

Helping Abused, Neglected,
Disadvantaged Youth (HANDY), Inc.

Financial Statements
For the Years Ended June 30, 2017 and 2016

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017, on our consideration of the Organization'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 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 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 the Organization's Internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
November 8, 2017

FINANCIAL STATEMENTS

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statements of Financial Position
June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Assets: | | |
| Current: | | |
| Cash | \$ 176,307 | \$ 298,320 |
| Grants and contracts receivable | 137,127 | 105,729 |
| Promises to give | 92,648 | 274,685 |
| Prepaid expenses | <u>17,231</u> | <u>13,896</u> |
| Total current assets | <u>423,313</u> | <u>692,630</u> |
| Non-current: | | |
| Promises to give, net of current portion | 15,000 | 30,000 |
| Property and equipment, net | 1,506,882 | 1,555,527 |
| Deposits and other assets | <u>3,691</u> | <u>3,629</u> |
| Total non-current assets | <u>1,525,573</u> | <u>1,589,156</u> |
| Total assets | <u>\$ 1,948,886</u> | <u>\$ 2,281,786</u> |
| Liabilities: | | |
| Current: | | |
| Accounts payable and accrued expenses | \$ 60,951 | \$ 49,029 |
| Debt | <u>25,921</u> | <u>24,747</u> |
| Total current liabilities | <u>86,872</u> | <u>73,776</u> |
| Non-current: | | |
| Debt, net of current portion | <u>232,442</u> | <u>257,134</u> |
| Total liabilities | <u>319,314</u> | <u>330,910</u> |
| Net Assets: | | |
| Unrestricted | 1,423,742 | 1,594,237 |
| Temporarily restricted | <u>205,830</u> | <u>356,639</u> |
| Total net assets | <u>1,629,572</u> | <u>1,950,876</u> |
| Total liabilities and net assets | <u>\$ 1,948,886</u> | <u>\$ 2,281,786</u> |

The accompanying notes to financial statements are an integral part of these statements.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Activities
For the Year Ended June 30, 2017

| | 2017 | | |
|---|---------------------|-------------------------------|---------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Change in Net Assets: | | | |
| Revenue and other support: | | | |
| Governmental agency contracts | \$ 1,050,186 | \$ - | \$ 1,050,186 |
| Contributions and other grants | 615,301 | 186,614 | 801,915 |
| Special event revenue | 411,089 | - | 411,089 |
| Less: direct event expenses | (113,165) | - | (113,165) |
| In-kind contributions | 35,219 | - | 35,219 |
| Gain on disposition of property and equipment | 2,000 | - | 2,000 |
| Interest income | 722 | - | 722 |
| | <u>2,001,352</u> | <u>186,614</u> | <u>2,187,966</u> |
| Total revenue and other support | | | |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose and time restrictions | <u>337,423</u> | <u>(337,423)</u> | <u>-</u> |
| Expenses: | | | |
| Program services | 1,988,159 | - | 1,988,159 |
| Supporting services: | | | |
| Management and general | 245,073 | - | 245,073 |
| Development/fundraising | <u>276,038</u> | <u>-</u> | <u>276,038</u> |
| Total expenses | <u>2,509,270</u> | <u>-</u> | <u>2,509,270</u> |
| Change in net assets | (170,495) | (150,809) | (321,304) |
| Net Assets, beginning of year | <u>1,594,237</u> | <u>356,639</u> | <u>1,950,876</u> |
| Net Assets, end of year | <u>\$ 1,423,742</u> | <u>\$ 205,830</u> | <u>\$ 1,629,572</u> |

The accompanying notes to financial statements are an integral part of these statements.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Activities
For the Year Ended June 30, 2016

| | 2016 | | |
|---|---------------------|-------------------------------|---------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Change in Net Assets: | | | |
| Revenue and other support: | | | |
| Governmental agency contracts | \$ 1,123,920 | \$ - | \$ 1,123,920 |
| Contributions and other grants | 769,698 | 284,821 | 1,054,519 |
| Special event revenue | 438,067 | - | 438,067 |
| Less: direct event expenses | (100,941) | - | (100,941) |
| In-kind contributions | 76,785 | - | 76,785 |
| Interest income | 698 | - | 698 |
| | <u>2,308,227</u> | <u>284,821</u> | <u>2,593,048</u> |
| Total revenue and other support | | | |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose and time restrictions | <u>318,217</u> | <u>(318,217)</u> | <u>-</u> |
| Expenses: | | | |
| Program services | 1,832,157 | - | 1,832,157 |
| Supporting services: | | | |
| Management and general | 302,186 | - | 302,186 |
| Development/fundraising | <u>250,247</u> | <u>-</u> | <u>250,247</u> |
| Total expenses | <u>2,384,590</u> | <u>-</u> | <u>2,384,590</u> |
| Change in net assets | 241,854 | (33,396) | 208,458 |
| Net Assets, beginning of year | <u>1,352,383</u> | <u>390,035</u> | <u>1,742,418</u> |
| Net Assets, end of year | <u>\$ 1,594,237</u> | <u>\$ 356,639</u> | <u>\$ 1,950,876</u> |

The accompanying notes to financial statements are an integral part of these statements.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017

| | <u>Program Services / LIFE</u> | | | | <u>Supporting Services</u> | | | <u>Total</u> |
|---|--------------------------------|--------------------------|-------------------------|-------------------------------|-------------------------------|--------------------------------|----------------------------------|------------------|
| | <u>Education</u> | <u>Youth Development</u> | <u>Self Sufficiency</u> | <u>Total Program Services</u> | <u>Management and General</u> | <u>Development/Fundraising</u> | <u>Total Supporting Services</u> | |
| Salaries and related expenses | \$ 385,152 | \$ 744,096 | \$ 152,596 | \$ 1,281,844 | \$ 125,467 | \$ 193,861 | \$ 319,328 | \$ 1,601,172 |
| Specific assistance | 104,309 | 270,874 | 25,351 | 400,534 | 11,135 | 1,340 | 12,475 | 413,009 |
| Professional services | 57,048 | 13,757 | 6,999 | 77,804 | 34,776 | 9,296 | 44,072 | 121,876 |
| Utilities | 11,162 | 23,500 | 6,752 | 41,414 | 6,701 | 5,890 | 12,591 | 54,005 |
| Repairs and maintenance | 6,933 | 14,388 | 7,660 | 28,981 | 10,126 | 6,785 | 16,911 | 45,892 |
| Public relations | 6,460 | 8,645 | 6,460 | 21,565 | 6,460 | 11,394 | 17,854 | 39,419 |
| In-kind expenses | - | 20,349 | - | 20,349 | 2,551 | 12,319 | 14,870 | 35,219 |
| Insurance | 5,366 | 15,253 | 1,863 | 22,482 | 4,203 | 1,864 | 6,067 | 28,549 |
| Supplies and equipment | 10,912 | 6,611 | 750 | 18,273 | 7,438 | 2,643 | 10,081 | 28,354 |
| Travel | 2,270 | 14,869 | 2,348 | 19,487 | 2,350 | 1,450 | 3,800 | 23,287 |
| Provision for bad debts | - | - | - | - | - | 15,846 | 15,846 | 15,846 |
| Rentals | 2,614 | 5,274 | 2,614 | 10,502 | 4,577 | 514 | 5,091 | 15,593 |
| Staff training | 140 | 1,290 | 155 | 1,585 | 2,580 | 4,865 | 7,445 | 9,030 |
| Postage and printing | 1,267 | 1,705 | 864 | 3,836 | 1,436 | 1,833 | 3,269 | 7,105 |
| Bank and credit card charges | - | - | - | - | 4,233 | 157 | 4,390 | 4,390 |
| Taxes, licenses and permits | - | - | - | - | 2,545 | - | 2,545 | 2,545 |
| Dues and subscriptions | - | - | - | - | 250 | 506 | 756 | 756 |
| | <u>593,633</u> | <u>1,140,611</u> | <u>214,412</u> | <u>1,948,656</u> | <u>226,828</u> | <u>270,563</u> | <u>497,391</u> | <u>2,446,047</u> |
| Total expenses before provision for depreciation and interest expense | | | | | | | | |
| Provision for depreciation | 12,034 | 23,122 | 4,347 | 39,503 | 4,864 | 5,475 | 10,339 | 49,842 |
| Interest expense | - | - | - | - | 13,381 | - | 13,381 | 13,381 |
| | <u>605,667</u> | <u>1,163,733</u> | <u>218,759</u> | <u>1,988,159</u> | <u>245,073</u> | <u>276,038</u> | <u>521,111</u> | <u>2,509,270</u> |
| Total expenses | | | | | | | | |

The accompanying notes to financial statements are an integral part of these statements.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016

| | <u>Program Services / LIFE</u> | | | | <u>Supporting Services</u> | | | <u>Total</u> |
|---|--------------------------------|--------------------------|-------------------------|-------------------------------|-------------------------------|--------------------------------|----------------------------------|------------------|
| | <u>Education</u> | <u>Youth Development</u> | <u>Self Sufficiency</u> | <u>Total Program Services</u> | <u>Management and General</u> | <u>Development/Fundraising</u> | <u>Total Supporting Services</u> | |
| Salaries and related expenses | \$ 334,078 | \$ 674,742 | \$ 132,962 | \$ 1,141,782 | \$ 158,416 | \$ 162,626 | \$ 321,042 | \$ 1,462,824 |
| Specific assistance | 99,403 | 279,387 | 26,611 | 405,401 | 9,510 | 1,280 | 10,790 | 416,191 |
| Professional services | 58,791 | 28,184 | 485 | 87,460 | 54,380 | 5,700 | 60,080 | 147,540 |
| In-kind expenses | - | 31,358 | - | 31,358 | 6,000 | 31,227 | 37,227 | 68,585 |
| Utilities | 10,827 | 22,291 | 8,683 | 41,801 | 7,483 | 7,609 | 15,092 | 56,893 |
| Repairs and maintenance | 7,698 | 9,462 | 6,711 | 23,871 | 17,239 | 6,441 | 23,680 | 47,551 |
| Supplies and equipment | 3,167 | 10,958 | 651 | 14,776 | 8,419 | 3,840 | 12,259 | 27,035 |
| Travel | 3,158 | 18,233 | 1,890 | 23,281 | 1,760 | 722 | 2,482 | 25,763 |
| Insurance | 4,216 | 14,294 | 1,503 | 20,013 | 3,345 | 1,503 | 4,848 | 24,861 |
| Public relations | - | 729 | - | 729 | 673 | 17,833 | 18,506 | 19,235 |
| Staff training | 370 | 555 | - | 925 | 3,318 | 1,100 | 4,418 | 5,343 |
| Postage and printing | 897 | 892 | 267 | 2,056 | 915 | 1,742 | 2,657 | 4,713 |
| Rentals | - | 505 | - | 505 | 4,105 | - | 4,105 | 4,610 |
| Bank and credit card charges | - | - | - | - | 2,515 | 657 | 3,172 | 3,172 |
| Dues and subscriptions | - | - | - | - | 1,780 | 750 | 2,530 | 2,530 |
| Taxes, licenses and permits | - | - | - | - | 2,433 | - | 2,433 | 2,433 |
| Provision for bad debts | - | - | - | - | - | 2,000 | 2,000 | 2,000 |
| | <u>522,605</u> | <u>1,091,590</u> | <u>179,763</u> | <u>1,793,958</u> | <u>282,291</u> | <u>245,030</u> | <u>527,321</u> | <u>2,321,279</u> |
| Total expenses before provision for depreciation and interest expense | | | | | | | | |
| Provision for depreciation | 11,128 | 23,243 | 3,828 | 38,199 | 6,300 | 5,217 | 11,517 | 49,716 |
| Interest expense | - | - | - | - | 13,595 | - | 13,595 | 13,595 |
| | <u>533,733</u> | <u>1,114,833</u> | <u>183,591</u> | <u>1,832,157</u> | <u>302,186</u> | <u>250,247</u> | <u>552,433</u> | <u>2,384,590</u> |
| Total expenses | | | | | | | | |

The accompanying notes to financial statements are an integral part of these statements.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|--------------------------|--------------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ (321,304) | \$ 208,458 |
| Adjustments to reconcile change in net assets to cash provided by (used in) operating activities: | | |
| Provision for depreciation | 49,842 | 49,716 |
| Provision for bad debts | 15,846 | 2,000 |
| Donated property and equipment | - | (8,200) |
| (Gain) loss on disposition of property and equipment | (2,000) | 580 |
| (Increases) decreases in assets: | | |
| Grants and contracts receivable | (31,398) | 59,079 |
| Promises to give | 181,191 | (103,885) |
| Prepaid expenses | (3,335) | (7,222) |
| Deposits and other assets | (62) | 51 |
| Increases (decreases) in liabilities: | | |
| Accounts payable and accrued expenses | 11,922 | (56,401) |
| | <u>11,922</u> | <u>(56,401)</u> |
| Net cash provided by (used in) operating activities | <u>(99,298)</u> | <u>144,176</u> |
| Cash Flows from Investing Activities: | | |
| Proceeds from sale of property and equipment | 2,000 | - |
| Purchases of property and equipment | (1,197) | (15,894) |
| | <u>2,000</u> | <u>(15,894)</u> |
| Net cash provided by (used in) investing activities | <u>803</u> | <u>(15,894)</u> |
| Cash flows from Financing Activities: | | |
| Payments on debt | (23,518) | (23,350) |
| | <u>(23,518)</u> | <u>(23,350)</u> |
| Net cash provided by (used in) financing activities | <u>(23,518)</u> | <u>(23,350)</u> |
| Net increase (decrease) in cash | (122,013) | 104,932 |
| Cash, beginning of year | <u>298,320</u> | <u>193,388</u> |
| Cash, end of year | \$ <u><u>176,307</u></u> | \$ <u><u>298,320</u></u> |

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. (the "Organization") is a private, 501(c)(3), nonprofit Florida corporation incorporated in February 1985. The Organization's mission is to achieve positive, lasting change for youth by providing life skills, education and a supportive community. HANDY's goal is to provide customized programs that meet the individual needs of a child that take them from early childhood to adulthood. For 32 years, the Organization has met the needs of more than 50,000 Broward County children and youth in foster, relative and non-relative care. During that time, they have provided hope, encouragement and inspiration to at-risk youth associated with Broward County's dependency system.

For the years ended June 30, 2017 and 2016, the Organization's **LIFE** program (Life skills, Independent living, Foundation building, and Education/Employment) provided services that focused on education, youth development and economic self-sufficiency to ensure at-risk youth do not drop out of school, do not engage in criminal activities, complete their education and enter the workforce as self-sufficient, contributing members of the community. All youth receive assessments, LIFE plan and evaluations, intensive case management, counseling and mentors. Additional program activities include: tutoring, mentoring, social and recreational activities, emergency needs assistance for food, clothing, housing, education workshops, life skill training, post-secondary education support, internships and job placements, service learning projects, self-advocacy learning and more. The Organization's LIFE program annually serves over 500 middle, high school, and college age youth. In addition, more than 800 children/youth receive assistance with emergency needs for food and clothing, back to school supplies and clothes, and/or holiday gifts.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted – Net assets available for support of operations that are not restricted by donors or for which restrictions have expired.

Temporarily restricted – Net assets for specific purposes restricted by donors, which permits the Organization to use or expend the donated resources as specified and are satisfied either by the passage of time or by actions of the Organization fulfilling the donor's purpose restriction.

Permanently restricted – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. There were no permanently restricted net assets at June 30, 2017 and 2016.

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted and unrestricted revenue and other support: Revenue and other support received is recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Non-cash contributions are recorded at their estimated fair value on the date received.

Revenue and other support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents: The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization maintains its deposits at financial institutions which at times may exceed federally insured amounts. Deposit accounts are maintained with what management believes to be quality financial institutions.

Promises to give: Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had \$ 107,648 in unconditional promises to give at June 30, 2017 and \$ 304,685 at June 30, 2016. At year end, the outstanding promises to give are receivables, restricted for subsequent periods from organizations such as the United Way of Broward County and the Yolles Charitable Foundation.

Receivables and allowance for doubtful accounts: Management periodically reviews the grants and contracts receivable and promises to give balances and provides an allowance for accounts which may become uncollectible. At June 30, 2017 and 2016, management considered the receivable balances to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

As of June 30, 2017 and 2016, the amount of financial assistance receivable from grantors for reimbursement of eligible units/expenditures incurred by the Organization and from other funding sources was \$ 137,127 and \$ 105,729 respectively, of which 86% and 76%, respectively, is due from the Children's Services Council of Broward County.

Property and equipment: Property and equipment are carried at cost, if purchased, or at estimated fair value on the date contributed, if donated, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

| | |
|---------------------------------|---------------|
| Buildings and improvements | 20 - 39 years |
| Computer equipment and software | 5 - 7 years |
| Office furniture and equipment | 5 - 7 years |
| Vehicles | 5 years |

Note 2 - Summary of Significant Accounting Policies (continued)

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. During the year ended June 30, 2016, the Organization received donated property and equipment amounting to \$ 8,200. The Organization received no donated property and equipment during the year ended June 30, 2017.

Additions and major renewals to property and equipment are capitalized. Maintenance and repairs to property and equipment are charged to expense when incurred.

Governmental agency contract revenue: Governmental agency contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred and/or the unit of service has been provided. Grants and contract receivable at year end represent allowable expenditures and/or units of service provided which have not yet been reimbursed by the granting agency. Certain agreements contain matching requirements, which have been met for the years ended June 30, 2017 and 2016.

Donated goods and services: Donated services are recognized, at estimated fair value, as contributions, along with a corresponding expense, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair market value when received. Donated property equipment is capitalized at its estimated fair value at the date of donation and depreciated over the estimated useful life of the asset.

Functional allocation of expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Joint costs of fundraising appeals: The Organization utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

Income taxes: The Organization is a not-for-profit corporation exempt from federal income taxes under Internal Revenue Code 501(c)(3). Accordingly, no provision for income taxes is reflected in the accompanying financial statements since the Organization was deemed by management not to have unrelated business income.

Use of estimates: 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, the disclosure of contingent assets and liabilities at 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.

Date of management review: Management has evaluated subsequent events through November 8, 2017, which is the date the financial statements were available for issuance.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 3 - Property and Equipment

Property and equipment consists of the following at June 30:

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|---------------------|---------------------|
| Building and improvements | \$ 1,555,440 | \$ 1,555,440 |
| Computer equipment and software | 36,872 | 35,675 |
| Office furniture and equipment | 26,684 | 26,684 |
| Vehicles | - | 20,691 |
| | <u>1,618,996</u> | <u>1,638,490</u> |
| Less accumulated depreciation | 388,434 | 359,283 |
| | <u>1,230,562</u> | <u>1,279,207</u> |
| Land | 276,320 | 276,320 |
| | <u>276,320</u> | <u>276,320</u> |
| Net property and equipment | \$ <u>1,506,882</u> | \$ <u>1,555,527</u> |

Depreciation expense for the years ended June 30, 2017 and 2016 was \$ 49,842 and \$ 49,716, respectively.

Note 4 - Debt

Debt at June 30, 2017 and 2016 is as follows:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Term note payable in monthly principal and interest installments of \$ 3,074 through May 2018, and to be adjusted thereafter through May 2023, at which time the remaining principal balance and accrued interest is due. The initial interest rate on the term note is fixed at 4.50% through May 2018 and then adjusts based on the weekly average yield on United States Treasury Securities plus a margin of 3.00%. The term note is secured by a first mortgage and an assignment of rents and leases on the Organization's office building and adjacent duplex. | \$ <u>258,363</u> | \$ <u>281,881</u> |

Future debt principal payments are estimated to be approximately as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Amount</u> |
|---------------------------------------|---------------|
| 2018 | \$ 25,900 |
| 2019 | \$ 27,400 |
| 2020 | \$ 28,500 |
| 2021 | \$ 29,600 |
| 2022 | \$ 30,700 |
| Thereafter | \$ 116,300 |

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of June 30, as follows:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|-------------------|-------------------|
| LIFE program | \$ 125,830 | \$ 104,434 |
| Promises to give, time restrictions | <u>80,000</u> | <u>252,205</u> |
| | <u>\$ 205,830</u> | <u>\$ 356,639</u> |

Note 6 - Grants and Contracts

The Organization receives financial assistance from local agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specific in the grant/contract agreements and may be subject to audit by the grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable laws and regulations. In accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act, the Organization is required to perform "single audits" when the required threshold, from either source of \$ 750,000 in grant/contract expenditures is exceeded. The Organization did not exceed the threshold, from either source, for the years ended June 30, 2017 and 2016.

For the years ended June 30, 2017 and 2016, revenue and support from governmental agency contracts were comprised of the following:

| <u>Grantor/Program</u> | <u>Contract Number</u> | <u>Revenue and Support for June 30,</u> | |
|---|------------------------|---|---------------------|
| | | <u>2017</u> | <u>2016</u> |
| <i>Local:</i> | | | |
| Children's Services Council of Broward County, Florida: | | | |
| Healthy Youth Transition | 15-2415/16-2417 | \$ 553,310 | \$ 585,456 |
| Youth Force | 12-2414/16-2416 | 397,472 | 495,192 |
| <i>Federal:</i> | | | |
| CareerSource Broward | CR-WIOA-OSY-54000 | <u>99,404</u> | <u>43,272</u> |
| | | <u>\$ 1,050,186</u> | <u>\$ 1,123,920</u> |

Note 7 - Leases

The Organization leases storage space on a month-to-month basis; and certain real estate from a related party (Note 8), also on a month-to-month basis. Additionally, the Organization leases certain office equipment. Total expenses related to these lease agreements amounted to approximately \$ 36,800 and \$ 24,000 for the years ended June 30, 2017 and 2016, respectively.

Note 7 - Leases (continued)

Estimated future base payments required under equipment leases for which there is a future commitment are approximately as follows:

| Year Ending <u>June 30,</u> | <u>Amount</u> |
|--------------------------------|---------------|
| 2018 | \$ 14,100 |
| 2019 | \$ 14,100 |
| 2020 | \$ 6,500 |
| 2021 | \$ 5,000 |
| Thereafter | \$ NONE |

Note 8 – Related Party Transactions

During the year ended June 30, 2017, the Organization entered into a month-to-month lease agreement with a related party (Note 7). The monthly rent for this lease is \$ 3,000. During the year ended June 30, 2017, the Organization paid this related party \$ 15,000 relating to the aforementioned lease agreement. In addition, the related party committed to reimburse the Organization the amounts paid for this lease. At June 30, 2017, the related party reimbursed the Organization \$ 6,000 and had a balance due to the Organization of \$ 9,000. This amount is included in promises to give in the accompanying Statements of Financial Position.

Note 9 - Employee Benefit Plan

Effective January 1, 2017, the Organization began to offer all employees, who meet certain age and service requirements, a tax-sheltered retirement plan under Internal Revenue Code Section 403(b) (the "Plan"). The Plan allows the participant to make pre-tax contributions up to defined statutory limits. The Organization may, at its discretion, make a matching contribution based on a percentage of the participant's Plan contributions. There were no matching contributions for the year ended June 30, 2017.

Note 10 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| Cash received during the year for - Interest income | \$ <u>722</u> | \$ <u>698</u> |
| Cash paid during the year for - Interest expense | \$ <u>13,381</u> | \$ <u>13,595</u> |
| Other Noncash Investing Activities: Donated capital assets | \$ <u>-</u> | \$ <u>8,200</u> |

INTERNAL CONTROLS AND COMPLIANCE

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
Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Fort Lauderdale, Florida

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 Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
November 8, 2017