

**HUMBLE AREA ASSISTANCE
MINISTRIES, INC.**

Audits of Financial Statements

December 31, 2022 and 2021



Contents

Independent Auditor's Report	1 - 2
-------------------------------------	-------

Basic Financial Statements

Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 18

Independent Auditor's Report

To the Board of Directors of
Humble Area Assistance Ministries, Inc.
Humble, Texas

Opinion

We have audited the financial statements of Humble Area Assistance Ministries, Inc. (HAAM or the Organization), which comprise the statement of financial position as of December 31, 2022, 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 HAAM 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HAAM 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.

Other Matter

The financial statements of HAAM, as of and for the year ended December 31, 2021, were audited by other auditors, whose report, dated July 1, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HAAM's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 HAAM'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 HAAM'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.



A Professional Accounting Corporation

Covington, LA
August 21, 2023

HUMBLE AREA ASSISTANCE MINISTRIES, INC.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and Cash Equivalents	\$ 1,452,035	\$ 1,204,050
Investments	325,615	426,412
Grants and Contributions Receivable	183,627	169,077
Prepaid Expenses	24,097	25,455
Other Current Assets	30,054	29,708
Property and Equipment, Net	1,479,147	1,529,708
	<hr/>	<hr/>
Total Assets	\$ 3,494,575	\$ 3,384,410
Liabilities and Net Assets		
Accounts Payable	\$ 24,822	\$ 24,292
Accrued Expenses	109,561	72,797
Notes Payable	483,146	538,403
	<hr/>	<hr/>
Total Liabilities	617,529	635,492
Net Assets		
Without Donor Restrictions	2,548,663	2,626,741
With Donor Restrictions	328,383	122,177
	<hr/>	<hr/>
Total Net Assets	2,877,046	2,748,918
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 3,494,575	\$ 3,384,410

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

HUMBLE AREA ASSISTANCE MINISTRIES, INC.
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Contributions	\$ 180,448	\$ 562,454	\$ 742,902
Contributions of Nonfinancial Assets	1,600,106	-	1,600,106
Grants	1,188,420	214,601	1,403,021
Sale of Goods	686,231	-	686,231
Interest Income and Other	4,501	-	4,501
	<u>3,659,706</u>	<u>777,055</u>	<u>4,436,761</u>
Net Assets Released from Restrictions	570,849	(570,849)	-
	<u>4,230,555</u>	<u>206,206</u>	<u>4,436,761</u>
Expenses			
Program Services			
Client Assistance	3,127,673	-	3,127,673
Disaster Relief	149,480	-	149,480
Resale Stores	623,750	-	623,750
Supporting Services			
Management and General	369,297	-	369,297
Fundraising	38,433	-	38,433
	<u>4,308,633</u>	<u>-</u>	<u>4,308,633</u>
Change in Net Assets	(78,078)	206,206	128,128
Net Assets, Beginning of Year	<u>2,626,741</u>	<u>122,177</u>	<u>2,748,918</u>
Net Assets, End of Year	<u>\$ 2,548,663</u>	<u>\$ 328,383</u>	<u>\$ 2,877,046</u>

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

HUMBLE AREA ASSISTANCE MINISTRIES, INC.
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Contributions	\$ 595,026	\$ 440,535	\$ 1,035,561
Contributions of Nonfinancial Assets	1,850,524	-	1,850,524
Grants	1,167,459	191,431	1,358,890
Contributions - Grant Revenue	241,460	-	241,460
Sales of Goods	699,665	-	699,665
Interest Income and Other	6,753	-	6,753
	<u>4,560,887</u>	<u>631,966</u>	<u>5,192,853</u>
Net Assets Released from Restrictions	645,498	(645,498)	-
	<u>5,206,385</u>	<u>(13,532)</u>	<u>5,192,853</u>
Expenses			
Program Services			
Client Assistance	3,765,248	-	3,765,248
Resale Stores	650,476	-	650,476
Supporting Services			
Management and General	344,223	-	344,223
Fundraising	40,796	-	40,796
	<u>4,800,743</u>	<u>-</u>	<u>4,800,743</u>
Change in Net Assets	405,642	(13,532)	392,110
Net Assets, Beginning of Year	<u>2,221,099</u>	<u>135,709</u>	<u>2,356,808</u>
Net Assets, End of Year	<u>\$ 2,626,741</u>	<u>\$ 122,177</u>	<u>\$ 2,748,918</u>

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

HUMBLE AREA ASSISTANCE MINISTRIES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Client Assistance	Disaster Relief	Resale Stores		Management and General	Fundraising		
Advertising	\$ 1,181	\$ -	\$ -	\$ 1,181	\$ 3,346	\$ 5,671	\$ 9,017	\$ 10,198
Back to School Project	38,610	-	-	38,610	-	-	-	38,610
Depreciation and Amortization	24,429	-	36,703	61,132	2,421	47	2,468	63,600
Disaster Assistance	-	332	-	332	-	-	-	332
Food Assistance	1,333,910	69,023	-	1,402,933	-	-	-	1,402,933
Insurance	18,738	-	26,373	45,111	13,125	360	13,485	58,596
Interest Expense	-	-	28,576	28,576	1,666	-	1,666	30,242
Postage	472	-	54	526	1,047	3,097	4,144	4,670
Professional and Training	31,921	-	3,326	35,247	54,304	1,615	55,919	91,166
Repairs and Maintenance	9,963	-	9,360	19,323	8,424	197	8,621	27,944
Seasonal Programs	205,099	-	-	205,099	-	-	-	205,099
Shelter and Other Assistance	553,383	80,471	-	633,854	-	-	-	633,854
Supplies and Operations	23,789	60	35,497	59,346	16,830	21,655	38,485	97,831
Telephone	7,883	-	10,518	18,401	1,179	235	1,414	19,815
Utilities	14,042	-	28,646	42,688	1,717	503	2,220	44,908
Wages, Benefits, Taxes, and Fees	859,944	(406)	429,546	1,289,084	264,813	4,883	269,696	1,558,780
Waste Removal	4,309	-	15,151	19,460	425	170	595	20,055
Total Expenses	\$ 3,127,673	\$ 149,480	\$ 623,750	\$ 3,900,903	\$ 369,297	\$ 38,433	\$ 407,730	\$ 4,308,633

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

HUMBLE AREA ASSISTANCE MINISTRIES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			Supporting Services			Total
	Client Assistance	Resale Stores	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising	\$ 775	\$ 117	\$ 892	\$ 3,844	\$ 5,371	\$ 9,215	\$ 10,107
Back to School Project	30,909	-	30,909	-	-	-	30,909
Depreciation and Amortization	25,464	40,179	65,643	2,631	49	2,680	68,323
Disaster Assistance	365,320	-	365,320	-	-	-	365,320
Food Assistance	1,598,169	-	1,598,169	-	-	-	1,598,169
Insurance	18,273	21,393	39,666	9,374	26	9,400	49,066
Interest Expense	-	29,633	29,633	1,912	-	1,912	31,545
Postage	505	15	520	1,480	2,642	4,122	4,642
Professional and Training	27,979	4,587	32,566	43,512	590	44,102	76,668
Repairs and Maintenance	12,027	17,623	29,650	9,023	4	9,027	38,677
Seasonal Programs	124,099	-	124,099	-	-	-	124,099
Shelter and Other Assistance	783,408	-	783,408	-	-	-	783,408
Supplies and Operations	48,952	57,004	105,956	18,596	25,893	44,489	150,445
Telephone	6,606	7,816	14,422	815	23	838	15,260
Utilities	12,789	29,865	42,654	1,785	27	1,812	44,466
Wages, Benefits, Taxes, and Fees	708,083	426,624	1,134,707	250,997	6,168	257,165	1,391,872
Waste Removal	1,890	15,620	17,510	254	3	257	17,767
Total Expenses	\$ 3,765,248	\$ 650,476	\$ 4,415,724	\$ 344,223	\$ 40,796	\$ 385,019	\$ 4,800,743

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

HUMBLE AREA ASSISTANCE MINISTRIES, INC.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ 128,128	\$ 392,110
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	63,600	68,323
Gain on Investments	(2,398)	(5,410)
(Increase) Decrease in Assets		
Grants and Contributions Receivable	(14,550)	(112,685)
Prepaid Expenses	1,358	(931)
Other Current Assets	(346)	(13,349)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	37,294	3,985
Net Cash Provided by Operating Activities	213,086	332,043
Cash Flows from Investing Activities		
Maturities of Investments	103,195	106,746
Purchase of Property and Equipment	(13,039)	(6,154)
Net Cash Provided by Investing Activities	90,156	100,592
Cash Flows from Financing Activities		
Repayments of Notes Payable	(55,257)	(42,137)
Net Cash Used in Financing Activities	(55,257)	(42,137)
Net Change in Cash and Cash Equivalents	247,985	390,498
Cash and Cash Equivalents, Beginning of Year	1,204,050	813,552
Cash and Cash Equivalents, End of Year	\$ 1,452,035	\$ 1,204,050
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 30,242	\$ 31,545
Refinance of Note Payable	\$ 89,748	\$ -
Contributions of Nonfinancial Assets	\$ 1,600,106	\$ 1,850,524

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

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies

Humble Area Assistance Ministries, Inc. (HAAM or the Organization) is incorporated in the state of Texas as a nonprofit charitable organization. HAAM was established by a local community coalition to centralize community outreach efforts, help community residents in crisis and move them toward self-sufficiency. Over the years, by partnering with other communities, organizations, and proactively seeking new resources and tools to serve those in need, HAAM has expanded and adapted its scope of services to meet community needs. HAAM is a comprehensive social services agency serving northeast Harris and east Montgomery counties. Services are offered in three program areas: client assistance, disaster relief and resale store.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors (the Board). During 2020, the Board approved the establishment of a Board Designated fund.
- *Net Assets With Donor Restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, HAAM considers demand deposits, savings accounts, certificates of deposit, and highly liquid investments available for current use with an initial maturity of three months or less, to be cash and cash equivalents.

Concentration of Credit Risk

The Organization periodically maintains deposits in financial institutions that exceed the insured amount of \$250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization believes it is not exposed to any significant risk on its cash balances. At December 31, 2022 and 2021, the amount in excess of the FDIC insured limit totaled \$806,192 and \$562,258, respectively.

Investments

Investments represent certificates of deposit with varying maturities held at a financial institution. At December 31, 2022 and 2021, the Organization held investments in certificates of deposit of \$325,615 and \$426,412, respectively.

Gains and losses on investments are reported as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Grants and Contributions Receivable

Receivables are comprised of grants and contributions. Certain grants are stated as reimbursable expenditures due from the grantor, and as such no allowance for bad debt is recorded, as revenue received is from third-party reimbursements with state and local government agencies. The opening balance of grants and contributions receivable at January 1, 2021 totaled \$56,392.

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost except for contributed assets which are recorded at fair market value at the date of contribution. Depreciation and amortization are computed by the straight-line method using a 40-year life for buildings and a five-year life for other assets. An asset is tested for recoverability whenever events indicate that its carrying value may not be recoverable. If this procedure indicates that an asset is not recoverable, an impairment loss is recognized. The loss is the amount by which the carrying amount of the asset exceeds its fair market value. Additionally, acquisitions of property and equipment in excess of \$2,000 are capitalized.

Impairment Loss of Long-Lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There was no impairment loss recorded during 2022 and 2021.

Revenue Recognition

HAAM follows the recommendations of authoritative guidance for contributions received and contributions made. Accordingly, the contributions received are recorded as support with or without restrictions depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

HAAM has a resale store that sells primarily donated goods. The sales revenue is not restricted and is recognized at the time the goods are sold.

Contribution - Grant Revenue

In response to the coronavirus pandemic, the United States government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 and the Economic Aid Act in December 2020. One component of the CARES Act, the Paycheck Protection Program (PPP), provided HAAM an opportunity to apply for a forgivable loan to assist in funding payroll. During 2021, HAAM received PPP funding totaling \$241,460.

During 2020, HAAM adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* as management believes the standard improves the usefulness and understandability of HAAM's financial reporting. In accordance with the ASU, HAAM recorded the PPP loan proceeds as a refundable advance in the statement of financial position until such time all conditions of the program were substantially met. Once the condition is substantially met, the refundable advance is derecognized, and the related amount is recorded as contribution - grant revenue. For 2021, \$241,460 was recognized as contribution - grant revenue in the statement of activities.

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Expenses are categorized on the statements of activities as program services, management and general, and fundraising. Expenditures of HAAM are allocated on a functional basis among its various programs and support services. Program services offered by HAAM are organized into client assistance and the resale shop. The expenses for these programs and supporting services are presented in detail on the statements of functional expenses. Amounts that are not directly allocable to specific services have been allocated based on HAAM's cost allocation plan as follows:

Expenses	Methodology
Depreciation and Amortization	Square Footage
Insurance	Square Footage
Professional and Training	Time and Effort
Repairs and Maintenance	Square Footage
Telephone	Location
Utilities	Square Footage
Wages, Benefits, Taxes, and Fees	Full-time Equivalent

Advertising Costs

HAAM expenses advertising costs as incurred. Advertising expense in the amount of \$10,198 and \$10,107 was incurred for 2022 and 2021, respectively.

Income Taxes

HAAM is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain.

HAAM believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on the change in net assets.

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted

In February 2016, the FASB issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to its leasing arrangements. The update requires lessees to recognize most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. HAAM adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, HAAM has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with HAAM's historical accounting treatment under ASC Topic 840, *Leases*.

HAAM elected to adopt the package of practical expedients under the transition guidance within Topic 842, which among other things, allowed it to carry forward the historical lease classification, and has not elected to adopt the hindsight practical expedient. HAAM made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. HAAM has also made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component.

HAAM deemed that the adoption of Topic 842 related to its operating leases was not material to the financial statements for the recognition of ROU assets and lease liabilities, results of operations, cash flows, or debt covenants.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations and enhances disclosures with respect to these contributions. This ASU was adopted on a retrospective basis during the year ended December 31, 2022. See Note 7 for the enhanced disclosure.

Note 2. Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover at least 90 days of general expenditures and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and certificates of deposit.

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 2. Liquidity and Availability (Continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization forecasts, budgets, and considers all expenditures related to its ongoing program activities of basic needs, supportive service, and disasters relief services as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient contributions to cover general expenditures not covered by donor-restricted resources.

The following table shows the total financial assets available for general expenditures over the next 12 months as of December 31:

	2022	2021
Cash and Cash Equivalents	\$ 1,452,035	\$ 1,204,050
Investments	325,615	426,412
Grants and Contributions Receivable	183,627	169,077
Total	\$ 1,961,277	\$ 1,799,539

Note 3. Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Land	\$ 792,756	\$ 792,756
Building and Improvements	1,305,187	1,302,937
Vehicles	162,577	162,577
Office Furniture and Equipment	253,947	243,158
Construction in Progress	45,954	45,954
	2,560,421	2,547,382
Less: Accumulated Depreciation	(1,081,274)	(1,017,674)
Total Property and Equipment, Net	\$ 1,479,147	\$ 1,529,708

Depreciation and amortization expense for December 31, 2022 and 2021 amounted to \$63,600 and \$68,323, respectively.

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 4. Notes Payable

In February 2019, the Organization financed the purchase of property with a note payable in the amount of \$114,375, at an annual interest rate of 5.5%. This note was refinanced in February 2022. The note is secured by the property and is due February 2028. The outstanding balance is \$69,707 and \$90,564 at December 31, 2022 and 2021, respectively.

The Organization refinanced its outstanding installment loan with a 10-year note in the amount of \$129,296. This note carries an interest rate of 4%, secured by the property, and is due in January 2028. The principal outstanding balance is \$75,380 and \$87,799 at December 31, 2022 and 2021, respectively.

In July 2013, the Organization purchased the property and building previously leased for the Black Cat Junction Resale Store. The property was purchased for \$564,000, which includes a contribution of \$64,000 and a note for a principal amount of \$500,000, payable over 20 years at an annual interest rate of 6%. This loan is due in August 2033. The principal outstanding balance is \$338,059 and \$360,040 at December 31, 2022 and 2021, respectively.

The future maturities of the notes payable are as follows:

Year Ending December 31,	Amount
2023	\$ 41,276
2024	53,316
2025	56,253
2026	59,345
2027	62,612
Thereafter	<u>210,344</u>
Total	<u>\$ 483,146</u>

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 5. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following at December 31:

	2022	2021
Without Donor Restrictions	\$ 2,373,663	\$ 2,451,741
Board Designated - Capital Reserve	175,000	175,000
Total Net Assets Without Donor Restrictions	\$ 2,548,663	\$ 2,626,741

During 2020, HAAM's Board of Directors approved the establishment and initial funding of a Board Designated - Capital Reserve fund for the purpose of providing capital needs as they arise.

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2022	2021
Basic Needs	\$ 192,157	\$ 101,612
Senior Services	53,219	-
Management and General	48,897	5,896
Disaster Relief	26,110	6,669
Other	8,000	8,000
Total Net Assets with Donor Restrictions	\$ 328,383	\$ 122,177

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 7. Contributions of Nonfinancial Assets

HAAM's contributions of nonfinancial assets consisted of the following as of December 31:

	2022	2021
Contributed Food and Edible Goods	\$ 1,323,535	\$ 1,665,435
Donated Services	52,305	55,458
Donated Goods	224,266	129,631
	<u>\$ 1,600,106</u>	<u>\$ 1,850,524</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed Food and Edible Goods

HAAM receives contributed food and edible goods for use in its food pantry and other activities. The value of the donations received from food banks is valued based on the Feeding America rate of \$1.79 per pound for 2022 and 2021.

Donated Services

A substantial number of unpaid volunteers make significant contributions of their time to develop HAAM's programs. However, the value of these donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. The Organization also receives free or discounted services from other professional organizations. The value of the services or discounts received are valued using estimated average U.S. prices of identical or similar services using pricing data of similar services under a 'like-kind' methodology.

Donated Goods

HAAM receives significant contributions of goods throughout the year from various individuals and organizations. Donated goods of sufficient quality are sold by HAAM's resale stores. The value of the donated goods is determined based on the retail value of the donated item. If the retail value of the item cannot be determined, the value of the item is estimated by management.

Note 8. Commitments and Contingencies

In the normal course of HAAM's activities, there could be various outstanding contingent liabilities such as violations of regulatory body's regulations or violations of grant contract provisions.

HUMBLE AREA ASSISTANCE MINISTRIES, INC.

Notes to Financial Statements

Note 8. Commitments and Contingencies (Continued)

The Organization renewed its equipment operating lease effective August 2022 for a period of five years through July 2027. Rent expense related to this lease for the year ended December 31, 2022 and 2021 totaled \$6,723 and \$6,428, respectively. The future operating lease obligations are as follows as of December 31, 2022:

Year Ending December 31,	Amount
2023	\$ 6,000
2024	6,000
2025	6,000
2026	6,000
2027	<u>4,000</u>
Total	<u><u>\$ 28,000</u></u>

Note 9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 21, 2023, and determined that there were no events that require disclosure.