

HANDS ON ATLANTA, INC.

FINANCIAL REPORT

JULY 31, 2021

HANDS ON ATLANTA, INC.

FINANCIAL REPORT JULY 31, 2021

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Hands On Atlanta, Inc.
Atlanta, Georgia**

We have audited the accompanying financial statements of **Hands On Atlanta, Inc.** (a nonprofit organization), which comprise the statements of financial position as of July 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hands On Atlanta, Inc. as of July 31, 2021 and 2020, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 1, 2022

HANDS ON ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 754,136	\$ 1,016,294
Promises to give, net	417,496	287,843
Prepaid expenses	81,667	32,343
Prepaid rent	85,000	85,743
Investments	<u>405,564</u>	<u>2,840</u>
Total current assets	<u>1,743,863</u>	<u>1,425,063</u>
Property and equipment		
Furniture and equipment	285,946	281,948
Leasehold improvements	220,627	220,627
Vehicles	37,687	37,687
Less accumulated depreciation	<u>(323,959)</u>	<u>(275,713)</u>
Total property and equipment, net	<u>220,301</u>	<u>264,549</u>
Noncurrent assets		
Noncurrent prepaid rent	<u>1,205,538</u>	<u>1,290,538</u>
Total noncurrent assets	<u>1,205,538</u>	<u>1,290,538</u>
Total assets	<u>\$ 3,169,702</u>	<u>\$ 2,980,150</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 58,766	\$ 7,973
Deferred revenue	194,044	272,587
Accrued expenses	<u>55,958</u>	<u>42,403</u>
Total current liabilities	<u>308,768</u>	<u>322,963</u>
Noncurrent liabilities		
Loan payable	<u>-</u>	<u>202,507</u>
Total noncurrent liabilities	<u>-</u>	<u>202,507</u>
Total liabilities	<u>308,768</u>	<u>525,470</u>
Net assets		
Without donor restrictions	2,662,624	2,244,540
With donor restrictions	<u>198,310</u>	<u>210,140</u>
Total net assets	<u>2,860,934</u>	<u>2,454,680</u>
Total liabilities and net assets	<u>\$ 3,169,702</u>	<u>\$ 2,980,150</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions	\$ 1,035,946	\$ 367,658	\$ 1,403,604	\$ 1,225,483	\$ 304,669	\$ 1,530,152
Contributions - PPP	202,507	-	202,507	-	-	-
Government grants	954,911	15,000	969,911	891,295	-	891,295
Program revenue	400,976	750	401,726	430,176	-	430,176
Special event income	107,797	-	107,797	32,726	-	32,726
Investment income	3,495	-	3,495	-	-	-
Other income	10,635	300	10,935	28,704	-	28,704
Interest income	4	-	4	9	-	9
Total revenues	<u>2,716,271</u>	<u>383,708</u>	<u>3,099,979</u>	<u>2,608,393</u>	<u>304,669</u>	<u>2,913,062</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>395,538</u>	<u>(395,538)</u>	<u>-</u>	<u>166,261</u>	<u>(166,261)</u>	<u>-</u>
EXPENSES						
School-based and youth programs	1,116,773	-	1,116,773	992,535	-	992,535
General programs	810,130	-	810,130	800,339	-	800,339
Total programs	<u>1,926,903</u>	<u>-</u>	<u>1,926,903</u>	<u>1,792,874</u>	<u>-</u>	<u>1,792,874</u>
Supporting services:						
Fundraising	351,656	-	351,656	307,713	-	307,713
General and administrative	415,166	-	415,166	412,848	-	412,848
Total operating expenses	<u>2,693,725</u>	<u>-</u>	<u>2,693,725</u>	<u>2,513,435</u>	<u>-</u>	<u>2,513,435</u>
CHANGE IN NET ASSETS	<u>418,084</u>	<u>(11,830)</u>	<u>406,254</u>	<u>261,219</u>	<u>138,408</u>	<u>399,627</u>
NET ASSETS						
Beginning of year	<u>2,244,540</u>	<u>210,140</u>	<u>2,454,680</u>	<u>1,983,321</u>	<u>71,732</u>	<u>2,055,053</u>
NET ASSETS						
End of year	<u>\$ 2,662,624</u>	<u>\$ 198,310</u>	<u>\$ 2,860,934</u>	<u>\$ 2,244,540</u>	<u>\$ 210,140</u>	<u>\$ 2,454,680</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2021

	School-based and Youth Programs	General Programs	Total Programs	Supporting Services		Totals
				Fundraising	General and Administrative	
Salaries and stipends	\$ 804,612	\$ 367,782	\$ 1,172,394	\$ 176,807	\$ 242,102	\$ 1,591,303
Payroll taxes	61,041	26,873	87,914	12,494	16,636	117,044
Employee benefits	118,880	46,604	165,484	20,781	30,585	216,850
Program supplies	3,543	93,125	96,668	-	368	97,036
Printing	152	322	474	321	96	891
Transportation	474	4,591	5,065	43	53	5,161
Administrative	9,221	28,490	37,711	11,419	14,272	63,402
Consulting fees/contract labor	11,824	33,096	44,920	62,894	29,977	137,791
Depreciation	9,889	25,814	35,703	5,440	7,106	48,249
Insurance	6,774	10,425	17,199	3,761	6,094	27,054
Interest	-	1,866	1,866	-	1	1,867
Office supplies	175	51	226	688	4,139	5,053
Postage and delivery	624	824	1,448	515	738	2,701
Professional fees	-	-	-	-	14,400	14,400
Program expense	46,203	15,536	61,739	32,279	26,535	120,553
Project expense	-	28,625	28,625	2,275	70	30,970
Recruitment	-	667	667	-	20	687
Rent	22,797	116,876	139,673	12,525	16,370	168,568
Telephone and utilities	6,034	6,421	12,455	3,286	4,498	20,239
Training	14,530	2,142	16,672	6,128	1,106	23,906
	<u>\$ 1,116,773</u>	<u>\$ 810,130</u>	<u>\$ 1,926,903</u>	<u>\$ 351,656</u>	<u>\$ 415,166</u>	<u>\$ 2,693,725</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2020

	School-based and Youth Programs	General Programs	Total Programs	Supporting Services		Totals
				Fundraising	General and Administrative	
Salaries and stipends	\$ 704,782	\$ 360,875	\$ 1,065,657	\$ 183,877	\$ 237,712	\$ 1,487,246
Payroll taxes	53,543	27,113	80,656	13,128	15,795	109,579
Employee benefits	101,619	35,755	137,374	18,225	25,061	180,660
Program supplies	16,861	88,045	104,906	1,584	677	107,167
Printing	820	1,673	2,493	1,676	1,447	5,616
Transportation	2,512	5,304	7,816	299	952	9,067
Administrative	7,702	19,644	27,346	13,462	11,128	51,936
Consulting fees/contract labor	21,652	29,136	50,788	48,203	10,825	109,816
Depreciation	9,829	22,907	32,736	6,156	10,644	49,536
Insurance	3,649	16,578	20,227	2,375	6,982	29,584
Interest	-	57	57	-	528	585
Occupancy	-	502	502	-	-	502
Office supplies	309	805	1,114	144	4,108	5,366
Postage and delivery	483	741	1,224	566	753	2,543
Professional fees	-	-	-	-	59,687	59,687
Program expense	27,602	48,654	76,256	309	4,409	80,974
Project expense	-	15,025	15,025	-	2,400	17,425
Recruitment	100	-	100	288	-	388
Rent	21,218	118,048	139,266	13,822	15,480	168,568
Telephone and utilities	5,514	8,546	14,060	3,578	4,242	21,880
Training	14,340	931	15,271	21	18	15,310
	<u>\$ 992,535</u>	<u>\$ 800,339</u>	<u>\$ 1,792,874</u>	<u>\$ 307,713</u>	<u>\$ 412,848</u>	<u>\$ 2,513,435</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 406,254</u>	<u>\$ 399,627</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized/unrealized (gain) on investments	(2,612)	(201)
Depreciation	48,249	49,536
Amortization of prepaid rent	85,743	85,000
Contribution from forgiveness of PPP loan	(202,507)	-
(Increase) decrease in promises to give	(129,653)	38,021
(Increase) in prepaid expenses	(49,324)	(16,448)
Increase (decrease) in accounts payable	50,790	(24,159)
(Decrease) increase in deferred revenue	(78,543)	82,505
Increase in accrued expenses	<u>13,555</u>	<u>17,380</u>
Net cash provided by operating activities	<u>141,952</u>	<u>631,261</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(400,112)	-
Purchases of property and equipment	(3,998)	(6,114)
Proceeds from the disposal of property and equipment	<u>-</u>	<u>2,818</u>
Net cash (used in) investing activities	<u>(404,110)</u>	<u>(3,296)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	<u>-</u>	<u>202,507</u>
Net cash provided by financing activities	<u>-</u>	<u>202,507</u>
Net (decrease) increase in cash	(262,158)	830,472
Cash, beginning of year	<u>1,016,294</u>	<u>185,822</u>
Cash, end of year	<u>\$ 754,136</u>	<u>\$ 1,016,294</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of business:

Hands On Atlanta, Inc. ("HOA") was incorporated in 1989 under the Georgia Nonprofit Corporation Act and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified HOA as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code which allows donors to take the maximum charitable contribution deduction.

HOA is a service organization that promotes direct community and civic engagement by individuals interested in tackling the most pressing needs in Atlanta, Georgia. HOA has established a large base of volunteers by offering a diversity of community service projects and the ability to flexibly schedule service time. HOA also develops and coordinates service projects for corporations or groups by acting as an intermediary between the group and the many Atlanta nonprofit agencies in need of assistance. HOA offers its volunteers an array of projects, including tutoring and mentoring under-resourced children, promoting family literacy, providing food assistance for low income families, and renovating schools and community centers. In addition, HOA provides advisory and consultation services to more than 100 nonprofit organizations to help them execute their missions.

HOA's largest program is supported by a federal grant funded through the Georgia Department of Community Affairs using AmeriCorps USA funds. The grant represented 14% of total revenue for the years ended July 31, 2021 and 2020. AmeriCorps members work in Atlanta schools as math and literacy tutors or social emotional learning (SEL) coaches. The program provides children living in under-resourced communities cultural and educational opportunities as well as role models. AmeriCorps members also lead, develop, and participate in service projects to improve the communities surrounding the schools. The grant received and costs incurred for this program are based on the number of members working each grant period.

Significant accounting policies:

Basis of accounting and presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Classification of net assets:

HOA presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Financial Statements for Not-For-Profit Organizations*. Under this guidance, HOA is required to report information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. It is the policy of the board of directors to review their financial standing from time to time and to designate sums of net assets without donor restrictions for specific efforts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies: (Continued)

Classification of net assets: (continued)

Net assets with donor restriction - Net assets subject to donor-imposed stipulations that are expected to be met either by actions of HOA and/or the passage of time and net assets subject to donor-imposed stipulations that are required to be maintained permanently by HOA. Generally, the donors of these assets permit HOA to use all or part of the income earned on related investments for general or specific purposes. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions and promises to give:

HOA records contributions of cash and other assets as income without donor restrictions unless specifically restricted by the donor. Restricted contributions are recorded as an increase in net assets with donor restrictions, depending on the nature of the donor restriction. When the donor stipulation expires, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported as net assets released from donor restrictions.

HOA records promises to give if the promise is unconditional. Additionally, promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows if material. Provision for uncollectible accounts are provided by using the allowance method based on management estimates and past experience.

Functional expenses:

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

HOA allocates administrative costs such as rent, office supplies, printing, insurance, and telephone to various programs based on direct salaries and stipends charged to the program compared to total salaries and stipends charged to all programs.

Donated materials and contributed services:

HOA records donated materials if the fair market value of the donated items is readily available. HOA recorded donated materials and advertising of \$55,750 and \$81,483 for the years ended July 31, 2021 and 2020, respectively.

HOA receives contributed services from individuals and companies in the form of clerical work, legal, computer, marketing and communications, and other services relating to most programs. Contributed services are only recorded if the service is specialized and HOA would have purchased the service had it not been contributed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies: (Continued)

Prepaid rent:

HOA received 25 years of prepaid rent as a portion of the sale of its building during 2011. HOA is amortizing this rent on the straight line basis each month over the life of the prepaid rent.

Deferred revenue:

Revenue is recognized when earned. Deferred revenue represents revenue received in advance. There was deferred revenue of \$194,044 and \$272,587 as of July 31, 2021 and 2020, respectively.

Property and equipment:

Purchased property and equipment are recorded at cost, and donated assets are recorded at their estimated fair market value at the date of donation. Property and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives of the assets range from three to fifteen years. Depreciation expense for the years ended July 31, 2021 and 2020 was \$48,249 and \$49,536, respectively.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes:

HOA is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

HOA accounts for uncertain tax positions in accordance with accounting standards that provide guidance on when uncertain tax positions are recognized in an entity's financial statements and how the values of these positions are determined. No liability has been recorded as of July 31, 2021 and 2020 due to uncertain tax positions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies: (Continued)

Accounting pronouncements:

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB Accounting Standards Codification (ASC) Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The ASU is effective for fiscal years beginning after December 15, 2021. HOA will implement the provisions of ASU 2016-02 during fiscal year 2023 and will evaluate the standard and determine any effect on policies and procedures.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position, comprise of the following at July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 754,136	\$ 805,654
Promises to give	417,496	287,843
Investments	405,564	2,840
	<u>\$ 1,577,196</u>	<u>\$ 1,096,337</u>

HOA manages its liquidity by developing annual budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

NOTE 3. CONCENTRATIONS OF CASH

HOA maintains deposit accounts at a bank that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances exceed insured amounts from time to time. Management does not believe it is exposed to significant credit risk on cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. PROMISES TO GIVE

Promises to give consisted of the following at July 31, 2021 and 2020:

	2021	2020
Promises to give due in less than one year	\$ 422,496	\$ 292,843
Less allowance for uncollectible accounts	(5,000)	(5,000)
Promises to give, net	\$ 417,496	\$ 287,843

NOTE 5. PREPAID RENT

On October 6, 2011, Hands On Atlanta sold its Atlanta, GA building to Points of Light Foundation. Part of that sale included \$2,125,000 in prepaid rent attributable to Hands On Atlanta to be amortized over future months. Total prepaid rent remaining as of July 31, 2021 and 2020 is \$1,290,538 and \$1,375,538, respectively.

NOTE 6. PENSION PLAN

HOA offers a 403(b) salary reduction plan that covers all employees who work a minimum of 1,000 hours per year. After one year of service, HOA will match 50% of the participant's salary reduction contributions up to a maximum of 2.5% of the participant's annual salary. HOA's contributions for the years ended July 31, 2021 and 2020 were \$15,857 and \$15,144, respectively.

NOTE 7. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows for the years ended July 31, 2021 and 2020:

	2021	2020
Family support & self sufficiency	\$ 124,510	\$ 82,295
Volunteer services	22,632	-
Nonprofit capacity building	123,374	67,251
Youth education	58,022	16,715
Management and general services	67,000	-
	\$ 395,538	\$ 166,261

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose:		
Family support & self sufficiency	\$ 28,653	\$ 50,259
Volunteer services	2,778	-
Nonprofit capacity building	73,901	78,726
Youth education	-	81,155
Management and general services	92,978	-
	\$ 198,310	\$ 210,140

Net assets with donor restrictions as of July 31, 2021 and 2020 consisted of cash.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LINE OF CREDIT

HOA entered into a \$250,000 line of credit agreement with a financial institution to provide working capital for the organization. The line bears interest at the rate of One Month Libor Rate plus 2% and matures in April 2022. The balance on the line of credit at July 31, 2021 and 2020 was \$-.

NOTE 10. LOAN PAYABLE

During the year ended July 31, 2021, HOA applied for and received \$202,507 from the Paycheck Protection Program. The PPP loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered suppliers' costs, covered worker protection expenditures and maintains its payroll levels. HOA initially recorded the amount received as a loan followed by a reduction in the loan and recognition of revenue as the aforementioned conditions are substantially met. During the year ended July 31, 2021, HOA received notice of approval for their forgiveness application by the Small Business Administration. As a result, HOA recognized a contribution on forgiveness of debt of \$202,507 during the year.

NOTE 11. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of COVID-19 coronavirus, economic uncertainties could arise which may negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at the time.

NOTE 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through February 1, 2022, which represents the date the financial statements were available to be issued.