

The Heimerdinger Foundation, Inc.

(A Nonprofit Corporation)

Financial Statements

With Independent Auditors' Report Thereon

For the Year Ended December 31, 2022

H A Beasley & Company, PLLC

Certified Public Accountants

Murfreesboro, Tennessee



**H A Beasley
& Company, PLLC**

Certified Public Accountants

Independent Auditors' Report

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

Opinion

We have audited the financial statements of The Heimerdinger Foundation, Inc., which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Heimerdinger Foundation, Inc. as of December 31, 2022 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Heimerdinger Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note B to the financial statements, during the year ending December 31, 2022, the Organization adopted the new accounting guidance in *Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)"* which requires lessees to recognize a right-of-use asset and lease liability for all leases with terms greater than 12 months. This update also included new disclosure requirements for leases. The Organization also adopted *ASU 2018-10, "Codification Improvements to Topic 842, Leases," ASU 2018-11, "Leases (Topic 842): Targeted Improvements," ASU 2019-01, "Leases (Topic 842): Codification Improvements,"* and *ASU 2021-09, "Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities."* These updates all provided further transitional guidance and additional clarification in implementing *ASU No. 2016-02*.

As discussed in Note B to the financial statements, in the year ending December 31, 2022 the Organization also adopted the new accounting guidance in *FASB ASU No. 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which includes specific presentation and disclosure requirements for contributed nonfinancial assets, and *FASB ASU No. 2020-10, "Codification Improvements"* which was issued to clarify certain items in the Accounting Standards Codification (ASC).

Our opinion is not modified with respect to these matters.

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.

A Positive Difference Through Professional Accounting Service

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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 The Heimerdinger Foundation, Inc.'s ability to continue as a going concern for 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 GAAS 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 GAAS, 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 The Heimerdinger Foundation, Inc.'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 The Heimerdinger Foundation, Inc.'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.



H A Beasley & Company, PLLC
June 22, 2023

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS	
Cash and equivalents	\$ 445,094
Inventory, net	8,185
Investments	<u>13,538</u>
Total current assets	466,817
PROPERTY AND EQUIPMENT, NET	41,315
OTHER ASSETS	
Restricted cash and equivalents	607,850
Operating lease right-of-use assets	273,621
Other assets	<u>21,236</u>
Total other assets	<u>902,707</u>
TOTAL ASSETS	<u>\$ 1,410,839</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accrued expenses	\$ 9,603
Current maturities of operating lease obligation	<u>25,454</u>
Total current liabilities	35,057
LONG-TERM LIABILITIES	
Operating lease obligation, less current maturities	<u>252,058</u>
Total long-term liabilities	<u>252,058</u>
TOTAL LIABILITIES	287,115
NET ASSETS	
Without donor restrictions	515,874
With donor restrictions	<u>607,850</u>
Total net assets	<u>1,123,724</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,410,839</u>

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

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Individual donations	\$ 233,230	\$ 607,850	\$ 841,080
Patient meals	11,900	-	11,900
Fundraising events contributions	105,135	-	105,135
Other gifts and grants	153,946	-	153,946
In-kind donations	159,224	-	159,224
Cookbook sales, net	1,236	-	1,236
Other income	239	-	239
Total	<u>664,910</u>	<u>607,850</u>	<u>1,272,760</u>
Fundraising event table and ticket sales	25,800	-	25,800
Less: Cost of direct benefit to donor	<u>(44,036)</u>	<u>-</u>	<u>(44,036)</u>
Net loss from fundraising events	<u>(18,236)</u>	<u>-</u>	<u>(18,236)</u>
Total	646,674	607,850	1,254,524
Net assets released from donor restrictions:			
Satisfaction of program restrictions	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>
Total revenue and support	648,174	606,350	1,254,524
Expenses			
Program services	356,069	-	356,069
Supporting services:			
Management and general	156,599	-	156,599
Fundraising	<u>113,602</u>	<u>-</u>	<u>113,602</u>
Total expenses	626,270	-	626,270
Other income (expense)			
Dividend income	128	-	128
Loss on disposal of equipment	(1,203)	-	(1,203)
Interest income	968	-	968
Unrealized loss on investment	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Total other expense	<u>(1,033)</u>	<u>-</u>	<u>(1,033)</u>
CHANGE IN NET ASSETS	20,871	606,350	627,221
NET ASSETS AT BEGINNING OF YEAR	<u>495,003</u>	<u>1,500</u>	<u>496,503</u>
NET ASSETS AT END OF YEAR	<u>\$ 515,874</u>	<u>\$ 607,850</u>	<u>\$ 1,123,724</u>

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

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Compensation and related expenses:				
Wages	\$ 170,455	\$ 18,828	\$ 55,734	\$ 245,017
Payroll taxes	13,915	1,448	4,286	19,649
Total compensation and related expenses	184,370	20,276	60,020	264,666
Advertising	-	1,198	2,090	3,288
Bank charges and merchant fees	-	4,167	4,416	8,583
Bookkeeping and financial management	-	15,831	-	15,831
Charitable contributions and gifts	-	933	-	933
Computer and software	-	1,917	-	1,917
Contract labor	-	-	5,865	5,865
Depreciation expense	-	683	-	683
Dues and subscriptions	-	7,709	-	7,709
Insurance	420	10,851	-	11,271
Loss on bad debts	-	40	-	40
Marketing and website	-	4,142	-	4,142
Meals for Health and Healing food and supplies	86,824	-	-	86,824
Membership fees	4,200	918	-	5,118
Office expense and supplies	242	4,341	-	4,583
Other fundraising expenses	-	-	1,697	1,697
Postage and shipping	-	1,528	-	1,528
Printing	404	4,647	1,359	6,410
Professional fees	-	51,566	-	51,566
Rent	78,022	24,031	18,022	120,075
Repairs and maintenance	1,008	-	-	1,008
Event supplies	-	-	19,476	19,476
Taxes and licenses	-	1,049	-	1,049
Telephone and internet	579	772	578	1,929
Travel	-	-	79	79
Total functional expenses	<u>\$ 356,069</u>	<u>\$ 156,599</u>	<u>\$ 113,602</u>	<u>\$ 626,270</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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 627,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	683
Unrealized loss on investments	927
Straight-line lease expense	3,891
Loss on disposal of equipment	1,203
Decrease (increase) in operating assets:	
Accounts receivable, net	118
Inventory, net	682
Other assets	(1,736)
Decrease in operating liabilities:	
Accounts payable	(3,394)
Accrued expenses	(3,201)
Net cash provided by operating activities	<u>626,394</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(23,327)
Purchase of investments	(126)
Net cash used in investing activities	<u>(23,453)</u>
Net increase in cash and equivalents and restricted cash and equivalents	602,941
Beginning cash and equivalents and restricted cash and equivalents	<u>450,003</u>
Ending cash and equivalents and restricted cash and equivalents	<u>\$ 1,052,944</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, 2022

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. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as net assets with 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 and Restricted Cash and Equivalents

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

Accounts Receivable, Net

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 factors such as prior collection history. As of December 31, 2022, management has estimated the allowance for uncollectible accounts receivable to be \$2,018.

Inventory, Net

Inventory consists of cookbooks. Inventory is stated at the lower of cost (first in, first out basis) or net realizable value. Management has estimated the allowance for slow-moving items to be \$-0- as of December 31, 2022.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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 820* 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, Net

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 the assets. Furniture and equipment are depreciated over useful lives ranging from 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.

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 without donor restrictions may be designated for specific purposes such as endowment by the Foundation's board of directors.

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.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Contributions and Other Income

ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made requires three classifications of contributions received in the current year: conditional, unconditional with donor restrictions, and unconditional without donor restrictions. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional contributions, including unconditional promises to give, are recognized as revenue in the period incurred. Contributions of assets and specialized services are recorded at their fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

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. In the current year, the Foundation also collected payments for cookbooks, and for tickets at their “Fisher and Friends” fundraising dinner event and for the Haffner Dinner Series. These revenue streams are considered an exchange transaction under *Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”)* as those making the payments are receiving services with commensurate value to the payment they are making. For these revenue streams, the Foundation recognizes revenue when the recipient takes possession of the cookbooks or meals or when the event occurs which is the point in time that the Foundation is considered to meet its performance obligations under the contracts with its customers.

When an individual receives their cookbook or meal, they are immediately billed and they will typically mail their payment to the Foundation, pay over the phone, or pay online. Because the payment is due at the time the item is received, the provision of these services is not creating a contract asset or liability. This does create a receivable for the Foundation. Revenue recognized for providing meals to cancer patients totaled \$11,900 for the year ended December 31, 2022. Revenue recognized for cookbooks sales totaled \$1,918 for the year ended December 31, 2022. As of December 31, 2022 and 2021, net receivables from contracts with customers for meals and cookbooks totaled \$-0- and \$118, respectively.

The Haffner Dinner series consisted of 6 “porch parties” during the current year in which attendees were able to purchase a ticket and enjoy a small gathering and a meal prepared by a chef. Revenue is recognized at the point in time when the dinner takes place. A portion of the payment generally will be considered a contribution while the portion that is considered payment for a tangible benefit received by the attendee is considered an exchange transaction under *ASU 2014-09*. For the year ended December 31, 2022, total revenue from this event series was \$34,175. Of this amount, \$14,025 was recognized as an exchange transaction for the cost of the meal, and \$20,150 was received as contributions or sponsorships. There was no contract asset, liability or receivable created as a result of this event.

At the Fisher and Friends fundraising event that was held in the current year, attendees were able to purchase a ticket which included a four-course meal and entertainment from various coaching and sports journalism guest speakers. Revenue is recognized at the point in time when the event takes place. A portion of the payment generally will be considered a contribution while the portion that is considered payment for a tangible benefit received by the attendee is considered an exchange transaction under *ASU 2014-09*.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Revenue Recognition (continued)

For the year ended December 31, 2022, total revenue from this event was \$96,760. Of this amount, \$11,775 was recognized as an exchange transaction for the purchase of a ticket, and \$84,985 was received as contributions or sponsorships. There was no contract asset, liability or receivable created as a result of this event.

The contracts with their customers do not have a significant financing component, and there were no uncompleted contracts with customers as of both December 31, 2022 and 2021 resulting in a contract asset or liability.

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) as an Organization that is not a private foundation under Section 509(a)(2). 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 2019, and to state tax authorities for years before 2017.

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, 2022.

Advertising Costs

The Foundation expenses the cost of non-direct responsive advertising as incurred. For the year ended December 31, 2022, advertising costs totaled \$3,288.

Leases

The Foundation has elected not to recognize leases with an original term of one year or less on the balance sheet, and accordingly lease expense for these short-term leases is recognized on a straight-line basis over the lease term.

The Foundation accounts for lease components together with non-lease components as a single component for all classes of underlying assets. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment, if any, of operating lease assets. The Foundation has elected to use a risk-free interest rate as the discount rate for all leases.

NOTE B – NEW AUTHORITATIVE ACCOUNTING GUIDANCE

ASU 2020-07

During the year ended December 31, 2022, the Foundation implemented *FASB ASU No. 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which includes specific presentation and disclosure requirements for contributed nonfinancial assets.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – NEW AUTHORITATIVE ACCOUNTING GUIDANCE (CONTINUED)

ASU 2020-07 (continued)

The Foundation adopted *ASU 2020-07* retrospectively. There was no material impact on the Foundation's changes in net assets, financial position or cash flows upon adoption of this new standard.

Leases: Topic 842

As a result of updates to the Accounting Standards Codification, during the year ended December 31, 2022 the Foundation adopted *FASB ASU No. 2016-02, "Leases (Topic 842)."* This update requires a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. In July 2018, the FASB issued *ASU 2018-10, "Codification Improvements to Topic 842, Leases"* to provide more detailed guidance and additional clarification for implementing *ASU 2016-02*, and *ASU 2018-11, "Leases (Topic 842): Targeted Improvements,"* which provides an optional transition method in addition to the existing modified retrospective transition method by allowing a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. In March of 2019, the FASB issued *ASU 2019-01, "Leases (Topic 842): Codification Improvements"* which was issued to provide more detailed guidance and clarification for implementing *ASU 2016-02*. In November of 2021, the FASB issued *ASU 2021-09, "Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities"* which allows private companies to use a risk-free rate as the discount rate for all leases.

The Foundation adopted this guidance in the year ended December 31, 2022, and as a part of that process, made the following elections:

- The Foundation elected the optional transition method which allows for the lessee to not recast comparative financial information but instead recognize a cumulative-effect adjustment to retained earnings as of the effective date in the period of adoption. No such adjustment to retained earnings was made as a result of the adoption of this guidance.
- The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Foundation to carry forward their prior lease classification under *Accounting Standards Codification ("ASC") Topic 840*.
- The Foundation elected to make the accounting policy election for short term leases resulting in lease payments being recorded as an expense on the straight-line basis over the lease term.
- The Foundation elected to not separate lease components from non-lease components for all classes of underlying assets.
- The Foundation elected to use a risk-free rate as the discount rate for leases.

Adoption of the new standard did have a material impact to the Foundation's statement of financial position and related disclosures, and resulted in the recording of additional right-of-use assets and operating lease liabilities of \$317,368 as of January 1, 2022, the date of adoption.

This standard did not materially impact the statement of activities or statement of cash flows during the period of adoption.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – NEW AUTHORITATIVE ACCOUNTING GUIDANCE (CONTINUED)

Codification Improvements

As a result of updates to the Accounting Standards Codification, during the year ended December 31, 2022 the Foundation adopted *FASB ASU No. 2020-10, "Codification Improvements."* This update was issued to clarify certain items in the Accounting Standards Codification. The Foundation applied this new standard retrospectively. There was no cumulative effect of applying this change to all prior periods presented, therefore there was no material impact on the Foundation's results of change in net assets, financial position, or cash flows upon adoption of the new standard.

NOTE C – INVESTMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2022:

	Cost	Fair Value
Equity securities	\$ 7,865	\$ 13,538
Totals	\$ 7,865	\$ 13,538

For donated investments, cost is determined to be the fair value at the date of gift. As of December 31, 2022, the unrealized gain on investments totaled \$5,673. 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, 2022:

	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Totals
Equity securities	\$ 13,538	\$ -	\$ -	\$ 13,538
Totals	\$ 13,538	\$ -	\$ -	\$ 13,538

**THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE D – PROPERTY AND EQUIPMENT, NET

Property and equipment, net is composed of the following as of December 31, 2022:

Furniture and equipment	\$	40,816
Construction in progress		16,629
Totals		57,445
Less: Accumulated depreciation		(16,130)
Total property and equipment, net	\$	41,315

For the year ended December 31, 2022, depreciation expense totaled \$683.

The construction in progress balance consists of amounts paid to a designer for the design of a commercial kitchen build-out at the Foundation’s newly leased space.

The Foundation received contributions of kitchen equipment during the year ended December 31, 2019 with a fair value of \$17,899. The Foundation also received a contribution of kitchen equipment during the year ended December 31, 2022 with a fair value of \$5,500. This equipment is to be used when the Foundation finishes their commercial kitchen build-out project. These assets are included in the furniture and equipment but will not be depreciated until they are placed in service. This equipment remains in storage as of December 31, 2022.

NOTE E – ACCRUED EXPENSES

Accrued expenses are composed of the following as of December 31, 2022:

Credit card payable	\$	4,015
Sales tax payable		553
Accrued payroll		4,638
Accrued payroll liabilities		397
Total accrued expenses	\$	9,603

NOTE F – LEASE OBLIGATIONS

Operating Lease

The Foundation leases a building under an operating lease agreement. This lease commenced in April 2022. The term of the lease is for 62 months, and the Foundation will be responsible for their pro-rata share of increased operating expenses incurred in the first twelve months of occupancy and their monthly rent payment. The lease requires monthly payments starting at \$5,217 and increasing to \$6,814 over the life of the lease.

The weighted average interest rate for operating leases totaled 2.6% and the weighted average remaining lease term in years totaled 5 for the year ended December 31, 2022.

Operating cash flows for the year ended December 31, 2022 from operating leases totaled \$46,953. Straight-line rent expense totaled \$50,844 and is included in rent on the statement of functional expenses for the year ended December 31, 2022.

**THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE F – LEASE OBLIGATIONS (CONTINUED)

Future maturities of this lease are as follows as of:

	<u>December 31,</u>			
	2023	\$		31,341
	2024			74,832
	2025			76,516
	2026			78,812
	2027			33,477
	Total			294,978
Less: Imputed interest				(17,466)
				277,512
Less: Current maturities of lease obligations				(25,454)
Lease obligation, less current maturities		\$		252,058

Short Term Leases

The Foundation leases office space from a vendor under a short-term lease agreement. This lease agreement requires monthly lease payments of \$649 through January 2022, and then monthly lease payments of \$669 through January 2023. The lease matures in January 2023 thus future lease payments are \$669 for the year ending December 31, 2022. The Foundation also leases a storage unit on a month-to-month basis. Rent expense for the office space and storage units totaled \$9,231 for the year ended December 31, 2022.

The Foundation also received donated use of a kitchen facility for preparation of the meals for cancer patients, with a value of \$60,000 for the year ended December 31, 2022. Total rent expense for the year totaled \$120,075.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include donations for the capital campaign to complete a kitchen build-out at the new Berry Hill site, the teen program, and to serve meals to clients in Williamson and Davidson counties. Net assets with temporary donor restrictions received during the year ended December 31, 2022 totaled \$705,700. Of this amount, \$97,850 was used for the restricted purpose during the year ended December 31, 2022, and the remaining amount of \$607,850 is shown as contributions with donor restrictions on the statement of activities for the year ended December 31, 2022. This entire amount is restricted for the kitchen build-out. The amount of net assets released from donor restrictions totaled \$1,500 for the year ending December 31, 2022. This amount was released due to incurring expenses for the teen program.

NOTE H – 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. As such, some financial assets may not be available for general expenditure within one year.

**THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE H – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The following reflects the Foundation’s assets as of December 31, 2022, 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, 2022:

Cash and equivalents	\$ 1,052,944
Investments	<u>13,538</u>
Total financial assets	1,066,482

Less those unavailable for general expenditures within one year due to

Contractual or donor-imposed restrictions	<u>607,850</u>
Total unavailable for general expenditures within one year	<u>607,850</u>

Total financial assets available for general expenditures within one year	<u><u>\$ 458,632</u></u>
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NOTE I – CONTRIBUTED NON-FINANCIAL ASSETS

The contributed non-financial assets received during the year ended December 31, 2022 totaled \$159,224 and consisted of the following:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Kitchen space	\$60,000	To prepare healthy meals for those undergoing cancer treatments	No associated donor restrictions	In valuing the donated office space, the Organization received this amount from a local realtor who is knowledgeable of what is being charged for rent on similar buildings in the same geographic area.
Kitchen staff and drivers	\$6,033	To assist in cooking and delivering food	No associated donor restrictions	In determining the value of the donated kitchen staff and drivers, the Organization determined what they would pay the volunteers who donated these services.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE I – CONTRIBUTED NON-FINANCIAL ASSETS (CONTINUED)

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Bookkeeping	\$3,326	Utilized in general and administrative activities of the Organization	No associated donor restrictions	In determining the value of the donated bookkeeping service, the Organization used the fair market value of a rate that would be paid for these same services in the same geographical area.
Graphic design	\$700	Utilized in general and administrative activities of the Organization	No associated donor restrictions	In determining the value of the graphic design service, the Organization received the value of these services directly from the volunteer graphic designer that provided them.
Legal services	\$13,919	Utilized in general and administrative activities of the Organization	No associated donor restrictions	In determining the value of the legal services, the Organization received the value of these services directly from the volunteer attorneys that provided them.
Kitchen supplies and equipment	\$5,880	Utilized in the kitchen to prepare healthy meals	No associated donor restrictions	In determining the value of these items, the Organization researched the value of similar items that were available to be purchased in stores.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE I – CONTRIBUTED NON-FINANCIAL ASSETS (CONTINUED)

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Office supplies	\$1,040	Utilized in general and administrative activities of the Organization	No associated donor restrictions	In determining the value of these items, the Organization researched the value of similar items that were available to be purchased in stores.
Food	\$3,617	To be used in meals for those undergoing cancer treatments	No associated donor restrictions	In determining the value of the food, the Organization researched the value of similar items that were available to be purchased in stores.
Printing	\$3,284	Utilized in the Fisher and Friends fundraising event	No associated donor restrictions	In determining the value of the printing services, the Organization received this value from the printing company.
Fundraising consultant	\$7,700	Utilized in the Fisher and Friends fundraising event	No associated donor restrictions	In determining the value of the consulting service, the Organization received the value of these services directly from the consultant that provided them.
Silent and live auction items	\$53,725	Utilized in the Fisher and Friends fundraising event	No associated donor restrictions	In determining the value of these items, the Organization researched the value of similar items that were available to be purchased in stores, and for some items received the value directly from the donor.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE J - 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, 2022, the Foundation had funds in excess of the FDIC limits of \$450,665.

NOTE K – CASH FLOW INFORMATION

During the year ended December 31, 2022, there were no cash payments of interest or income taxes, and no non-cash investing or financing activities.

A reconciliation of cash and equivalents and restricted cash and equivalents reported within the statement of financial position to the total of the same amount shown in the statement of cash flows is as follows as of December 31, 2022:

Cash and equivalents	\$ 445,094
Restricted cash and equivalents	<u>607,850</u>
Total cash and equivalents and restricted cash and equivalents	<u>\$ 1,052,944</u>

Amounts included in the restricted cash and equivalents represent amounts restricted by donors for the build-out of the kitchen space in the new leased facility.

NOTE L - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 22, 2023, which is the date the financial statements were available to be issued.

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