

BOTH HANDS FOUNDATION

**FINANCIAL STATEMENTS &
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2022 AND 2021

BOTH HANDS FOUNDATION

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Both Hands Foundation:

Opinion

We have audited the accompanying financial statements of Both Hands Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 referred to above present fairly, in all material respects, the financial position of Both Hands Foundation as of December 31, 2022 and 2021, 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. 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 Both Hands Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Both Hands Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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, 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 Both Hands Foundation'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 Both Hands Foundation'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.

Correction of Error

As described in Note 10 to the financial statements, Both Hands Foundation has corrected errors related to the changes in accounting records subsequent to year end. Our opinion is not modified with respect to that matter.

Mullins Clemmons + Mayes, PLLC

Brentwood, Tennessee
April 11, 2023

BOTH HANDS FOUNDATION**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,558,088	\$ 2,723,393
Investments	727,181	-
Total current assets	<u>3,285,269</u>	<u>2,723,393</u>
PROPERTY AND EQUIPMENT:		
Automobile	25,084	25,084
Furniture and fixtures	812	812
Website	35,875	35,875
Computers and equipment	<u>11,462</u>	<u>11,462</u>
Total cost	73,233	73,233
Less accumulated depreciation	<u>(45,696)</u>	<u>(32,889)</u>
Property and equipment, net	<u>27,537</u>	<u>40,344</u>
TOTAL ASSETS	<u>\$ 3,312,806</u>	<u>\$ 2,763,737</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accrued liabilities	\$ 5,445	\$ 13,490
Total current liabilities	<u>5,445</u>	<u>13,490</u>
NET ASSETS:		
Without donor restrictions	2,056,278	1,645,650
With donor restrictions	<u>1,251,083</u>	<u>1,104,597</u>
Total net assets	<u>3,307,361</u>	<u>2,750,247</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,312,806</u>	<u>\$ 2,763,737</u>

The accompanying notes are an integral part of the financial statements.

BOTH HANDS FOUNDATION**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:			
Contributions	\$ 1,231,531	\$ 1,285,385	\$ 2,516,916
In-kind donations	71,477	-	71,477
Other unrestricted revenues	6,362	-	6,362
Interest	22,572	-	22,572
Gain on sale of asset	-	-	-
Net assets released from restrictions	1,138,899	(1,138,899)	-
Net investment return	6,562	-	6,562
Total support, revenues and reclassifications	<u>2,477,403</u>	<u>146,486</u>	<u>2,623,889</u>
EXPENSES:			
Program services	1,658,386	-	1,658,386
General and administrative	135,524	-	135,524
Development and fundraising	272,865	-	272,865
Total expenses	<u>2,066,775</u>	<u>-</u>	<u>2,066,775</u>
NET CHANGE IN NET ASSETS	410,628	146,486	557,114
NET ASSETS, BEGINNING	<u>1,645,650</u>	<u>1,104,597</u>	<u>2,750,247</u>
NET ASSETS, ENDING	<u><u>\$ 2,056,278</u></u>	<u><u>\$ 1,251,083</u></u>	<u><u>\$ 3,307,361</u></u>

The accompanying notes are an integral part of the financial statements.

BOTH HANDS FOUNDATION**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Contributions	\$ 1,166,618	\$ 1,371,709	\$ 2,538,327
In-kind donations	36,810	-	36,810
Other unrestricted revenues	1,122	-	1,122
Interest	5,672	-	5,672
Net assets released from restrictions	<u>1,184,042</u>	<u>(1,184,042)</u>	<u>-</u>
Total support, revenues and reclassifications	<u>2,394,264</u>	<u>187,667</u>	<u>2,581,931</u>
EXPENSES:			
Program services	1,516,621	-	1,516,621
General and administrative	119,186	-	119,186
Development and fundraising	<u>218,997</u>	<u>-</u>	<u>218,997</u>
Total expenses	<u>1,854,804</u>	<u>-</u>	<u>1,854,804</u>
NET CHANGE IN NET ASSETS	539,460	187,667	727,127
NET ASSETS, BEGINNING	<u>1,106,190</u>	<u>916,930</u>	<u>2,023,120</u>
NET ASSETS, ENDING	<u><u>\$ 1,645,650</u></u>	<u><u>\$ 1,104,597</u></u>	<u><u>\$ 2,750,247</u></u>

The accompanying notes are an integral part of the financial statements.

BOTH HANDS FOUNDATION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services	Supporting Services		
	Widow and Orphan Projects	Management and General	Development and Fundraising	Total Expenses
Salaries	\$ 197,357	\$ 70,728	\$ 118,982	\$ 387,067
Employee benefits	16,038	6,338	9,531	31,907
Payroll taxes	15,039	5,396	9,021	29,456
Total personnel costs	228,434	82,462	137,534	448,430
Legal and professional	-	10,176	-	10,176
Dues and memberships	-	2,201	-	2,201
Postage and printing	-	16,329	-	16,329
Administrative expenses	18,359	7,343	11,015	36,717
Fundraising	-	-	31,037	31,037
Processing fees	25,274	308	5,240	30,822
Automobile	2,136	1,424	3,560	7,120
Dining and entertainment	1,747	1,165	2,912	5,824
Donor development	-	-	52,328	52,328
Education	-	-	218	218
Occupancy	4,388	2,925	7,313	14,626
Gifts given	49	1,526	49	1,624
Insurance	3,886	1,110	555	5,551
Marketing	1,593	74	2,037	3,704
Website and information technology	4,275	1,425	1,425	7,125
Travel	6,527	4,351	10,878	21,756
Book public relations	216	144	360	720
Support provided to adopting families	1,075,899	-	-	1,075,899
Orphan care funds disbursed	172,831	-	-	172,831
Project matching funds disbursed	7,000	-	-	7,000
Building and repair supplies	101,930	-	-	101,930
Total expenses before depreciation and other expenses	1,654,544	132,963	266,461	2,053,968
Depreciation	3,842	2,561	6,404	12,807
Total expenses	<u>\$ 1,658,386</u>	<u>\$ 135,524</u>	<u>\$ 272,865</u>	<u>\$ 2,066,775</u>

The accompanying notes are an integral part of the financial statements.

BOTH HANDS FOUNDATION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Supporting Services		
	Widow and Orphan Projects	Management and General	Development and Fundraising	Total Expenses
Salaries	\$ 191,982	\$ 66,703	\$ 120,995	\$ 379,680
Employee benefits	11,331	4,903	5,768	22,002
Payroll taxes	15,062	5,298	9,268	29,628
Total personnel costs	218,375	76,904	136,031	431,310
Legal and professional	-	12,247	-	12,247
Dues and memberships	-	2,155	-	2,155
Postage and printing	2,187	1,504	9,979	13,670
Contract labor	-	4,880	-	4,880
Administrative expenses	5,107	2,043	3,064	10,214
Fundraising	-	-	14,891	14,891
Processing fees	24,779	150	5,106	30,035
Automobile	2,550	1,700	4,250	8,500
Dining and entertainment	1,651	1,101	2,752	5,504
Donor development	-	-	13,444	13,444
Education	-	1,112	-	1,112
Taxes	-	397	-	397
Occupancy	3,828	2,552	6,380	12,760
Gifts given	168	5,257	168	5,593
Insurance	2,108	602	301	3,011
Marketing	6,586	306	8,424	15,316
Website and information technology	5,567	1,856	1,856	9,279
Travel	2,863	1,909	4,772	9,544
Support provided to adopting families	1,184,042	-	-	1,184,042
Donations to other ministries	1,500	-	-	1,500
Building and repair supplies	24,734	-	1,302	26,036
In kind supplies donated	26,810	-	-	26,810
Total expenses before depreciation and other expenses	1,512,855	116,675	212,720	1,842,250
Depreciation	3,766	2,511	6,277	12,554
Total expenses	<u>\$ 1,516,621</u>	<u>\$ 119,186</u>	<u>\$ 218,997</u>	<u>\$ 1,854,804</u>

The accompanying notes are an integral part of the financial statements.

BOTH HANDS FOUNDATION**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net change in net assets	\$ 557,114	\$ 727,127
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Depreciation	12,807	12,553
Net changes in other operating assets and liabilities:		
Net realized (gains) loss on investments	(5,689)	-
Accounts payable and accrued liabilities	<u>(8,045)</u>	<u>12,685</u>
Net cash provided by operating activities	<u>556,187</u>	<u>752,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(17,925)
Purchases of investments	(750,000)	-
Cash proceeds from disposal of investments	<u>28,508</u>	<u>-</u>
Net cash used in investing activities	<u>(721,492)</u>	<u>(17,925)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(165,305)	734,440
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,723,393</u>	<u>1,988,953</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,558,088</u>	<u>\$ 2,723,393</u>

The accompanying notes are an integral part of the financial statements.

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

NOTE 1 – THE ENTITY

Both Hands Foundation (the "Foundation") was incorporated under the Tennessee Nonprofit Corporation Act on January 31, 2008. The Foundation, a religious corporation, is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation, as stated in its mission statement, is to serve widows, orphans and Christian adoptive families by helping Christian adoptive families fund their adoptions by coordinating service projects to provide repairs and maintenance to the homes of widows. The Foundation is located in Nashville, Tennessee.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods - All references to 2022 and 2021 in these financial statements refer to the years ended December 31, 2022 and December 31, 2021, respectively, unless otherwise noted.

Basis of Accounting - The Foundation uses the accrual basis of accounting; therefore, revenue is recognized when earned and expenses are recognized when incurred. Gifts are considered available for unrestricted use unless specifically restricted by the donor.

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions – Net assets whose use by the Foundation is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of the Foundation pursuant to those restrictions or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2022 and 2021, the Foundation had no perpetual restrictions on net assets.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, cash in various bank accounts, and all highly liquid investments with an original maturity of three months or less. The Foundation may, at times, maintain bank accounts whose balances exceed federally insured limits. However, the Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - Investments are reported at fair value. Fair value is 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. Net investment gain or loss, whether realized or unrealized, is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expense.

The Foundation's investments are held and managed by Raymond James investment advisors who report regularly to the Foundation.

The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

See Notes 4 and 9 for further details related to investments.

Property and Equipment - Expenditures for additions, major renewals and betterment of property and equipment are capitalized and recorded at cost. The fair value of donated property and equipment is similarly capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed by using the straight-line method over the estimated useful lives of the assets which ranges from three to seven years.

Donated Materials and Services - Donated materials, services and use of facilities are recognized as contributions at their estimated fair values at date of receipt. The Organization determines fair value based on the estimated replacement cost of the donated materials and services. The Foundation operates out of facilities donated by a member of the Board of Directors. The total value of donated facilities, services and goods meeting the requirements for recognition in the financial statements was \$71,470 and \$36,810 for the years ending December 31, 2022 and 2021, respectively. There were no donor imposed restrictions on the donated materials and services for the years ending December 31, 2022 and 2021. Donated materials are utilized in the repair and remodeling of widow's homes.

Income Taxes - As mentioned in Note 1, the Foundation is a tax-exempt organization; accordingly, no provision for income taxes is included in the accompanying financial statements.

The Foundation files an annual information return (Form 990) with the U.S. government. At December 31, 2022, the Foundation is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before December 31, 2019.

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs - Advertising costs, which also include marketing and development, are expensed as incurred. Advertising costs were \$17,347 and \$25,805 for the years ended December 31, 2022 and 2021, respectively.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note 6 for further details related to functional expenses.

Events Occurring after Reporting Date – Management has evaluated events and transactions that occurred through April 11, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Foundation receives support without donor restrictions. Support without donor restrictions has historically represented approximately 132% of annual general funding needs.

The Foundation considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and building supplies expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following two guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets

BOTH HANDS FOUNDATION**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
DECEMBER 31, 2022 AND 2021**NOTE 3 – AVAILABILITY AND LIQUIDITY (CONTINUED)**

The following presents financial assets available for general expenditures within one year at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,558,088	\$ 2,723,393
Investments	<u>727,181</u>	<u>-</u>
Total financial assets	<u>3,285,269</u>	<u>2,723,393</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(1,251,083)</u>	<u>(1,104,597)</u>
Financial assets not available to be used within one year	<u>(1,251,083)</u>	<u>(1,104,597)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,034,186</u>	<u>\$ 1,618,796</u>

NOTE 4 – INVESTMENTS

The Foundation had no investments for the year ended 2021.

The fair value and cost of investments consisted of the following at December 31, 2022:

	<u>2022</u>
Corporate debt securities	\$ 192,244
Annuities	251,426
Equity securities - common stocks	<u>283,511</u>
Total investments	<u>\$ 727,181</u>

The net investment return consisted of the following for 2022:

	<u>2022</u>
Interest and dividend income	\$ 5,841
Net realized and unrealized gains (losses)	<u>721</u>
Total investment return	<u>\$ 6,562</u>

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 4 – INVESTMENTS (CONTINUED)

The Foundation has established certain investment allocation guidelines for the Foundation's investment portfolio. The investment allocations at December 31, 2022 were as follows:

	Board Approved \$	Fair Values
US Equities	\$ 300,000	\$ 283,511
Annuities	250,000	251,426
Fixed Income Securities	200,000	192,244
Total investments	<u>\$ 750,000</u>	<u>\$ 727,181</u>
Cash Reserves	\$ -	\$ 28,508

See Note 9 for further details related to the fair values of investments.

NOTE 5 – NET ASSETS

Donor restricted net assets consist entirely of contributions for adoption assistance. Once the donor restricted contributions are used for adoption assistance, they are reported as net assets released from restrictions in the statements of activities. Net assets released from restrictions totaled \$1,138,899 and \$1,184,042 for the years ending December 31, 2022 and 2021, respectively.

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Foundation maintains a SIMPLE IRA plan (the Plan) for the benefit of its employees. Eligible employees may voluntarily contribute from their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. The Foundation's contributions to the plan for the years ending December 31, 2022 and 2021 were \$4,999 and \$3,409, respectively.

NOTE 7 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses which are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis which is consistently applied. The expenses which are allocated include occupancy, which is allocated on a square footage basis, as well as salaries, benefits and payroll taxes, postage and printing, administrative expenses, processing fees, automobile, dining, gifts, insurance, marketing, information technology, travel and depreciation, which are allocated on the basis of estimated time and effort.

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Grant expenditures are subject to review and audit by the grantors in the normal course of operations. Any reviews and audits could result in disallowance of expenditures, and therefore, a return of grant funds to the grantor. Management believes that no unallowable expenditures have been incurred under any of its grants. Accordingly, no provision has been made for any potential return of funds to any of its grantors.

NOTE 9 – FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a framework for measuring fair value and expands the related disclosure requirements. Fair value is the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The literature establishes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. The hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – Quoted prices for identical assets in active markets.

Level 2 – Quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets which are not active; and model-driven valuations whose inputs are observable or whose significant assumptions are observable principally from or corroborated by observable market data through correlation.

Level 3 – Significant inputs to the valuation model are unobservable.

A financial asset or liability's classification within the hierarchy is determined based on the lowest input which is significant to the fair value measurement. Inputs used in valuing financial assets are not necessarily indicative of the risk associated with investing in the assets.

The following table presents assets and liabilities measured at fair value on a recurring basis at December 31, 2022:

		Fair Value Measurements at Reporting Date Using	
	Fair Value	(Level 1)	(Level 2)
At December 31, 2022:			
Corporate debt securities and bond funds	\$ 192,244	\$ 192,244	\$ -
Annuities	251,426	-	251,426
Registered investment companies	283,511	283,511	-
Total	\$ 727,181	\$ 475,755	\$ 251,426

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **DECEMBER 31, 2022 AND 2021**

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

The valuation techniques used to measure the fair values in the tables above are as follows:

Level 1 Fair Value Measurements:

Mutual funds and money market funds are valued using both the closing market price reported on the active market on which the fund is traded and market observable inputs for similar assets which are traded on an active market and primarily consist of money market and bond funds. The bond funds primarily provide exposure to intermediate-term fixed income securities.

Level 2 Fair Value Measurements

Annuity values have been reported by the issuing insurance company and may not reflect the same registration account as policy. Information provided is as of the stated valuation date and may not reflect any applicable surrender changes, market value adjustments, loan balances, or any other charges which may be applied impacting the value received upon surrender.

NOTE 10 – CORRECTION OF ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Financial statement errors, as briefly described below, were identified subsequent to the release of the 2021 Both Hands Foundation ("The Foundation's") financial statements. The Foundation has concluded that these errors are material to the previously issued financial statements for the year ended December 31, 2021 and has restated the financial statements.

Summary of Errors

There were changes to the accounting records subsequent to year end that caused the financial statements to be misstated. The financial statement impact of the noted errors is summarized in the table below:

	2021, as originally reported	2021 Restated	Change
Assets	\$ 2,731,029	\$ 2,763,737	\$ 32,708
Liabilities	13,437	13,500	63
Net Assets	2,717,592	2,750,247	32,655
Revenue & Support	2,548,957	2,581,929	32,972
Expenses	1,854,720	1,854,802	82
Net changes in net assets	<u>\$ 694,237</u>	<u>\$ 727,127</u>	<u>\$ 32,890</u>