



Lanigan  
Ryan

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

**Year Ended December 31, 2021**



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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

We have audited the accompanying financial statements of HMSHost Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 HMSHost Foundation, Inc. as of December 31, 2021, 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 HMSHost 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 HMSHost 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.

A handwritten signature in black ink that reads "Lanigan Ryan, R.C." The signature is written in a cursive, flowing style.

Gaithersburg, Maryland  
August 30, 2022

**HMSHOST FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2021

<b>ASSETS</b>	<u>2021</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 596,924
Promises to give	<u>50,000</u>
<b>Total current assets</b>	<u>646,924</u>
Promises to give, noncurrent	91,431
Loans receivable	<u>13,735</u>
<b>Total assets</b>	<u><u>\$ 752,090</u></u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 85,885
Current portion of grant payable	37,500
Deferred revenue	<u>21,774</u>
<b>Total current liabilities</b>	145,159
Grant payable, net of current portion	<u>37,500</u>
<b>Total liabilities</b>	<u>182,659</u>
<b>NET ASSETS</b>	
Without donor restrictions	405,387
With donor restrictions	<u>164,044</u>
<b>Total net assets</b>	<u>569,431</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 752,090</u></u>

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

**HMSHOST FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities</b>			
<b>REVENUE AND OTHER SUPPORT</b>			
Golf tournament	\$ 575,089	\$ -	\$ 575,089
Contributions	256,584	116,238	372,822
Net assets released from restrictions	236,683	(236,683)	-
<b>Total revenue and other support</b>	<u>1,068,356</u>	<u>(120,445)</u>	<u>947,911</u>
<b>EXPENSES</b>			
Program services	520,394	-	520,394
Fundraising	389,011	-	389,011
Management and general	57,335	-	57,335
<b>Total expenses</b>	<u>966,740</u>	<u>-</u>	<u>966,740</u>
Change in net assets from operations	101,616	(120,445)	(18,829)
<b>Nonoperating activities</b>			
Foreign currency translation	1,955	-	1,955
<b>Total nonoperating activities</b>	<u>1,955</u>	<u>-</u>	<u>1,955</u>
Change in net assets	103,571	(120,445)	(16,874)
Net assets, beginning of year	<u>301,816</u>	<u>284,489</u>	<u>586,305</u>
<b>Net assets, end of year</b>	<u><u>\$ 405,387</u></u>	<u><u>\$ 164,044</u></u>	<u><u>\$ 569,431</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, 2021

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Contributions	\$ 404,759	\$ -	\$ -	\$ 404,759
Tournament expense	-	354,328	-	354,328
Salaries	113,406	30,241	7,560	151,207
Accounting and legal	-	-	35,756	35,756
Bank Charges	-	-	13,871	13,871
Canisters	-	3,471	-	3,471
Miscellaneous	1,171	312	78	1,561
Utilities	1,058	282	70	1,410
Advertising and Marketing	-	377	-	377
	<u>\$ 520,394</u>	<u>\$ 389,011</u>	<u>\$ 57,335</u>	<u>\$ 966,740</u>

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

**HMSHOST FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2021

	<u>2021</u>
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (16,874)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Decrease in assets:	
Promises to give	86,135
Increase (decrease) in liabilities:	
Accounts payable	44,396
Deferred revenue	<u>(2,500)</u>
<b>Net cash provided by operating activities</b>	<u>111,157</u>
<b>Cash flows from investing activities:</b>	
Payments received from loan receivable	<u>14,270</u>
<b>Net cash provided by investing activities</b>	<u>14,270</u>
Increase in cash and cash equivalents	125,427
Cash and cash equivalents, beginning of year	<u>471,497</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 596,924</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, 2021

**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.

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, 2021

**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 primary 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 doubtful accounts was recorded. Promises to give expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved, which was 3% as of December 31, 2021.

*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, 2021, 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, 2021

**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).

*Subsequent Events* - The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 30, 2022, the date on which the financial statements were available to be issued.

**Note 3. Disaggregation of Revenue**

Revenue is usually disaggregated by events type. For the current year, the only event held was the Golf tournament. Revenue will be disaggregated by the event, followed by contribution type, as follows:

Golf tournament	\$ 575,089
Contributions and promises to give	147,575
Canisters	127,323
Round Up 4 Charity	<u>97,924</u>
Total revenue & other support	<u>\$ 947,911</u>

**Note 4. Availability and Liquidity**

The following represents HMSHost Foundation, Inc.'s financial assets at December 31, 2021:

Financial assets at year-end:

Cash and cash equivalents	\$ 596,924
Promises to give, net	141,431
Loan receivable	<u>13,735</u>
Total financial assets	<u>\$ 752,090</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	\$ 164,044
Loan receivable	13,735
Current portion of time restricted promises to give	<u>(50,000)</u>
Total financial assets not available to be used within one year	<u>\$ 127,779</u>

Financial assets available to meet general

expenditures over the next twelve months	<u>\$ 624,311</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, 2021

**Note 5. Promises to Give**

Promises to give as of December 31, 2021 consist of the following:

Gross unconditional promises to give	\$ 150,000
Less: unamortized discount	<u>(8,569)</u>
Net unconditional promises to give	<u>\$ 141,431</u>
Amounts due in:	
Less than one year	\$ 50,000
One to five years	<u>91,431</u>
	<u>\$ 141,431</u>

**Note 6. 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 7. Net Assets**

Net assets with donor restrictions as of December 31, 2021 are as follows:

Net assets with donor restrictions as of December 31, 2021:

Time restricted	\$ 141,431
HMSHost Cares	<u>22,613</u>
Total	<u>\$ 164,044</u>

Net assets without donor restrictions as of December 31, 2021:

Undesignated	<u>\$ 405,387</u>
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**HMSHOST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended December 31, 2021

**Note 8.     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, 2021, the Foundation's uninsured balance totaled \$328,577.

As of December 31, 2021, promises to give from one donor totaled \$141,431 or 100% of total promises to give.

**Note 9.     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 10.   Related Party Transactions**

For the year ended December 31, 2021, the Sponsor incurred \$151,207 in personnel costs and \$41,368 of other expenses in connection with the operations of the Foundation. The Foundation reimbursed the Sponsor for these costs throughout the year. Additionally, the Foundation received \$75,000 in contributions from the Sponsor during the year ended December 31, 2021.