

The Heimerdinger Foundation, Inc.

(A Nonprofit Corporation)

Financial Statements

With Independent Auditors' Report Thereon

For the Year Ended December 31, 2023

H A Beasley & Company, PLLC

Certified Public Accountants

Murfreesboro, Tennessee



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, 2023 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, 2023 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 ended December 31, 2023, the Foundation adopted the new accounting guidance in *Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-13, "Measurement of Credit Losses on Financial Instruments,"* which establishes *Accounting Standards Codification 326, Financial Instruments – Credit Losses*. The ASU, along with related amendments, revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss to an expected loss methodology. The ASU affects receivables, debt securities, net investment in leases and most other financial assets that represent a right to receive cash. Additional guidance related to the implementation of *ASU No. 2016-13* adopted in the year ended December 31, 2023 includes *ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses," ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments," ASU No. 2019-05, "Financial Instruments – Credit Losses," ASU No. 2019-10, "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), Leases (Topic 842)," ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses," ASU No. 2020-03, "Codification Improvements to Financial Instruments," and ASU No. 2022-02, "Financial Instruments – Credit Losses (Topic 326)."*

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

H A Beasley & Company, PLLC
August 27, 2024

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS	
Cash and equivalents	\$ 262,885
Promises to give, current portion, net	2,500
Inventory, net	<u>7,788</u>
Total current assets	273,173
PROPERTY AND EQUIPMENT, NET	907,935
OTHER ASSETS	
Promises to give less current maturities, net	2,263
Operating lease right-of-use asset	214,537
Other assets	<u>6,236</u>
Total other assets	<u>223,036</u>
TOTAL ASSETS	<u>\$ 1,404,144</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 8,138
Accrued expenses	6,380
Current maturities of operating lease obligation	<u>63,510</u>
Total current liabilities	78,028
LONG-TERM LIABILITIES	
Operating lease obligation, less current maturities	<u>182,848</u>
Total long-term liabilities	<u>182,848</u>
TOTAL LIABILITIES	260,876
NET ASSETS	
Without donor restrictions	1,131,005
With donor restrictions	<u>12,263</u>
Total net assets	<u>1,143,268</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,404,144</u>

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

THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Individual donations	\$ 105,626	\$ 4,763	\$ 110,389
Patient meals	7,920	-	7,920
Fundraising events contributions	85,661	-	85,661
Other gifts and grants	361,544	7,500	369,044
Contributed non-financial assets	110,950	-	110,950
Cookbook sales, net	711	-	711
Other income	103	-	103
Total	672,515	12,263	684,778
Fundraising event table and ticket sales	29,175	-	29,175
Less: Cost of direct benefit to donor	(44,964)	-	(44,964)
Net loss from fundraising events	(15,789)	-	(15,789)
Total	656,726	12,263	668,989
Net assets released from donor restrictions:			
Satisfaction of program restrictions	607,850	(607,850)	-
Total revenue and support	1,264,576	(595,587)	668,989
Expenses			
Program services	355,502	-	355,502
Supporting services:			
Management and general	155,565	-	155,565
Fundraising	142,639	-	142,639
Total expenses	653,706	-	653,706
Other income (expense)			
Dividend income	233	-	233
Interest income	2,684	-	2,684
Realized gain on investment	1,344	-	1,344
Total other expense	4,261	-	4,261
CHANGE IN NET ASSETS	615,131	(595,587)	19,544
NET ASSETS AT BEGINNING OF YEAR	515,874	607,850	1,123,724
NET ASSETS AT END OF YEAR	\$ 1,131,005	\$ 12,263	\$ 1,143,268

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

**THE HEIMERDINGER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Compensation and related expenses:				
Wages	\$ 169,928	\$ 17,189	\$ 47,101	\$ 234,218
Employee benefits	3,700	3,000	-	6,700
Payroll taxes	18,636	1,386	3,887	23,909
Total compensation and related expenses	192,264	21,575	50,988	264,827
Advertising	-	230	-	230
Bank charges and merchant fees	548	2,942	1,680	5,170
Bookkeeping and financial management	-	17,594	-	17,594
Capital campaign	-	-	4,702	4,702
Charitable contributions and gifts	943	124	-	1,067
Computer and software	-	5,159	3,249	8,408
Contract labor	-	-	7,504	7,504
Depreciation expense	-	21,314	-	21,314
Development	-	-	10,915	10,915
Dues and subscriptions	207	3,675	-	3,882
Insurance	1,188	9,761	-	10,949
Meals for Health and Healing food and supplies	88,667	-	-	88,667
Membership fees	3,200	-	-	3,200
Office expense and supplies	394	2,262	-	2,656
Postage and shipping	-	2,161	-	2,161
Printing	-	698	872	1,570
Professional fees	-	32,852	29,327	62,179
Rent	67,131	29,508	22,132	118,771
Staff development	-	4,200	-	4,200
Event supplies	-	-	10,311	10,311
Taxes and licenses	-	230	-	230
Telephone and internet	960	1,280	959	3,199
Total functional expenses	<u>\$ 355,502</u>	<u>\$ 155,565</u>	<u>\$ 142,639</u>	<u>\$ 653,706</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 19,544
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	21,314
Non-cash donation of investments	(34,570)
Realized gain on investments	(1,344)
Straight-line lease expense	(2,070)
Decrease (increase) in operating assets:	
Promises to give, net	(4,763)
Inventory, net	397
Other assets	15,000
Increase (decrease) in operating liabilities:	
Accounts payable	8,138
Accrued expenses	(3,223)
Operating lease obligation	<u>30,000</u>
Net cash provided by operating activities	48,423
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(887,934)
Purchase of investments	(39)
Sale of investments	<u>49,491</u>
Net cash used in investing activities	<u>(838,482)</u>
Net decrease in cash and equivalents and restricted cash and equivalents	(790,059)
Beginning cash and equivalents and restricted cash and equivalents	<u>1,052,944</u>
Ending cash and equivalents	<u>\$ 262,885</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, 2023

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

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 clients 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 maintains an allowance for credit losses for estimated losses resulting from the inability of its clients to make required payments. Management considers the following factors when determining the collectability of specific client accounts: customer credit-worthiness, past transaction history with the client, current economic industry trends, and changes in client payment terms. The Foundation has tracked historical loss information for its receivables and compiled historical loss percentages. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for its receivables as of December 31, 2023. The composition of all receivables at those dates is consistent with that used in developing the historical credit loss percentages (i.e., the similar risk characteristics of its clients and its lending practices have not changed significantly over time). However, management has determined that the current, reasonable and supportable forecasted economic conditions show that, while improving during 2024, both interest and unemployment rates are not expected to drop significantly in the next year which can affect clients’ ability to pay.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Accounts Receivable, Net (continued)

To adjust the historical loss rates to reflect the effects of those differences in current conditions and forecasted changes, management estimated the loss rate to be 100% of the outstanding accounts receivable.

Based on management's assessment, the Foundation provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance for credit losses. Balances that remain outstanding after the Foundation has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable. As of December 31, 2023, management estimates the allowance for credit losses 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, 2023.

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 and realized 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. Leasehold improvements are depreciated over the shorter of the useful life of the leasehold improvements or the remaining lease term.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Property and Equipment, Net (continued)

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.

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, for tickets at their "Hope for Healing" 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.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Revenue Recognition (continued)

This does create a receivable for the Foundation. Revenue recognized for providing meals to cancer patients totaled \$7,920 for the year ended December 31, 2023. Revenue recognized for cookbooks sales totaled \$1,108 for the year ended December 31, 2023. As of both December 31, 2023 and 2022, net receivables from contracts with customers for meals and cookbooks totaled \$-0-

The Haffner Dinner series consisted of 7 “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, 2023, total revenue from this event series was \$29,360. Of this amount, \$10,875 was recognized as an exchange transaction for the cost of the meal, and \$18,485 was received as contributions or sponsorships. There was no contract asset, liability or receivable created as a result of this event.

At the Hope for Healing fundraising event that was held in the current year, attendees were able to purchase a ticket which included a meal and entertainment. 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*. For the year ended December 31, 2023, total revenue from this event was \$85,476. Of this amount, \$18,300 was recognized as an exchange transaction for the purchase of a ticket, and \$67,176 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, 2023 and 2022 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, 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 2020, and to state tax authorities for years before 2018.

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 tax positions has been recorded for the year ended December 31, 2023.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Advertising Costs

The Foundation expenses the cost of non-direct responsive advertising as incurred. For the year ended December 31, 2023, advertising costs totaled \$230.

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

Topic 326: Credit Losses

As a result of updates to the Accounting Standards Codification, during the year ended December 31, 2023, the Foundation adopted *FASB ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments,"* which establishes *ASC 326, Financial Instruments – Credit Losses*. The ASU, along with related amendments, revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss to an expected loss methodology. The ASU affects receivables, debt securities, net investment in leases, and most other financial assets that represent a right to receive cash. In 2018, the FASB issued *ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"* which modified the effective date for nonpublic entities and clarified that operating lease receivables are not within the scope of ASC 326. In 2019, the FASB issued *ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments,"* *ASU No. 2019-05, "Financial Instruments – Credit Losses,"* *ASU No. 2019-10, "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842),"* and *ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses."* These ASUs were all issued to provide further clarification for specific transactions, improve the codification in various areas and provide transition relief for adopting *ASU No. 2016-13*. In 2020, the FASB issued *ASU No. 2020-03, "Codification Improvements to Financial Instruments"* which was issued to improve various financial instruments topics in the Codification. In 2022, the FASB issued *ASU No. 2022-02, "Financial Instruments – Credit Losses (Topic 326),"* which addressed issues surrounding troubled debt restructurings and disclosures of gross write offs.

The Foundation applied these standards through a cumulative effect adjustment as of the date of implementation, January 1, 2023. Adoption of the new standard did not have a material impact to the Foundation's statements of financial position, statements of activities, or cash flows and related disclosures.

NOTE C – INVESTMENTS

For donated investments, cost is determined to be the fair value at the date of gift. During the year ended December 31, 2023, the Foundation received donated investments totaling \$34,570. These donated investments, along with all other investments owned by the Foundation, were sold during the year ended December 31, 2023 to fund the Foundation's capital campaign.

**THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE D – PROPERTY AND EQUIPMENT, NET

Property and equipment, net is composed of the following as of December 31, 2023:

Furniture and equipment	\$	208,184
Leasehold improvements		737,195
Totals		945,379
Less: Accumulated depreciation		(37,444)
Total property and equipment, net	\$	907,935

For the year ended December 31, 2023, depreciation expense totaled \$21,314.

NOTE E – PROMISES TO GIVE, NET

As of December 31, 2023, unconditional promises to give, net are due as follows:

	Due within 1 year	\$	2,500
	Due within 1 to 5 years		2,500
	Total		5,000
	Present value discount		(237)
Allowance for uncollectible promises to give			-
	Promises to give, net		4,763
	Current portion of promises to give, net		(2,500)
	Promises to give, net of current portion	\$	2,263

NOTE F – ACCRUED EXPENSES

Accrued expenses are composed of the following as of December 31, 2023:

Sales tax payable	\$	647
Accrued payroll		5,272
Accrued payroll liabilities		461
Total accrued expenses	\$	6,380

NOTE G – 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 monthly rent payment and their pro-rata share of increased operating expenses incurred in the first twelve months of occupancy. The lease requires monthly payments starting at \$5,217 and increasing to \$6,814 over the life of the lease. The lease has an option to renew for an additional five years upon lease maturity.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE G – LEASE OBLIGATIONS (CONTINUED)

The weighted average interest rate for operating leases totaled 2.55% and the weighted average remaining lease term in years totaled 4 as of the year ended December 31, 2023.

Operating cash flows for the year ended December 31, 2023 from operating leases totaled \$67,577. Straight-line rent expense totaled \$65,507 and is included in rent on the statement of functional expenses for the year ended December 31, 2023.

Future maturities of this lease are as follows as of:

<u>December 31,</u>		
2024	\$	68,596
2025		76,516
2026		78,812
2027		<u>33,477</u>
Total		257,401
Less: Imputed interest		<u>(11,043)</u>
Total lease obligation		246,358
Less: Current maturities of lease obligations		<u>(63,510)</u>
Lease obligation, less current maturities	\$	<u><u>182,848</u></u>

Short Term Leases

The Foundation leased office space from a vendor under a short-term lease agreement. This lease agreement required monthly lease payments of \$669 through January 2023, and then monthly lease payments of \$723 through October 2023, at which point the lease was then terminated. The Foundation also leases a storage unit on a month-to-month basis. Rent expense for the office space and storage units totaled \$8,264 for the year ended December 31, 2023.

The Foundation also received the donated use of a kitchen facility for preparation of the meals for cancer patients, with a value of \$45,000 for the year ended December 31, 2023. Total rent expense for the year totaled \$118,771.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include donations for the capital campaign, the teen program, the garden, and to serve meals to clients in Williamson and Davidson counties. Net assets with temporary donor restrictions received during the year ended December 31, 2023 totaled \$169,307. Of this amount, \$157,044 was used for the restricted purpose during the year ended December 31, 2023, and the remaining amount of \$12,263 is shown as contributions with donor restrictions on the statement of activities for the year ended December 31, 2023. Of this amount, \$7,500 was restricted for the teen program and \$4,763 was restricted for the capital campaign. The amount restricted for the capital campaign was received in the form of a pledge receivable which automatically has a time restriction placed on it. The amount of net assets released from donor restrictions totaled \$607,850 for the year ending December 31, 2023. This amount was released due to incurring expenses for the capital campaign.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

The following reflects the Foundation’s assets as of December 31, 2023, 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, 2023:	
Cash and equivalents	\$ 262,885
Promises to give, current portion, net	<u>2,500</u>
Total financial assets	265,385
Less those unavailable for general expenditures within one year due to	
Contractual or donor-imposed restrictions	<u>12,263</u>
Total unavailable for general expenditures within one year	<u>12,263</u>
Total financial assets available for general expenditures within one year	<u>\$ 253,122</u>

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 which is \$250,000 for substantially all depository accounts. As of December 31, 2023, the Foundation did not have any funds in excess of the FDIC limit.

NOTE K – CASH FLOW INFORMATION

During the year ended December 31, 2023, there were no cash payments of interest or income taxes, and no non-cash investing or financing activities.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE L – CONTRIBUTED NON-FINANCIAL ASSETS

The contributed non-financial assets received during the year ended December 31, 2023 totaled \$110,950 and consisted of the following:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Kitchen space	\$45,000	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	\$6,032	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.
Graphic design	\$1,225	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	\$4,410	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.

THE HEIMERDINGER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE L – 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>
Kitchen supplies and equipment, office furniture	\$15,647	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.
Office supplies	\$975	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	\$13,480	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.
Silent and live auction items	\$24,181	Utilized in the Hope for Healing 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.

NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 27, 2024, which is the date the financial statements were available to be issued. There have been no adjustments to the financial statements to include any subsequent transactions or events.