100.

Investments

The Foundation follows the Not-For-Profit Entities subtopic and Revenue Recognition subtopic of the FASB ASC with respect to investments. Under this subtopic, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position.

The Fair Value Measurements and Disclosures topic of FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Foundation uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

Unrealized gains and losses are included in the change in net assets without donor restrictions

Property and Equipment

Property and equipment are recorded at cost or, for donated items, at fair value as of the date received. The Foundation capitalizes all property and equipment expenditures with a cost of \$1,000 or more. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected on the statement of activities. For financial statement purposes, depreciation is computed using the straight-line method over the estimated useful lives of assets. Furniture and equipment are depreciated over a range of 5-7 years.

Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in temporarily restricted net assets. When restrictions are considered met, an appropriate amount is reclassified to unrestricted net assets. The useful lives of the long-lived assets are calculated based on the Foundation's depreciation policy.

Contributions

Contributions are recognized as revenues when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

All other donor-restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

The Foundation offers meals to cancer patients and their caretakers at no cost for the first twelve weeks. After that, the Foundation charges a fee for the service. The Foundation recognizes revenue upon date of service.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to program or supporting functions of the Foundation. Those expenses include administrative wages and related payroll expenses which have been allocated based on the employee's estimates of time and effort in the various functional categories. Other expenses including office rent and telephone and internet costs have been allocated based on estimates of the usage of the office space.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) whereby only unrelated business income, as defined in Section 512(a)(1) of the Code, is subject to federal income tax. With few exceptions, the Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2016, and to state tax authorities for years before 2014.

The Foundation has evaluated its tax positions for all open tax years. Based on the evaluation of the Foundation's tax positions, management believes all tax positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain positions has been recorded for the year ended December 31, 2019.

Advertising Costs

The Foundation expenses the cost of non-direct responsive advertising as incurred. For the year ended December 31, 2019, advertising costs totaled \$3,951.

NOTE B –NEW AUTHORITATIVE ACCOUNTING GUIDANCE

ASU 2016-15

During the year ended December 31, 2019, the Foundation implemented *FASB ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* addressing the presentation of certain cash receipts and payments. The Foundation did apply the standard retrospectively but they did not have any of these specific transactions, thus there was no material impact on the Foundation's results of operations, financial condition, or cash flows upon adoption of the new standard.

ASU 2016-18

During the year ended December 31, 2019, the Foundation implemented *ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash* which requires the Foundation to report the nature of restrictions on its cash, cash equivalents and restricted cash amounts and also explain changes during the period in total cash, cash equivalents and amounts generally described as restricted cash on the statement of cash flows. The Foundation did apply this new standard retrospectively, but there was no material impact on the Foundation's change in net assets and cash flows upon adoption of the new standard. The statement of financial position now reflects both cash and equivalents and restricted cash.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE C- INVESTMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2019:

	Cost	Value
Equity securities	\$ 2,443	\$ 2,991
Totals	<u>\$ 2,443</u>	<u>\$ 2,991</u>

For donated investments, cost is determined to be the fair value at the date of gift. During the year ended December 31, 2019, the Foundation received \$1,383 in donated investments. As of December 31, 2019, the unrealized gain on investments totaled \$548. The equity securities are shown in the statement of financial position as current assets.

The Level 1 investments are reported at fair value on a recurring basis determined by reference to quoted market prices for identical assets. The following table sets forth a summary of changes in the fair value of the Foundation's Level 1 investments for the year ended December 31, 2019:

	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Totals
Equity securities	\$ 2,991	\$ -	\$ -	\$ 2,991
Totals	<u>\$ 2,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,991</u>

NOTE D – PROPERTY AND EQUIPMENT, NET

Property and equipment, net is composed of the following as of December 31, 2019:

Furniture and equipment	\$ 34,663
Less: Accumulated depreciation	<u>(11,467)</u>
Total property and equipment, net	<u>\$ 23,196</u>

For the year ended December 31, 2019, depreciation expense totaled \$2,856.

The Foundation received contributions of kitchen equipment during the year ended December 31, 2019 with a fair value of \$17,899. This equipment is to be used when the Foundation acquires their own space for preparing the meals for clients. These assets are included in the furniture and equipment but will not be depreciated until they are placed in service.

NOTE E – ACCRUED EXPENSES

Accrued expenses are composed of payroll related liabilities and accrued payroll of \$3,823 as of December 31, 2019.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE F – LEASE OBLIGATIONS

The Foundation leases office space from a vendor under an operating lease agreement. This lease agreement requires monthly lease payments of \$630 through January 2020. The lease matures in January 2020 thus future lease payments are \$630 for the year ending December 31, 2020. The Foundation also leases two storage units on a month to month basis. Rent expense for the office space and storage units totaled \$8,545 for the year ended December 31, 2019.

NOTE G – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors has not designated any net assets for specific purposes as of December 31, 2019.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the purpose of providing a garden for growing fresh vegetables and herbs to be used in cooking meals for clients, operating specific programs, holding seminars for cancer patients and development of a website. Net assets with donor restrictions received during the year ended December 31, 2019 totaled \$21,538.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specifically made by donors. These restrictions were met by incurring costs for the garden and providing meals to clients in Davidson and Williamson counties in Tennessee. During the years ended December 31, 2019, net assets released from restriction totaled \$13,038.

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation is supported in part by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus some financial assets may not be available for general expenditure within one year.

The following reflects the Foundation's assets as of December 31, 2019, reduced by amounts not available for general use because of contractual or donor imposed restriction within one year of the date of the statement of financial position.

Financial assets as of December 31, 2019:	
Cash and equivalents	\$ 343,928
Restricted cash	8,500
Accounts receivable, net	860
Prepaid expense	1,630
Investments	<u>2,991</u>
Total financial assets	357,909
Less those unavailable for general expenditures within one year due to	
Contractual or donor-imposed restrictions	<u>8,500</u>
Total unavailable for general expenditures within one year	<u>8,500</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 349,409</u></u>

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE J – DONATED SERVICES, ITEMS AND FACILITIES

The Foundation received donated services throughout the year ended December 31, 2019. The total value of the donated services recognized as revenue for the year ended December 31, 2019 were for the services of a bookkeeper of approximately \$35,816, an attorney of approximately \$5,325, a graphic designer of approximately \$2,373, kitchen staff and meal delivery drivers of approximately \$6,032, and advertising services of approximately \$21,500 totaling an estimated \$71,046 in donated services for the year ended December 31, 2019. Donated facilities for the kitchen where meals are prepared totaled \$16,560 for the year ended December 31, 2019.

The Foundation received donated items totaling \$65,857 throughout the year ended December 31, 2019. This consisted of donated kitchen equipment of \$17,899, donated produce of \$1,160, donated subscriptions of \$1,426, donated computer software of \$500, donated items for fundraising events of \$52,730, and other various office supplies of \$1,511. This totals an estimated \$75,756 of donated items received during the year ended December 31, 2019.

The donated services, items and use of facilities totaled \$163,362 for the year ended December 31, 2019 and is reflected in the statement of activities as in-kind donations.

NOTE K - CONCENTRATION OF RISK

At times throughout the year, the Foundation may maintain cash balances in certain accounts in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000 for substantially all depository accounts. As of December 31, 2019, the Foundation did not have any funds in excess of the FDIC limits.

NOTE L – CASH FLOW INFORMATION

During the year ended December 31, 2019, there were no cash payments of interest or income taxes. During the year ended December 31, 2019, non-cash investing activities consisted of the receipt of donated stock totaling \$1,383, and the receipt of donated equipment totaling \$17,899.

Reconciliation of cash and equivalents and restricted cash reported within the statement of financial position to the total of the same amounts shown on the statement of cash flows is as follows as of December 31, 2019.

Cash and equivalents	\$ 343,928
Restricted cash	<u>8,500</u>
Total cash and equivalents and restricted cash	<u>\$ 352,428</u>

Restricted cash as of December 31, 2019 is for use in the development of a website for the Foundation and for seminars to be held for cancer patients regarding nutrition. The funds were restricted by the donors for these purposes.

NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 12, 2020, which is the date the financial statements were available to be issued.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE M - SUBSEQUENT EVENTS (CONTINUED)

Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Foundation's financial position, changes in net assets and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

There have been no other adjustments to the financial statements to include any subsequent transactions or events.