



Lanigan Ryan



**HMSHOST FOUNDATION, INC.
(Nonprofit Corporation)
FINANCIAL STATEMENTS**

Year Ended December 31, 2023



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HMSSHost Foundation, Inc.
Bethesda, Maryland

Opinion

We have audited the accompanying financial statements of HMSSHost Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HMSSHost Foundation, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 HMSSHost Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 HMSSHost Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 HMSHost Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HMSHost Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Gaithersburg, Maryland
June 27, 2024

HMSHOST FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	509,568
Promises to give		65,898
Related party promise to give		56,228
Loans receivable		3,975
		3,975

Total current assets	\$	635,669
		635,669

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	49,172
Deferred revenue		5,000
		5,000

Total current liabilities		54,172
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NET ASSETS

Without donor restrictions		368,343
With donor restrictions		213,154
		213,154

Total net assets		581,497
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Total liabilities and net assets	\$	635,669
		635,669

The Notes to Financial Statements are an integral part of these statements.

HMSHOST FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
REVENUE AND OTHER SUPPORT			
Golf tournament	674,578	\$ -	\$ 674,578
Contributions	307,591	93,111	400,702
Net assets released from restrictions	83,067	(83,067)	-
Total revenue and other support	<u>1,065,236</u>	<u>10,044</u>	<u>1,075,280</u>
EXPENSES			
Program services	668,923	-	668,923
Fundraising	384,029	-	384,029
Management and general	66,605	-	66,605
Total expenses	<u>1,119,557</u>	<u>-</u>	<u>1,119,557</u>
Change in net assets	(54,321)	10,044	(44,277)
Net assets, beginning of year	<u>422,664</u>	<u>203,110</u>	<u>625,774</u>
Net assets, end of year	<u><u>\$ 368,343</u></u>	<u><u>\$ 213,154</u></u>	<u><u>\$ 581,497</u></u>

The Notes to Financial Statements are an integral part of these statements.

HMSHOST FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Tournament expense	\$ -	\$ 347,844	\$ -	\$ 347,844
Contributions	535,140	-	-	535,140
Salaries	123,639	32,970	8,242	164,851
Accounting and legal	-	-	47,172	47,172
Bank charges	-	-	10,590	10,590
Miscellaneous	10,144	2,705	601	13,450
Canisters	-	510	-	510
	<u>\$ 668,923</u>	<u>\$ 384,029</u>	<u>\$ 66,605</u>	<u>\$ 1,119,557</u>

The Notes to Financial Statements are an integral part of these statements.

HMSHOST FOUNDATION, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ (44,277)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Decrease (increase) in assets:	
Promises to give	75,375
Related party promise to give	(56,228)
Decrease in liabilities:	
Accounts payable	<u>(31,127)</u>
Net cash used in operating activities	<u>(56,257)</u>
Cash flows from investing activities:	
Payments received from loan receivable	<u>4,870</u>
Net cash provided by investing activities	<u>4,870</u>
Decrease in cash and cash equivalents	(51,387)
Cash and cash equivalents, beginning of year	<u>560,955</u>
Cash and cash equivalents, end of year	<u><u>\$ 509,568</u></u>

The Notes to Financial Statements are an integral part of these statements.

HMSHOST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

Note 1. Organization and Operations

HMSHost Foundation, Inc. (the “Foundation”), is a nonprofit organization and was incorporated in the State of Maryland in July 2015. The Foundation is an affiliate of HMSHost Corporation (the “Sponsor”). The board members of the Foundation hold executive positions at the Sponsor. The Foundation’s mission is to fight poverty with food, shelter, education, and workforce development opportunities.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting - HMSHost Foundation, Inc. prepares their financial statements on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation – The financial statements of HMSHost Foundation, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require HMSHost Foundation, Inc. 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 Foundation. These net assets may be used at the discretion of management and the board of directors.

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 HMSHost Foundation, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The HMSHost Cares program provides relief to HMSHost employees affected by disasters and other personal hardships.

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 in Financial Statements - The preparation of financial statements in conformity with 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HMSHOST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

Note 2. Summary of Significant Accounting Policies (continued)

Contributions - HMSHost Foundation, Inc. reports contributions as support the earlier of when received or when pledged by the donor. HMSHost Foundation, Inc. reports donor restricted contributions as increases in net assets with donor restrictions if their use is restricted to a specific program or for a specific time period. When a donor restriction expires (that is, when the purpose is accomplished or time restriction has expired), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions.

For those restricted contributions where the contribution is received and the restriction is met during the same year, HMSHost Foundation, Inc. recognizes the contributions as revenues without donor restrictions.

Promises to Give – Promises to give are unconditional promises to give and primarily consist of sponsorships and contributions from donors. Management periodically reviews the status of outstanding promises to give for collectability. Each balance is assessed based on management’s knowledge of and relationship with the donor and the age of the promise. As a result of these reviews, balances deemed uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for credit losses was recorded.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments with a maturity of three months or less as of the date of acquisition to be cash equivalents.

Uncertain Tax Positions - For financial reporting purposes, the Foundation recognizes tax positions claimed or expected to be claimed based upon whether it is more likely than not that the tax position will be sustained upon examination. Interest, if any, related to income tax liabilities is included in interest expense. Penalties, if any, related to income tax liabilities are included in operating expense. As of December 31, 2023, the Foundation had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements.

Fair Value Measurements - The Foundation measures fair value based on the price that the Foundation would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Various inputs are used in determining the fair value of assets or liabilities. Inputs are classified into a three-tier hierarchy, summarized as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Quoted prices for similar assets in active and inactive markets
- Level 3 – Significant unobservable inputs

HMSHOST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

Note 2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued) - When Level 1 inputs are not available, the Foundation measures fair value using valuation techniques that maximize the use of relevant observable inputs (Level 2) and minimizes the use of unobservable inputs (Level 3).

Note 3. Disaggregation of Revenue

Disaggregated event revenue and contributions by type are as follows:

Golf tournament	\$ 674,578
Contributions and promises to give	189,208
Round Up 4 Charity	120,042
Canisters	<u>91,452</u>
Total revenue & other support	<u>\$ 1,075,280</u>

Note 4. Availability and Liquidity

The following represents HMSHost Foundation, Inc.'s financial assets at December 31, 2023:

Financial assets at year-end:

Cash and cash equivalents	\$ 509,568
Promises to give	65,898
Promises to give, related party	56,228
Loan receivable	<u>3,975</u>
Total financial assets	<u>\$ 635,669</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	\$ 213,154
Loan receivable	<u>3,975</u>
Total financial assets not available to be used within one year	<u>\$ 217,129</u>

Financial assets available to meet general

expenditures over the next twelve months	<u>\$ 418,540</u>
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HMSHost Foundation, Inc.'s goal is to generate cash income to donate to charities that support the mission, while maintaining adequate cash to pay operating expenses throughout the year.

HMSHOST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

Note 5. Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Travel	Time and effort
Office Expenses	Time and effort
Utilities	Time and effort

Note 6. Net Assets

Net assets with donor restrictions as of December 31, 2023 are as follows:

Net assets with donor restrictions as of December 31, 2023:

HMSHost Cares	\$ 163,154
Time restricted	<u>50,000</u>
Total	<u>\$ 213,154</u>

Net assets without donor restrictions as of December 31, 2023:

Undesignated	<u>\$ 368,343</u>
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HMSHOST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

Note 7. Concentration of Credit Risks

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and promises to give.

The Foundation places their temporary cash investments with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per organization. As of December 31, 2023, the Foundation's uninsured balance totaled \$243,921.

As of December 31, 2023, promises to give from two donors totaled \$106,228 or 87% of total promises to give.

Note 8. Income Tax

HMSHost Foundation, Inc. has received an exemption from the Internal Revenue Service indicating that they are exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

Note 9. Related Party Transactions

For the year ended December 31, 2023, the Sponsor incurred \$164,851 in personnel costs and \$12,212 of other expenses in connection with the operations of the Foundation. The Foundation reimbursed the Sponsor for these costs throughout the year. As of December 31, 2023, the Foundation owed the Sponsor \$48,144.

The Foundation received \$116,228 in contributions pledged from the Sponsor during the year, of which \$56,228 remains outstanding as of December 31, 2023.

Note 10. Subsequent Events

During the year ended December 31, 2023, the Sponsor became a part of Avolta AG. The Foundation changed its name from HMSHost Foundation, Inc. to Journey For Good Foundation, Inc., effective March 15, 2024, and will begin receiving additional donations from the robust point of sale campaign at Hudson stores (also part of Avolta).