

**HUMBLE AREA ASSISTANCE  
MINISTRIES, INC.**

Audits of Financial Statements

December 31, 2023 and 2022



## **Contents**

---

<b>Independent Auditor's Report</b>	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 statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HAAM as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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  
July 25, 2024

**HUMBLE AREA ASSISTANCE MINISTRIES, INC.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 456,313	\$ 1,452,035
Investments	1,200,513	325,615
Grants and Contributions Receivable	62,559	183,627
Prepaid Expenses	25,892	24,097
Other Current Assets	12,749	30,054
Property and Equipment, Net	<u>1,440,268</u>	<u>1,479,147</u>
<b>Total Assets</b>	<b><u>\$ 3,198,294</u></b>	<b><u>\$ 3,494,575</u></b>
<b>Liabilities and Net Assets</b>		
Accounts Payable	\$ 24,105	\$ 24,822
Accrued Expenses	98,487	109,561
Notes Payable	<u>416,725</u>	<u>483,146</u>
<b>Total Liabilities</b>	<b><u>539,317</u></b>	<b><u>617,529</u></b>
<b>Net Assets</b>		
Without Donor Restrictions	2,538,449	2,548,663
With Donor Restrictions	<u>120,528</u>	<u>328,383</u>
<b>Total Net Assets</b>	<b><u>2,658,977</u></b>	<b><u>2,877,046</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,198,294</u></b>	<b><u>\$ 3,494,575</u></b>

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, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains, and Support</b>			
Contributions	\$ 158,794	\$ 510,033	\$ 668,827
Contributions of Nonfinancial Assets	1,141,268	-	1,141,268
Grants	1,069,650	52,383	1,122,033
Sales of Goods	684,340	-	684,340
Interest Income and Other	36,162	-	36,162
	<u>3,090,214</u>	<u>562,416</u>	<u>3,652,630</u>
<b>Net Assets Released from Restrictions</b>	<u>770,271</u>	<u>(770,271)</u>	<u>-</u>
<b>Total Revenues, Gains, and Support</b>	<u>3,860,485</u>	<u>(207,855)</u>	<u>3,652,630</u>
<b>Expenses</b>			
Program Services			
Client Assistance	2,844,216	-	2,844,216
Disaster Relief	25,065	-	25,065
Resale Stores	623,949	-	623,949
Supporting Services			
Management and General	361,352	-	361,352
Fundraising	16,117	-	16,117
	<u>3,870,699</u>	<u>-</u>	<u>3,870,699</u>
<b>Change in Net Assets</b>	(10,214)	(207,855)	(218,069)
<b>Net Assets, Beginning of Year</b>	<u>2,548,663</u>	<u>328,383</u>	<u>2,877,046</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,538,449</u>	<u>\$ 120,528</u>	<u>\$ 2,658,977</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, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Support</b>			
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
Sales 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>
<b>Net Assets Released from Restrictions</b>	<u>570,849</u>	<u>(570,849)</u>	<u>-</u>
<b>Total Revenues, Gains, and Support</b>	<u>4,230,555</u>	<u>206,206</u>	<u>4,436,761</u>
<b>Expenses</b>			
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>
<b>Change in Net Assets</b>	(78,078)	206,206	128,128
<b>Net Assets, Beginning of Year</b>	<u>2,626,741</u>	<u>122,177</u>	<u>2,748,918</u>
<b>Net Assets, End of Year</b>	<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 Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Client Assistance	Disaster Relief	Resale Stores		Management and General	Fundraising		
Advertising	\$ 900	\$ -	\$ -	\$ 900	\$ 7,198	\$ 1,439	\$ 8,637	\$ 9,537
Back to School Project	45,250	-	-	45,250	-	-	-	45,250
Depreciation and Amortization	21,754	-	34,378	56,132	3,422	41	3,463	59,595
Disaster Assistance	-	150	-	150	-	-	-	150
Food Assistance	949,836	16,360	-	966,196	-	-	-	966,196
Insurance	17,622	-	31,119	48,741	13,732	536	14,268	63,009
Interest Expense	-	-	24,143	24,143	1,404	-	1,404	25,547
Postage	192	-	-	192	724	3,264	3,988	4,180
Professional and Training	48,822	64	7,660	56,546	71,184	825	72,009	128,555
Repairs and Maintenance	16,633	-	6,356	22,989	3,231	284	3,515	26,504
Seasonal Programs	241,529	-	-	241,529	-	-	-	241,529
Shelter and Other Assistance	525,810	8,491	-	534,301	-	-	-	534,301
Supplies and Operations	22,509	-	52,373	74,882	12,087	2,542	14,629	89,511
Telephone	9,542	-	11,505	21,047	545	369	914	21,961
Utilities	14,920	-	27,196	42,116	782	597	1,379	43,495
Wages, Benefits, Taxes, and Fees	920,824	-	416,408	1,337,232	199,651	5,897	205,548	1,542,780
Waste Removal	8,073	-	12,811	20,884	325	323	648	21,532
Other	-	-	-	-	47,067	-	47,067	47,067
<b>Total Expenses</b>	<b>\$ 2,844,216</b>	<b>\$ 25,065</b>	<b>\$ 623,949</b>	<b>\$ 3,493,230</b>	<b>\$ 361,352</b>	<b>\$ 16,117</b>	<b>\$ 377,469</b>	<b>\$ 3,870,699</b>

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
<b>Total Expenses</b>	<b>\$ 3,127,673</b>	<b>\$ 149,480</b>	<b>\$ 623,750</b>	<b>\$ 3,900,903</b>	<b>\$ 369,297</b>	<b>\$ 38,433</b>	<b>\$ 407,730</b>	<b>\$ 4,308,633</b>

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, 2023 and 2022**

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (218,069)	\$ 128,128
Adjustments to Reconcile Change in Net Assets to		
Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	59,595	63,600
Gain on Investments	(35,014)	(2,398)
Loss on Disposal of Property and Equipment	45,954	-
Decrease (Increase) in Assets		
Grants and Contributions Receivable	121,068	14,550
Prepaid Expenses	(1,795)	1,358
Other Current Assets	17,305	(346)
(Decrease) Increase in Liabilities		
Accounts Payable and Accrued Expenses	(11,791)	37,294
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(22,747)</b>	<b>213,086</b>
<b>Cash Flows from Investing Activities</b>		
Maturities and Sale of Investments	426,087	103,195
Purchase of Investments	(1,265,971)	-
Purchase of Property and Equipment	(66,670)	(13,039)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(906,554)</b>	<b>90,156</b>
<b>Cash Flows from Financing Activities</b>		
Repayments of Notes Payable	(66,421)	(55,257)
<b>Net Cash Used in Financing Activities</b>	<b>(66,421)</b>	<b>(55,257)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(995,722)</b>	<b>247,985</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,452,035</b>	<b>1,204,050</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 456,313</b>	<b>\$ 1,452,035</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash Paid During the Year for Interest	\$ 25,547	\$ 30,242
Refinance of Note Payable	\$ -	\$ 89,748
Contributions of Nonfinancial Assets	\$ 1,141,268	\$ 1,600,106

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. See Note 6.
- *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.

#### **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.

# HUMBLE AREA ASSISTANCE MINISTRIES, INC.

## Notes to Financial Statements

---

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

#### **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, 2023, the Organization did not have deposits in excess of the FDIC insured limit. At December 31, 2022, the amount in excess of the FDIC insured limit totaled \$806,192.

#### **Investments**

Investment purchases are recorded at cost, or if donated, at fair market value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported as a component of interest income and other in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law, and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

#### **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 credit losses 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, 2022 totaled \$169,077.

#### **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 2023 and 2022.

# HUMBLE AREA ASSISTANCE MINISTRIES, INC.

## Notes to Financial Statements

---

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

#### 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 of Nonfinancial Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HAAM.

#### 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, disaster relief, 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:

<b>Expenses</b>	<b>Methodology</b>
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 \$9,537 and \$10,198 was incurred for 2023 and 2022, respectively.

# HUMBLE AREA ASSISTANCE MINISTRIES, INC.

## Notes to Financial Statements

---

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

#### 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.

### 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 investments.

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:

	2023	2022
Cash and Cash Equivalents	\$ 456,313	\$ 1,452,035
Investments	1,200,513	325,615
Grants and Contributions Receivable	62,559	183,627
<b>Total</b>	<b>\$ 1,719,385</b>	<b>\$ 1,961,277</b>

**Note 3. Investments and Fair Value Measurement**

HAAM follows the provisions of the *Fair Value Measurement* Topic 820 of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.
- Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. A financial instrument's level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. HAAM considers observable data to be market data which is readily available, reliable, and provided by independent sources. The categorization of a financial instrument within the fair value hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to HAAM's perceived risk of the instrument. Investments whose values are based on quoted market prices in active markets are classified as Level 1 and generally include active listed equities and certain fixed income investments. Investments whose values are based on expected future cash flows are classified as Level 2.

## HUMBLE AREA ASSISTANCE MINISTRIES, INC.

### Notes to Financial Statements

---

#### Note 3. Investments and Fair Value Measurement (Continued)

The classification of investments by level within the valuation hierarchy as of December 31, 2023 and 2022 was as follows:

<b>December 31, 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Money Market Funds</b>	<b>\$ 115,467</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,467</b>
<b>Certificates of Deposit</b>	<b>-</b>	<b>1,038,656</b>	<b>-</b>	<b>1,038,656</b>
<b>Corporate Bonds</b>	<b>46,390</b>	<b>-</b>	<b>-</b>	<b>46,390</b>
<b>Total</b>	<b>\$ 161,857</b>	<b>\$ 1,038,656</b>	<b>\$ -</b>	<b>\$ 1,200,513</b>

  

<b>December 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Certificates of Deposit</b>	<b>\$ -</b>	<b>\$ 325,615</b>	<b>\$ -</b>	<b>\$ 325,615</b>
<b>Total</b>	<b>\$ -</b>	<b>\$ 325,615</b>	<b>\$ -</b>	<b>\$ 325,615</b>

#### Note 4. Property and Equipment

Property and equipment consist of the following at December 31:

	<b>2023</b>	<b>2022</b>
Land	<b>\$ 792,756</b>	<b>\$ 792,756</b>
Building and Improvements	<b>1,369,167</b>	<b>1,305,187</b>
Vehicles	<b>162,577</b>	<b>162,577</b>
Office Furniture and Equipment	<b>256,637</b>	<b>253,947</b>
Construction in Progress	<b>-</b>	<b>45,954</b>
	<b>2,581,137</b>	<b>2,560,421</b>
Less: Accumulated Depreciation	<b>(1,140,869)</b>	<b>(1,081,274)</b>
<b>Total Property and Equipment, Net</b>	<b>\$ 1,440,268</b>	<b>\$ 1,479,147</b>

Depreciation and amortization expense for December 31, 2023 and 2022 amounted to \$59,595 and \$63,600, respectively.



## HUMBLE AREA ASSISTANCE MINISTRIES, INC.

### Notes to Financial Statements

---

#### Note 5. Notes Payable

In February 2019, the Organization financed the purchase of property with a note payable in the amount of \$114,375, with an annual interest rate of 5.5%. This note was refinanced in February 2022 in the amount of \$89,748, with an annual interest rate of 5.5%. The note is secured by the property and matures February 2028. The outstanding balance is \$39,556 and \$69,707 at December 31, 2023 and 2022, respectively.

The Organization has a 10-year note in the amount of \$129,296. This note carries an interest rate of 4%, secured by the property, and matures January 2028. The principal outstanding balance is \$62,448 and \$75,380 at December 31, 2023 and 2022, 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 matures August 2033. The principal outstanding balance is \$314,721 and \$338,059 at December 31, 2023 and 2022, respectively.

The future maturities of the notes payable are as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2024	\$ 52,573
2025	55,494
2026	52,580
2027	44,854
2028	36,639
Thereafter	<u>174,585</u>
<b>Total</b>	<u><u>\$ 416,725</u></u>

## HUMBLE AREA ASSISTANCE MINISTRIES, INC.

### Notes to Financial Statements

---

#### Note 6. Net Assets Without Donor Restrictions

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

	2023	2022
Without Donor Restrictions	\$ 2,363,449	\$ 2,373,663
Board Designated - Capital Reserve	175,000	175,000
<b>Total Net Assets Without Donor Restrictions</b>	<b>\$ 2,538,449</b>	<b>\$ 2,548,663</b>

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 7. Net Assets With Donor Restrictions

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

	2023	2022
Basic Needs	\$ 45,575	\$ 192,157
Senior Services	64,871	53,219
Management and General	10,082	48,897
Disaster Relief	-	26,110
Other	-	8,000
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 120,528</b>	<b>\$ 328,383</b>

## HUMBLE AREA ASSISTANCE MINISTRIES, INC.

### Notes to Financial Statements

---

#### Note 8. Contributions of Nonfinancial Assets

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

	2023	2022
Contributed Food and Edible Goods	\$ 829,187	\$ 1,323,535
Donated Services	59,739	52,305
Donated Goods	252,342	224,266
<b>Total</b>	<b>\$ 1,141,268</b>	<b>\$ 1,600,106</b>

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 \$1.92 and \$1.79 per pound for the years ended December 31, 2023 and 2022, respectively.

#### 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.

## HUMBLE AREA ASSISTANCE MINISTRIES, INC.

### Notes to Financial Statements

---

#### Note 9. 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.

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, 2023 and 2022 totaled \$6,779 and \$6,723, respectively. The future operating lease obligations are as follows as of December 31, 2023:

Year Ending December 31,	Amount
2024	\$ 6,000
2025	6,000
2026	6,000
2027	<u>4,000</u>
<b>Total</b>	<u><u>\$ 22,000</u></u>

#### Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 25, 2024, and determined that there were no events that require disclosure.