

ARIZONA HELPING HANDS, INC.

FINANCIAL STATEMENTS
Year Ended June 30, 2019

ARIZONA HELPING HANDS, INC.

Year Ended June 30, 2019

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**Audit, Tax, Management Advisory,
Forensic and Internal Control Consulting**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the *Arizona Helping Hands, Inc.*:

Report on the Financial Statements

I have audited the accompanying financial statements of Arizona Helping Hands, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the statement of financial position of Arizona Helping Hands, Inc. as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Arizona Helping Hands, Inc.'s 2018 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated November 27, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gregory Michael Coy, CPA, PLLC

Phoenix, Arizona
October 24, 2019

ARIZONA HELPING HANDS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(with comparative totals at June 30, 2018)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	770,476	\$ 689,885
Contributions receivable, current portion	244,163	78,957
Inventory	1,574,476	387,657
Other assets	<u>24,977</u>	<u>9,473</u>
TOTAL CURRENT ASSETS	2,614,092	1,165,972
CONTRIBUTIONS RECEIVABLE, NET OF CURRENT PORTION	33,978	108,500
PROPERTY AND EQUIPMENT, net	3,407,607	2,047,037
INVESTMENTS	<u>1,121,874</u>	<u>1,099,959</u>
TOTAL ASSETS	<u>\$ 7,177,551</u>	<u>\$ 4,421,468</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 131,203	\$ 55,304
Other accrued liabilities	58,079	33,649
Long-term debt, current portion	<u>34,632</u>	<u>187,689</u>
TOTAL CURRENT LIABILITIES	<u>223,914</u>	<u>276,642</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>494,654</u>	<u>887,311</u>
TOTAL LIABILITIES	718,568	1,163,953
NET ASSETS		
Undesignated net assets without donor restrictions	5,805,647	2,706,989
Board designated net assets without donor restrictions	<u>375,195</u>	<u>363,069</u>
Unrestricted	6,180,842	3,070,058
Net assets with donor restrictions	<u>278,141</u>	<u>187,457</u>
TOTAL NET ASSETS	<u>6,458,983</u>	<u>3,257,515</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,177,551</u>	<u>\$ 4,421,468</u>

See Accompanying Notes to Financial Statements

ARIZONA HELPING HANDS, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	Net assets without donor restrictions	Net assets with donor restrictions	2019	2018
SUPPORT AND REVENUE				
Contributions and grants	1,891,758	\$ 1,513,957	\$ 3,405,715	\$ 2,875,713
Donated materials, services and building improvements	4,161,594	-	4,161,594	2,125,802
Interest income	26,495	-	26,495	12,322
Rental income	19,116	-	19,116	-
Loss on disposal of assets	(51,109)	-	(51,109)	-
Other	9,460	-	9,460	21,017
Total support and revenue before special events and net assets released from restrictions	6,057,314	1,513,957	7,571,271	5,034,854
Special events				
Revenue from special events	107,831	-	107,831	9,042
Less costs of direct donor benefits	3,855	-	3,855	(6,806)
Gross profit (loss) on special events	111,686	-	111,686	2,236
Net assets released from restrictions	1,423,273	(1,423,273)	-	-
TOTAL SUPPORT AND REVENUE	7,592,273	90,684	7,682,957	5,037,090
EXPENSES				
Program services	4,170,934	-	4,170,934	3,327,997
Supporting services:				
Management and general	140,804	-	140,804	155,606
Fundraising	169,751	-	169,751	92,342
Total supporting services	310,555	-	310,555	247,948
TOTAL EXPENSES	4,481,489	-	4,481,489	3,575,945
CHANGE IN NET ASSETS	3,110,784	90,684	3,201,468	1,461,145
NET ASSETS, BEGINNING OF YEAR	3,070,058	187,457	3,257,515	1,796,370
NET ASSETS, END OF YEAR	\$ 6,180,842	\$ 278,141	\$ 6,458,983	\$ 3,257,515

See Accompanying Notes to Financial Statements

ARIZONA HELPING HANDS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	Supporting Services			Total Supporting Services	Total Expenses 2019	2018
	Program Services	Management and General	Fundraising			
Salaries and wages	\$ 356,479	\$ 69,205	\$ 54,226	\$ 123,431	\$ 479,910	\$ 313,110
Payroll taxes and benefits	54,226	10,527	8,249	18,776	73,002	37,044
	410,705	79,732	62,475	142,207	552,912	350,154
Professional fees	14,912	-	30,276	30,276	45,188	144,181
Toy drive	587,474	-	-	-	587,474	444,834
Birthday program	241,047	-	-	-	241,047	800,126
Foster Care	2,516,194	-	-	-	2,516,194	1,436,137
Dream kits	-	-	-	-	-	39,478
Crisis support	17,064	-	-	-	17,064	19,849
Backpack program	136,100	-	-	-	136,100	131,120
Other program services	-	-	-	-	-	-
Occupancy	66,427	7,381	-	7,381	73,808	76,201
Telephone and Internet	11,511	2,235	1,751	3,986	15,497	5,037
Bank and credit card fees	-	2,881	25,926	28,807	28,807	30,238
Operating expenses	35,632	6,918	5,420	12,338	47,970	9,859
Office supplies	25,362	4,924	3,857	8,781	34,143	23,587
Insurance	11,421	2,217	1,737	3,954	15,375	10,720
Depreciation	47,626	9,246	7,244	16,490	64,116	23,045
Printing and postage	3,123	4,462	1,339	5,801	8,924	8,389
Advertising, marketing and promotions	8,918	20,808	29,726	50,534	59,452	10,336
Travel	-	-	-	-	-	12,324
Interest	37,418	-	-	-	37,418	330
Other expense	-	-	-	-	-	-
	\$ 4,170,934	\$ 140,804	\$ 169,751	\$ 310,555	\$ 4,481,489	\$ 3,575,945

See Accompanying Notes to Financial Statements

ARIZONA HELPING HANDS, INC.

Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,201,468	\$ 1,461,145
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	64,116	23,044
Net realized and unrealized (gain)/loss on investments	(5,220)	(2,131)
Gain/loss on disposal of property and equipment	51,109	3,225
Donation of property and equipment	(332,349)	-
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	(90,684)	(167,457)
Inventory	(1,186,819)	(52,143)
Other assets	(15,504)	(6,773)
Increase (decrease) in:		
Accounts payable	75,899	38,739
Accrued expenses	24,430	20,713
Net cash provided by (used in) operating activities	1,786,446	1,318,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(121,249)	(12,309)
Proceeds from sales of investments	104,554	-
Purchases of property and equipment	(1,143,446)	(1,941,292)
Net cash used in investing activities	(1,160,141)	(1,953,601)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(545,714)	
Proceeds from long-term debt	-	1,075,000
Net cash provided by financing activities	(545,714)	1,075,000
NET CHANGE IN CASH	80,591	439,761
CASH, BEGINNING OF YEAR	689,885	250,124
CASH, END OF YEAR	\$ 770,476	\$ 689,885
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 54,640	\$ -
Cash paid for income taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Donation of property and equipment	\$ 332,349	\$ -

See Accompanying Notes to Financial Statements

ARIZONA HELPING HANDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(with summarized comparative totals as of June 30, 2018)

(1) **Organization operations and summary of significant accounting policies**

Nature of operations – *Arizona Helping Hands Inc. (AHH)* was established and incorporated in 1998 in the State of Arizona. The organization's mission is to provide basic essential needs to boys and girls in foster care throughout Arizona. Programs include providing beds, cribs, clothing, diapers, personal care packages, back to school supplies, holiday toys and personalized birthday packages to thousands of boys and girls State-wide.

The significant accounting policies followed by AHH are as follows:

Basis of presentation -The financial statement presentation reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity. The Organization had no restrictions required to be maintained in perpetuity.

Managements' use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions - Contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions or without donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends 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 restrictions.

Donated materials, services and building improvements - Donated materials, services and building improvements are recorded at their estimated values if they enhance AHH's nonfinancial assets or require specialized skills that AHH would normally purchase, if not provided by donation. AHH received donated materials, services, and building improvements which are included in the accompanying statement of activities, with an estimated value of \$4,161,594 and \$2,189,927 during the years ended June 30, 2019 and 2018, respectively and were approximately 52% and 42% of total revenue for the year ended June 30, 2019 and 2018, respectively. During the year ended June 30, 2019, AHH received donated building improvements of \$332,349.

Volunteers donate a significant amount of time to AHH's program services and its fundraising activities. No amounts have been reflected in the financial statements for these services, since they did not meet the recognition requirements under generally accepted accounting principles.

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ARIZONA HELPING HANDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(with summarized comparative totals as of June 30, 2018)

(1) Nature of operations and summary of significant accounting policies (continued)

Cash and equivalents - Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at cash institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). From time to time, these deposits may exceed the insurance amounts provided by the FDIC.

Contributions receivable - Unconditional promises to give (pledges) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

Inventories – Inventories consist primarily of donated toys, clothing, furniture, artwork, household and other donated items. The value of donated inventory is estimated using estimated retail or replacement values. Any inventory that is purchased is stated at the lower of cost or market using a specific identification method. Inventories are approximately 23% and 9% of total assets at June 30, 2019 and 2018, respectively.

Property and equipment and related depreciation - Purchased property and equipment is valued at cost and donated property and equipment is recorded at the fair value at the date of the gift to AHH. Maintenance and repairs are charged to operations when incurred. Improvements and renewals in excess of \$1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions absent donor stipulations regarding how long those donated assets must be maintained. AHH reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. AHH reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation of property and equipment is computed on a straight line basis over the following estimated useful lives:

Building and building improvements	39 years
Vehicles	5 years
Furniture, fixtures, equipment	3-5 years

Special events revenue - AHH conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to AHH. The direct costs of the special events, which ultimately benefit the donor rather than AHH, are recorded as costs of direct donor benefits in the accompanying statement of activities.

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ARIZONA HELPING HANDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(with summarized comparative totals as of June 30, 2018)

(1) Nature of operations and summary of significant accounting policies (continued)

Impairment of long-lived assets – AHH accounts for long-lived assets in accordance with the provisions of *Accounting for the Impairment of Long-Lived Assets*. This accounting standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management believes that no long-lived assets have any impairment of value.

Functional allocation of expenses - The costs of providing programs and other activities have been presented on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the program and supporting services benefited based on management's estimate of time devoted to each activity.

Income tax status – The Organization is organized as a non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and has been determined not to be a private foundation under Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, contributions to the Organization qualify for the charitable contribution deduction under Section 170. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is generally subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined the Organization has no taxable unrelated business income related to the Organization's activities and it has not filed the Exempt Organization Business Income Tax Return (IRS Form 990-T), or its Arizona equivalent, Form 99-T. The tax years ended 2016, 2017, and 2018 are still open to audit for both federal and state purposes. Management believes that it has appropriate support for any income tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Subsequent events - AHH evaluated subsequent events after the statement of financial position date of June 30, 2019, through October 24, 2019, which was the date AHH's financial statements were available to be issued. No conditions were noted that did not exist as of June 30, 2019, but arose subsequent to that date.

(2) Adoption of accounting pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations that follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. Unrestricted net assets, as reported

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ARIZONA HELPING HANDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(with summarized comparative totals as of June 30, 2018)

(2) Adoption of accounting pronouncement (continued)

in prior financial statements, are reported as net assets without donor restrictions. Temporarily restricted net assets, as reported in prior financial statements, are reported as net assets with donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by AHH, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. AHH adopted the ASU effective July 1, 2018 and applied the provisions of the standard retroactively at and for the year ended June 30, 2018. Adoption of the ASU did not result in any reclassifications or restatements to total net assets or changes in net assets.

(3) Liquidity and availability of financial assets

AHH regularly monitors liquidity required to meet its operating needs and other contractual commitments. AHH has various sources of liquidity at its disposal, including cash, investments and current contributions receivable. AHH structures its financial assets to be available to meet general expenditures, liabilities and other obligations as they come due. AHH manages its liquid resources by depositing excess cash in certificate of deposits and interest bearing cash accounts. In addition to financial assets available to meet general expenditures over the next 12 months, AHH prepares and operates within an annual budget.

Financial assets available to meet general expenditures within one year:

	2019	2018
Cash & cash equivalents	\$ 770,476	\$ 689,885
Contributions receivable due within one year	244,163	78,957
Investments	1,121,874	1,099,959
Less: Board designated net assets	(375,195)	(363,069)
Less: Net assets with donor restrictions	(278,141)	(187,457)
Financial assets available to meet general expenditures within one year	\$ 1,483,177	\$ 1,318,275

(4) Contributions receivable

	2019	2018
Contributions receivable consist of:		
Contributions due in less than 1 year	\$ 244,163	\$ 78,957
Contributions due in 1 to 5 years	33,978	108,500
Gross contributions receivable	278,141	187,457
Allowance	-	-
Discount	-	-
Total contributions receivable, net	\$ 278,141	\$ 187,457

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ARIZONA HELPING HANDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(with summarized comparative totals as of June 30, 2018)

(4) Contributions receivable (continued)

Contributions receivable due in 1 to 5 years of \$33,978 at June 30, 2019, are due in part in 2020 and 2021, accordingly, a discount on those promises to give is clearly immaterial and management does not consider a discount necessary. Contributions receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

(5) Investments and fair value measurements

AHH reports its investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value. The fair values of investments are based on quoted market prices. Investments are exposed to various risks, such as interest rate, market, and credit risk. Investments were approximately 25% and 59% of total assets for the years ended June 30, 2019 and 2018, respectively.

AHH applies authoritative guidance related to *Accounting for Fair Values of Investments*. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an "exit price") on the measurement date in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants (with no compulsion to buy or sell). AHH has set up a valuation framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.);
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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ARIZONA HELPING HANDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(with summarized comparative totals as of June 30, 2018)

(5) Investments and fair value measurements (continued)

Fair value of assets at June 30, 2019 are measured as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 800,908	\$ -	\$ -	\$ 800,908
Cash and cash equivalents	320,966	-	-	320,966
Total	<u>\$ 1,121,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,121,874</u>

Fair value of assets at June 30, 2018 are measured as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 765,939	\$ -	\$ -	\$ 765,939
Cash and cash equivalents	334,020	-	-	334,020
Total	<u>\$ 1,099,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099,959</u>

For assets and liabilities measured at fair value on a recurring basis, the fair value hierarchy requires the use of observable market data when available. In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based upon the lowest level input that is significant to the fair value measurement in its entirety.

(6) Property and equipment

For the years ended June 30, 2019 and 2018, depreciation expense charged to operations was \$64,116 and \$23,044, respectively.

During the year ended June 30, 2019, AHH capitalized approximately \$17,000 of interest on debt related to the building purchase that was incurred during the construction period for the building improvements and prior to placing the building into service.

Property and equipment consist of:	<u>2019</u>	<u>2018</u>
Cost or donated value:		
Land	\$ 720,000	\$ -
Building	1,157,573	-
Building improvements	1,314,394	-
Furniture, fixtures and equipment	71,788	18,387
Computer and office equipment	14,307	23,753
Vehicles	91,984	91,984
Leasehold improvements	-	62,389
Building and building improvements in progress	-	1,901,318
Software in progress	<u>163,027</u>	<u>33,927</u>
Total cost or donated value	3,533,073	2,131,758
Accumulated depreciation	<u>(125,466)</u>	<u>(84,721)</u>
Net property and equipment	<u>\$ 3,407,607</u>	<u>\$ 2,047,037</u>

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ARIZONA HELPING HANDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(with summarized comparative totals as of June 30, 2018)

(7) Net assets with donor restrictions

Net assets with donor restrictions consist of the following:

	2019	2018
Time restrictions:		
Contributions receivable	\$ 278,141	\$ 187,457
Total net assets with donor restrictions	\$ 278,141	\$ 187,457

Amounts released from restrictions, consist of the following:

	2019	2018
Purpose restrictions:		
Capital Campaign	\$ 1,235,816	\$ 577,600
Events	-	25,000
Governance	-	6,751
Time restrictions:		
Contributions receivable	187,457	20,000
Total net assets released from restrictions	\$ 1,423,273	\$ 629,351

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