

HANDS ON ATLANTA, INC.

FINANCIAL REPORT

JULY 31, 2022

HANDS ON ATLANTA, INC.

**FINANCIAL REPORT
JULY 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Hands On Atlanta, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2022, and 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 financial statements referred to above present fairly, in all material respects, the financial position of Hands On Atlanta, Inc. as of July 31, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Hands On Atlanta, 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 Hands On Atlanta, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards and *Government 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 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 Hands On Atlanta, 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 Hands On Atlanta, Inc.'s ability to continue as a going concern for a reasonable period of time.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023, on our consideration of Hands On Atlanta, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hands On Atlanta, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hands On Atlanta, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 26, 2023

HANDS ON ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current assets		
Cash	\$ 1,688,565	\$ 754,136
Promises to give, net	582,720	417,496
Prepaid expenses	84,981	81,667
Prepaid rent	-	85,000
Investments	<u>2,446,620</u>	<u>405,564</u>
Total current assets	<u>4,802,886</u>	<u>1,743,863</u>
Property and equipment		
Furniture and equipment	284,998	285,946
Leasehold improvements	-	220,627
Vehicles	37,687	37,687
Less accumulated depreciation	<u>(270,262)</u>	<u>(323,959)</u>
Total property and equipment, net	<u>52,423</u>	<u>220,301</u>
Noncurrent assets		
Noncurrent prepaid rent	<u>-</u>	<u>1,205,538</u>
Total noncurrent assets	<u>-</u>	<u>1,205,538</u>
Total assets	<u>\$ 4,855,309</u>	<u>\$ 3,169,702</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 65,329	\$ 58,766
Deferred revenue	868,553	194,044
Accrued expenses	<u>34,195</u>	<u>55,958</u>
Total liabilities	<u>968,077</u>	<u>308,768</u>
Net assets		
Without donor restrictions	3,547,872	2,662,624
With donor restrictions	<u>339,360</u>	<u>198,310</u>
Total net assets	<u>3,887,232</u>	<u>2,860,934</u>
Total liabilities and net assets	<u>\$ 4,855,309</u>	<u>\$ 3,169,702</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions	\$ 973,847	\$ 688,607	\$ 1,662,454	\$ 980,196	\$ 367,658	\$ 1,347,854
Contributions - PPP	-	-	-	202,507	-	202,507
Donated services and materials	167,780	-	167,780	55,750	-	-
Government grants	1,561,487	-	1,561,487	954,911	15,000	969,911
Program revenue	381,764	2,000	383,764	400,976	750	401,726
Special event income	136,739	-	136,739	107,797	-	107,797
Investment (loss)	(21,310)	-	(21,310)	3,495	-	3,495
Other income	19,840	-	19,840	10,635	300	10,935
Interest income	3,099	-	3,099	4	-	4
Total revenues	<u>3,223,246</u>	<u>690,607</u>	<u>3,913,853</u>	<u>2,716,271</u>	<u>383,708</u>	<u>3,044,229</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>549,557</u>	<u>(549,557)</u>	<u>-</u>	<u>395,538</u>	<u>(395,538)</u>	<u>-</u>
EXPENSES						
School-based and youth programs	1,647,844	-	1,647,844	1,116,773	-	1,116,773
General programs	1,177,920	-	1,177,920	810,130	-	810,130
Total programs	<u>2,825,764</u>	<u>-</u>	<u>2,825,764</u>	<u>1,926,903</u>	<u>-</u>	<u>1,926,903</u>
Supporting services:						
Fundraising	332,226	-	332,226	351,656	-	351,656
General and administrative	423,418	-	423,418	415,166	-	415,166
Total operating expenses	<u>3,581,408</u>	<u>-</u>	<u>3,581,408</u>	<u>2,693,725</u>	<u>-</u>	<u>2,693,725</u>
OTHER INCOME (EXPENSE)						
Gain on lease buyout	858,535	-	858,535	-	-	-
(Loss) on disposal of property and equipment	(163,531)	-	(163,531)	-	-	-
(Loss) on sale of donated materials	(1,151)	-	(1,151)	-	-	-
Total other income	<u>693,853</u>	<u>-</u>	<u>693,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>885,248</u>	<u>141,050</u>	<u>1,026,298</u>	<u>418,084</u>	<u>(11,830)</u>	<u>406,254</u>
NET ASSETS						
Beginning 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>
NET ASSETS						
End of year	<u>\$ 3,547,872</u>	<u>\$ 339,360</u>	<u>\$ 3,887,232</u>	<u>\$ 2,662,624</u>	<u>\$ 198,310</u>	<u>\$ 2,860,934</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2022

	School-based and Youth Programs	General Programs	Total Programs	Supporting Services		Totals
				Fundraising	General and Administrative	
Salaries and stipends	\$ 1,169,557	\$ 437,089	\$ 1,606,646	\$ 178,257	\$ 206,848	\$ 1,991,751
Payroll taxes	86,921	32,004	118,925	12,727	15,600	147,252
Employee benefits	211,108	52,487	263,595	19,389	17,508	300,492
Program supplies	18,016	147,323	165,339	361	-	165,700
Printing	202	1,330	1,532	930	867	3,329
Transportation	11,025	5,551	16,576	1,517	2,344	20,437
Administrative	10,788	33,411	44,199	26,350	24,584	95,133
Bad debt	-	-	-	500	10,000	10,500
Consulting fees/contract labor	14,345	54,173	68,518	52,915	58,905	180,338
Depreciation	9,734	22,886	32,620	9,852	4,904	47,376
Insurance	8,098	14,975	23,073	2,816	5,655	31,544
Interest	-	-	-	-	238	238
Occupancy	-	1,104	1,104	-	-	1,104
Office supplies	-	47	47	1,137	6,398	7,582
Postage and delivery	621	910	1,531	499	398	2,428
Professional fees	-	-	-	-	15,950	15,950
Program expense	42,799	206,687	249,486	1,253	31,638	282,377
Project expense	-	32,340	32,340	-	-	32,340
Recruitment	-	655	655	9,977	2,362	12,994
Rent	28,876	117,181	146,057	10,169	14,109	170,335
Telephone and utilities	7,016	7,625	14,641	2,538	3,486	20,665
Training	28,738	10,142	38,880	1,039	1,624	41,543
	<u>\$ 1,647,844</u>	<u>\$ 1,177,920</u>	<u>\$ 2,825,764</u>	<u>\$ 332,226</u>	<u>\$ 423,418</u>	<u>\$ 3,581,408</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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 1,026,298</u>	<u>\$ 406,254</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized/unrealized (gain) on investments	(2,612)	(2,612)
Depreciation	47,374	48,249
Loss on disposal of property and equipment	163,539	-
Proceeds from lease buyout	2,078,243	-
(Gain) on lease buyout	(858,535)	-
Amortization of prepaid rent	70,830	85,743
Contribution from forgiveness of PPP loan	-	(202,507)
(Increase) in promises to give	(165,224)	(129,653)
(Increase) in prepaid expenses	(3,314)	(49,324)
Increase in accounts payable	6,563	50,790
Increase (decrease) in deferred revenue	674,509	(78,543)
(Decrease) increase in accrued expenses	<u>(21,763)</u>	<u>13,555</u>
Net cash provided by operating activities	<u>3,015,908</u>	<u>141,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,038,444)	(400,112)
Purchases of property and equipment	<u>(43,035)</u>	<u>(3,998)</u>
Net cash (used in) investing activities	<u>(2,081,479)</u>	<u>(404,110)</u>
Net increase (decrease) in cash	934,429	(262,158)
Cash, beginning of year	<u>754,136</u>	<u>1,016,294</u>
Cash, end of year	<u>\$ 1,688,565</u>	<u>\$ 754,136</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 19% of total revenue for the years ended July 31, 2022 and 2021. 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 \$167,780 and \$55,750 for the years ended July 31, 2022 and 2021, 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. During the year ended July 31, 2022, the building which HOA was leasing was sold and the correlated lease was bought out.

Deferred revenue:

Revenue is recognized when earned. Deferred revenue represents revenue received in advance. There was deferred revenue of \$868,553 and \$194,044 as of July 31, 2022 and 2021, 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, 2022 and 2021 was \$47,374 and \$48,249, 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, 2022 and 2021 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 September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. For the year ending June 30, 2022, HOA adopted ASU 2020-07 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on total net assets or the change in total net assets for 2022 or 2021.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021. HOA is assessing the impact the new guidance will have on its financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise of the following at July 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,688,565	\$ 754,136
Promises to give	582,720	417,496
Investments	2,446,620	405,564
	<u>\$ 4,717,905</u>	<u>\$ 1,577,196</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, 2022 and 2021:

	2022	2021
Promises to give due in less than one year	\$ 597,720	\$ 422,496
Less allowance for uncollectible accounts	(15,000)	(5,000)
Promises to give, net	\$ 582,720	\$ 417,496

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. During the year ended July 31, 2022, the original building was sold. HOA received proceeds as a result of the lease buyout and has recorded a \$858,535 gain on lease buyout for the year. Total prepaid rent at July 31, 2022 and 2021 is \$- and \$1,290,538, 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, 2022 and 2021 were \$15,651 and \$15,857, 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, 2022 and 2021:

	2022	2021
Family support & self sufficiency	\$ 205,672	\$ 124,510
Volunteer services	64,911	22,632
Nonprofit capacity building	175,734	123,374
Youth education	318	58,022
Management and general services	102,922	67,000
	\$ 549,557	\$ 395,538

NOTES TO FINANCIAL STATEMENTS

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Family support & self sufficiency	\$ 251,000	\$ 28,653
Volunteer services	-	2,778
Nonprofit capacity building	45,350	73,901
Youth education	67	-
Management and general services	42,943	92,978
	<u>\$ 339,360</u>	<u>\$ 198,310</u>

Net assets with donor restrictions as of July 31, 2022 and 2021 consisted of cash.

NOTE 9. IN-KIND CONTRIBUTIONS

In-kind contributions were received as follows for the year ended July 31:

	<u>2022</u>	<u>2021</u>
Professional services	\$ 167,300	\$ 23,744
Supplies	480	250
Advertising	-	31,756
	<u>\$ 167,780</u>	<u>\$ 55,750</u>

HOA recognized contributed nonfinancial assets within revenue, including contributed professional services, supplies, and advertising. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed advertising was used in program support. Contributed supplies and professional services were used in program and general and administrative support.

In valuing contributed supplies, HOA estimated the fair value based on established value for comparable goods by national organizations. In valuing contributed services, HOA estimated fair value based on current rates for similar services.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through May 26, 2023, which represents the date the financial statements were available to be issued.

HANDS ON ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2022

	Assistance Listing Number	Federal Expenditures
Corporation for National Service		
Americorps		
Passthrough: Georgia Department of Community Affairs	94.006	\$ 755,529
Volunteer Generation Fund		
Passthrough: Georgia Commission for Service and Volunteerism	94.021	116,433
Martin Luther King Continuation Grant		
Passthrough: Corporation for National and Community Services	N/A	<u>36,892</u>
Total Corporation for National Service		<u>\$ 908,854</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Hands On Atlanta, Inc., which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hands On Atlanta, Inc.'s internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hands On Atlanta, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hands On Atlanta, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hands On Atlanta, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 26, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Hands On Atlanta, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hands On Atlanta, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Hands On Atlanta, Inc.'s major federal programs for the year ended July 31, 2022. Hands On Atlanta, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hands On Atlanta, Inc.'s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hands On Atlanta, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hands On Atlanta, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hands On Atlanta, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hands On Atlanta, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hands On Atlanta, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Hands On Atlanta, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hands On Atlanta, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hands On Atlanta, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 26, 2023

HANDS ON ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JULY 31, 2022

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:
Financial Statements:

	Unmodified	
	Yes	No
Type of auditors' report issued		
Internal control over financial reporting:		
Material weaknesses identified?		X
Significant deficiencies identified not considered to be material weaknesses?		None Reported
Noncompliance material to the financial statements noted?		X

Federal Awards:

Internal controls over major programs:		
Material weaknesses identified?		X
Significant deficiencies identified not considered to be material weaknesses?		None Reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Audit findings required to be reported in accordance with 2 CFR Section 200.516(a)		X

Identification of major programs:

94.006	Americorps		
	Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000	
		Yes	No
	Auditee qualified as low-risk auditee?		X
	Financial Statement Findings?		X
	Federal Award Findings Questioned Costs?		X

HANDS ON ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JULY 31, 2022

II. FINANCIAL STATEMENT FINDINGS:

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE