HANDS ON ATLANTA, INC.

FINANCIAL REPORT

JULY 31, 2019

HANDS ON ATLANTA, INC.

FINANCIAL REPORT
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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, 2019 and 2018, 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, 2019 and 2018, 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
December 6, 2019

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HANDS ON ATLANTA, INC.

STATEMENTS OF FINANCIAL POSITION
JULY 31, 2019 AND 2018

ASSETS	2019	2018
Current assets		
Cash	$ 185,822	$ 281,657
Promises to give, net	325,864	231,001
Prepaid expenses	16,638	13,920
Prepaid rent	85,000	85,000
Investments	2,639	-
Total current assets	615,963	611,578
Property and equipment		
Furniture and equipment	285,230	219,206
Leasehold improvements	220,627	44,381
Vehicles	37,687	37,687
Construction in progress	-	238,563
Less accumulated depreciation	(232,755)	(185,748)
Total property and equipment, net	310,789	354,089
Noncurrent assets		
Noncurrent prepaid rent	1,375,538	1,460,538
Total noncurrent assets	1,375,538	1,460,538
Total assets	$ 2,302,290	$ 2,426,205
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 32,132	$ 209,312
Deferred revenue	190,082	44,712
Accrued expenses	25,023	59,872
Line of credit	-	42,000
Total current liabilities	247,237	355,896
Net assets		
Without donor restrictions	1,983,321	1,852,137
With donor restrictions	71,732	218,172
Total net assets	2,055,053	2,070,309
Total liabilities and net assets	$ 2,302,290	$ 2,426,205

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions	**$ 904,811**	**$ 404,673**	**$ 1,309,484**	$ 951,475	$ 292,604	$ 1,244,079
Government grants	**814,619**	**-**	**814,619**	726,707	-	726,707
Program revenue	**474,888**	**-**	**474,888**	496,301	-	496,301
Special event income	**130,796**	**-**	**130,796**	157,206	-	157,206
Other income	**7,663**	**-**	**7,663**	7,057	-	7,057
Interest income	**73**	**-**	**73**	94	-	94
Total revenues	**2,332,850**	**404,673**	**2,737,523**	2,338,840	292,604	2,631,444
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**551,113**	**(551,113)**	**-**	251,864	(251,864)	-
EXPENSES						
School-based and youth programs	**1,037,548**	**-**	**1,037,548**	864,016	-	864,016
General programs	**950,395**	**-**	**950,395**	1,064,491	-	1,064,491
Total programs	**1,987,943**	**-**	**1,987,943**	1,928,507	-	1,928,507
Supporting services:						
Fundraising	**381,994**	**-**	**381,994**	554,215	-	554,215
General and administrative	**382,842**	**-**	**382,842**	181,745	-	181,745
Total operating expenses	**2,752,779**	**-**	**2,752,779**	2,664,467	-	2,664,467
CHANGE IN NET ASSETS	**131,184**	**(146,440)**	**(15,256)**	(73,763)	40,740	(33,023)
NET ASSETS						
Beginning of year	**1,852,137**	**218,172**	**2,070,309**	1,925,900	177,432	2,103,332
NET ASSETS						
End of year	**$ 1,983,321**	**$ 71,732**	**$ 2,055,053**	$ 1,852,137	$ 218,172	$ 2,070,309

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2019

				Supporting Services		
	School-based and Youth Programs	General Programs	Total Programs	Fundraising	General and Administrative	Totals
Salaries and stipends	$ 704,269	$ 416,863	$ 1,121,132	$ 214,775	$ 222,868	$ 1,558,775
Payroll taxes	53,608	31,064	84,672	14,785	15,374	114,831
Employee benefits	97,296	36,487	133,783	14,381	19,791	167,955
Program supplies	29,615	190,911	220,526	655	-	221,181
Printing	1,676	2,846	4,522	3,640	2,193	10,355
Transportation	5,502	7,462	12,964	234	2,663	15,861
Administrative	2,355	4,292	6,647	17,052	8,486	32,185
Bad debt expense	4,105	-	4,105	11,856	-	15,961
Consulting fees/contract labor	49,332	27,918	77,250	49,392	26,891	153,533
Depreciation	7,880	25,431	33,311	5,279	8,417	47,007
Insurance	3,083	14,469	17,552	2,235	15,585	35,372
Interest	-	-	-	-	2,915	2,915
Occupancy	-	-	-	250	-	250
Office supplies	465	59	524	198	9,908	10,630
Postage and delivery	468	825	1,293	1,009	470	2,772
Professional fees	-	-	-	-	16,003	16,003
Program expense	42,342	26,008	68,350	6,377	2,855	77,582
Project expense	-	40,732	40,732	23,045	-	63,777
Recruitment	100	-	100	812	-	912
Rent	17,008	116,038	133,046	12,415	23,106	168,567
Telephone and utilities	4,601	7,851	12,452	3,405	5,195	21,052
Training	13,843	1,139	14,982	199	122	15,303
	$ 1,037,548	$ 950,395	$ 1,987,943	$ 381,994	$ 382,842	$ 2,752,779

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2018

	School-based and Youth Programs	General Programs	Total Programs	Supporting Services: Fundraising	Supporting Services: General and Administrative	Totals
Salaries and stipends	$ 612,822	$ 420,360	$ 1,033,182	$ 347,719	$ 62,897	$ 1,443,798
Payroll taxes	46,547	30,681	77,228	24,582	3,958	105,768
Employee benefits	91,983	44,547	136,530	29,311	14,088	179,929
Program supplies	13,071	295,870	308,941	3,925	13	312,879
Printing	1,853	3,164	5,017	4,391	1,743	11,151
Transportation	9,289	7,209	16,498	789	812	18,099
Administrative	5,225	10,884	16,109	13,230	10,123	39,462
Bad debt expense	3,087	4	3,091	3,374	114	6,579
Consulting fees/contract labor	20,056	44,140	64,196	51,569	7,038	122,803
Depreciation	799	1,143	1,942	632	18,677	21,251
Insurance	3,257	5,589	8,846	2,828	6,898	18,572
Interest	-	-	-	-	1,122	1,122
Occupancy	88	337	425	137	210	772
Office supplies	616	835	1,451	1,104	8,619	11,174
Postage and delivery	556	738	1,294	741	1,209	3,244
Professional fees	20	938	958	7	14,420	15,385
Program expense	18,785	36,250	55,035	37,283	4,748	97,066
Project expense	69	38,983	39,052	10,584	-	49,636
Recruitment	24	7	31	15	44	90
Rent	18,375	114,402	132,777	16,630	19,161	168,568
Telephone and utilities	5,179	7,577	12,756	5,241	4,592	22,589
Training	12,315	833	13,148	123	1,259	14,530
	$ 864,016	$ 1,064,491	$ 1,928,507	$ 554,215	$ 181,745	$ 2,664,467

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (15,256)	$ (33,023)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	47,007	21,251
Amortization of prepaid rent	85,000	85,000
(Increase) in promises to give	(94,863)	(24,457)
(Increase) in prepaid expenses	(2,718)	(2,512)
(Increase) in investments	(2,639)	-
(Decrease) increase in accounts payable	(177,180)	163,627
Increase (decrease) in deferred revenue	145,370	(96,307)
(Decrease) in accrued expenses	(34,849)	(2,543)
Net cash (used in) provided by operating activities	(50,128)	111,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,707)	(287,775)
Net cash (used in) investing activities	(3,707)	(287,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	359,194	42,000
Payments on line of credit	(401,194)	-
Net cash (used in) provided by financing activities	(42,000)	42,000
Net (decrease) in cash	(95,835)	(134,739)
Cash at beginning of year	281,657	416,396
Cash at end of year	$ 185,822	$ 281,657

See 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 engagement by individuals interested in volunteering 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 volunteer time. HOA also develops and coordinates volunteer projects for corporations or groups by acting as an intermediary between the group and the many Atlanta service agencies in need of assistance. HOA offers its volunteers an array of projects, including tutoring and mentoring underprivileged 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 nearly 100 other 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 15% and 12% of total revenue for the years ended July 31, 2019 and 2018, respectively. AmeriCorps members work in Atlanta schools as teacher assistants, tutors, and social and emotional mentors. The program provides children living in impoverished 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.

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, telephone, advertising, and transportation of $31,951 and $116,079 for the years ended July 31, 2019 and 2018, respectively.

HOA receives contributed services from individuals and companies in the form of clerical work, legal, computer, 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.

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 2012. 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 $190,082 and $44,712 as of July 31, 2019 and 2018, 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, 2019 and 2018 was $47,007 and $21,251, 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, 2019 and 2018 due to uncertain tax positions.

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

Significant accounting policies: (Continued)

Accounting pronouncements:

During fiscal year 2019, HOA adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. HOA implemented ASU 2016-14 and adjusted the presentation in these financial statement accordingly. The ASU has been applied to all periods presented, which did not have an effect on total net assets or change in net assets for the years ended July 31, 2019 and 2018.

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, 2020. HOA will implement the provisions of ASU 2016-02 during fiscal year 2022 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:

Financial assets:		
Cash	**$**	**114,090**
Promises to give		**325,864**
Investments		**2,639**
	$	**442,593**

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 two banks that are 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.

NOTE 4. PROMISES TO GIVE

Promises to give consisted of the following at July 31, 2019 and 2018:

	2019	2018
Promises to give due in less than one year	**$ 330,864**	$ 236,001
Less allowance for uncollectible accounts	**(5,000)**	(5,000)
Promises to give, net	**$ 325,864**	$ 231,001

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, 2019 and 2018 is $1,460,538 and $1,545,538, respectively.

NOTE 6. LEASES

HOA has operating lease agreements through fiscal year 2021 for office equipment. Future minimum lease payments are as follows:

During the year ending July 31,	
2020	$ 14,045
2021	8,426
Total minimum future lease payments	$ 22,471

NOTE 7. 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, 2019 and 2018 were $17,167 and $16,098, respectively.

NOTE 8. 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, 2019 and 2018:

	2019	2018
Family support & self sufficiency	**$ 68,636**	$ 2,451
Nonprofit capacity	**138,742**	7,037
Youth education	**139,938**	38,116
Management and general services	**30,625**	-
25th anniversary campaign	**173,172**	204,260
	$ 551,113	$ 251,864

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Subject to expenditure for specified purpose:		
25th anniversary campaign	**$ -**	$ 173,172
Youth education	**35,000**	20,000
Nonprofit capacity building	**35,630**	-
Family support & self sufficiency	**1,102**	25,000
	$ 71,732	$ 218,172

Net assets with donor restrictions as of July 31, 2019 and 2018 consisted of cash.

NOTE 10. LINE OF CREDIT

HOA entered into a $200,000 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% (4.31% at July 31, 2019) and matures on April 17, 2020. The balance due on the line was $- and $42,000 as of July 31, 2019 and 2018, respectively. The line is collateralized by the equipment of HOA.

NOTE 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through December 6, 2019, which represents the date the financial statements were available to be issued.