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

Financial Statements
For the Years Ended June 30, 2021 and 2020

Keefe McCullough
CPA's + Trusted Advisors

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.

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 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 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 27, 2021

FINANCIAL STATEMENTS

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statements of Financial Position
June 30, 2021 and 2020

		2021		2020
Assets:				
Current:				
Cash	$	756,225	$	957,037
Grants and contracts receivable		241,259		189,127
Promises to give		20,000		165,171
Prepaid expenses and other assets		35,664		22,815
Total current assets		1,053,148		1,334,150
Non-current:				
Promises to give, net of current portion		-		40,000
Property and equipment, net		1,597,278		1,700,801
Deposits and other assets		106,010		106,010
Total non-current assets		1,703,288		1,846,811
Total assets	$	2,756,436	$	3,180,961
Liabilities:				
Current:				
Accounts payable and accrued expenses	$	194,619	$	220,765
Debt		39,467		200,000
Refundable advances and deferred revenue		88,748		165,577
Total current liabilities		322,834		586,342
Non-current:				
Debt, net of current portion		323,528		391,827
Total liabilities		646,362		978,169
Net Assets:				
Without donor restrictions:				
Undesignated		2,006,262		2,090,056
With donor restrictions:				
Purpose and time restrictions		103,812		112,736
Total net assets		2,110,074		2,202,792
Total liabilities and net assets	$	2,756,436	$	3,180,961

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, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets:			
Revenue and other support:			
Governmental agency contracts	$ 1,285,601	$ -	$ 1,285,601
Contributions and other grants	1,204,813	45,778	1,250,591
Special event revenue	247,686	-	247,686
Less: direct event expenses	(13,020)	-	(13,020)
In-kind contributions	63,513	-	63,513
Other revenues	20,364	-	20,364
Interest income	857	-	857
Total revenue and other support	2,809,814	45,778	2,855,592
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	54,702	(54,702)	-
Expenses:			
Program services	2,805,947	-	2,805,947
Supporting services:			
Management and general	304,365	-	304,365
Development/fundraising	326,065	-	326,065
Total expenses	3,436,377	-	3,436,377
Change in net assets before other items	(571,861)	(8,924)	(580,785)
Other Items:			
Extinguishment of debt - Paycheck Protection Program	352,360	-	352,360
Gain on insurance proceeds	135,707	-	135,707
Total other items	488,067	-	488,067
Change in net assets	(83,794)	(8,924)	(92,718)
Net Assets, Beginning of Year	2,090,056	112,736	2,202,792
Net Assets, End of Year	$ 2,006,262	$ 103,812	$ 2,110,074

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, 2020

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Change in Net Assets:			
Revenue and other support:			
Governmental agency contracts	$ 1,330,944	$ -	$ 1,330,944
Contributions and other grants	1,565,873	12,479	1,578,352
Special event revenue	159,944	-	159,944
Less: direct event expenses	(41,560)	-	(41,560)
In-kind contributions	58,367	-	58,367
Other revenues	8,500		8,500
Interest income	1,988	-	1,988
Total revenue and other support	3,084,056	12,479	3,096,535
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	157,069	(157,069)	-
Expenses:			
Program services	2,494,225	-	2,494,225
Supporting services:			
Management and general	312,466	-	312,466
Development/fundraising	301,212	-	301,212
Total expenses	3,107,903	-	3,107,903
Change in net assets before other items	133,222	(144,590)	(11,368)
Other Items:			
Gain on disposition of property and equipment, net	633,719	-	633,719
Change in net assets	766,941	(144,590)	622,351
Net Assets, Beginning of Year	1,323,115	257,326	1,580,441
Net Assets, End of Year	$ 2,090,056	$ 112,736	$ 2,202,792

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, 2021

	Program Services / LIFE				Supporting Services				
	Education	Youth Development	Self Sufficiency	Total Program Services	Management and General	Development/ Fundraising	Total Supporting Services	Cost of Direct Benefits to Donors	Total
Bank and credit card charges	$ -	$ -	$ -	$ -	$ 558	$ 4,351	$ 4,909	$ -	$ 4,909
Dues and subscriptions	107	383	-	490	2,098	30	2,128	-	2,618
In-kind expenses	250	1,658	-	1,908	-	15,000	15,000	-	16,908
Insurance	11,759	35,014	2,906	49,679	6,827	2,906	9,733	-	59,412
Meals and entertainment	-	-	-	-	-	-	-	13,020	13,020
Postage and printing	183	229	226	638	990	675	1,665	-	2,303
Professional services	41,045	19,803	102,989	163,837	57,654	16,892	74,546	-	238,383
Provision for bad debts	-	500	-	500	-	-	-	-	500
Public relations	11,745	11,745	11,745	35,235	11,745	17,421	29,166	-	64,401
Rentals, repairs and maintenance	58,330	201,347	21,839	281,516	35,606	18,076	53,682	-	335,198
Salaries and related expenses	755,306	763,495	205,586	1,724,387	139,627	222,308	361,935	-	2,086,322
Specific assistance	59,671	152,655	70,682	283,008	16,716	678	17,394	-	300,402
Staff training	-	260	25	285	1,254	675	1,929	-	2,214
Supplies and equipment	5,944	31,653	135	37,732	6,806	1,847	8,653	-	46,385
Taxes, licenses and permits	-	-	-	-	500	30	530	-	530
Travel	245	2,619	592	3,456	407	50	457	-	3,913
Utilities	19,489	35,171	4,065	58,725	5,728	6,004	11,732	-	70,457
Total expenses before provision for depreciation expense	964,074	1,256,532	420,790	2,641,396	286,516	306,943	593,459	13,020	3,247,875
Provision for depreciation	60,059	78,278	26,214	164,551	17,849	19,122	36,971	-	201,522
Less expenses included with revenues on the statement of activities									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(13,020)	(13,020)
Total expenses	$ 1,024,133	$ 1,334,810	$ 447,004	$ 2,805,947	$ 304,365	$ 326,065	$ 630,430	$ -	$ 3,436,377

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, 2020

	Program Services / LIFE				Supporting Services				
	Education	Youth Development	Self Sufficiency	Total Program Services	Management and General	Development/ Fundraising	Total Supporting Services	Cost of Direct Benefits to Donors	Total
Bank and credit card charges	$ 329	$ 29	$ -	$ 358	$ 4,470	$ 1,522	$ 5,992	-	$ 6,350
Dues and subscriptions	15	277	-	292	2,895	21	2,916	-	3,208
In-kind expenses	-	3,675	-	3,675	6,120	10,548	16,668	-	20,343
Insurance	7,895	23,685	1,974	33,554	5,096	1,973	7,069	-	40,623
Meals and entertainment	-	-	-	-	-	-	-	41,560	41,560
Postage and printing	219	563	201	983	660	2,365	3,025	-	4,008
Professional services	50,821	43,822	21,667	116,310	57,068	21,642	78,710	-	195,020
Provision for bad debts	-	-	-	-	5,000	10,000	15,000	-	15,000
Public relations	8,237	8,237	8,237	24,711	9,770	11,241	21,011	-	45,722
Rentals, repairs and maintenance	78,735	215,904	23,553	318,192	43,128	24,585	67,713	-	385,905
Salaries and related expenses	529,820	823,819	178,099	1,531,738	131,853	197,145	328,998	-	1,860,736
Specific assistance	44,139	204,477	38,535	287,151	16,675	146	16,821	-	303,972
Staff training	-	920	-	920	3,221	750	3,971	-	4,891
Supplies and equipment	6,506	6,045	834	13,385	5,382	2,710	8,092	-	21,477
Taxes, licenses and permits	-	-	-	-	598	-	598	-	598
Travel	1,049	17,666	1,034	19,749	414	70	484	-	20,233
Utilities	15,386	25,754	5,738	46,878	5,317	5,247	10,564	-	57,442
Total expenses before provision for depreciation and interest expense	743,151	1,374,873	279,872	2,397,896	297,667	289,965	587,632	41,560	3,027,088
Provision for depreciation	29,854	55,232	11,243	96,329	11,875	11,247	23,122	-	119,451
Interest expense	-	-	-	-	2,924	-	2,924	-	2,924
Less expenses included with revenues on the statement of activities									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(41,560)	(41,560)
Total expenses	$ 773,005	$ 1,430,105	$ 291,115	$ 2,494,225	$ 312,466	$ 301,212	$ 613,678	$ -	$ 3,107,903

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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	$ (92,718)	$ 622,351
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Provision for depreciation	201,522	119,451
Provision for bad debts	500	15,000
Gain on disposition of property and equipment	-	(633,719)
Extinguishment of debt - Paycheck Protection Program	(352,360)	-
Donation of property and equipment	(46,604)	(38,024)
(Increases) decreases in assets:		
Grants and contracts receivable	(52,132)	(30,410)
Promises to give	184,671	(114,088)
Prepaid expenses and other assets	(12,849)	(3,048)
Deposits and other assets	-	(20,758)
Increases (decreases) in liabilities:		
Accounts payable and accrued expenses	(26,146)	146,631
Refundable advances and deferred revenue	(76,829)	157,027
Net cash provided by (used in) operating activities	(272,945)	220,413
Cash Flows from Investing Activities:		
Proceeds from disposal of property and equipment, net	-	1,745,619
Purchases of property and equipment	(51,395)	(1,438,746)
Net cash provided by (used in) investing activities	(51,395)	306,873
Cash flows from Financing Activities:		
Proceeds from debt	323,528	352,360
Payments on debt	(200,000)	-
Net cash provided by (used in) financing activities	123,528	352,360
Net increase (decrease) in cash	(200,812)	879,646
Cash, Beginning of Year	957,037	77,391
Cash, End of Year	$ 756,225	$ 957,037

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. HANDY has provided hope, encouragement and inspiration to at-risk youth associated with Broward County's dependency system.

For the years ended June 30, 2021 and 2020, the Organization's **LIFE** program (**L**ife skills, **I**ndependent living, **F**oundation building, and **E**ducation/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 served an estimated 460 elementary, middle, high school, and college age youth for the fiscal year ended June 30, 2021. In addition, HANDY also provides assistance with emergency needs for youth and their families and community clients.

Additionally, the Organization operates its Best Buy Teen Tech Center, which is a place where teens can develop critical skills through hands-on activities that explore their interest in programming, film-making, music production and design. This Center works to bridge the digital divide by giving youth access to tech education opportunities, relationships that help build confidence, and a foundation for school and career success.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. There were no restrictions perpetual in nature as of June 30, 2021 and 2020.

Revenue and other support received is recorded as net assets without donor restrictions or net assets with donor restrictions, 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 net assets without donor restrictions if the restriction expires, or purpose restriction is accomplished, in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Any contribution not specifically restricted by the donor or subject to other legal restrictions is considered available for general use.

Revenue and revenue recognition: The Organization recognizes grants and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Contract revenue, from governmental agency contracts, is generally billed monthly and is derived from units of service and/or cost reimbursement contracts. Amounts received are recognized as revenue when the unit of service has been provided in compliance with the specific contract. Also, any revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions. Certain agreements contain matching requirements, which have been met for the years ended June 30, 2021 and 2020.

Amounts received prior to meeting certain conditions, including measurable performance or other barriers, providing the unit of service, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statements of financial position.

Revenues from special events that are considered exchange transactions are not recognized until the special event takes place. Other program income from products and services are recognized as income when the performance obligation of transferring the products and providing the services are met. Amounts received in advance are deferred to the applicable period.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2021 and 2020, management considered the receivable balances to be fully collectible and no allowance for doubtful accounts was considered necessary.

As of June 30, 2021 and 2020, the amount of financial assistance receivable from grantors for reimbursement of eligible units/expenditures incurred by the Organization was $ 241,259 and $ 189,127 respectively, of which 87% and 88%, respectively, is due in the aggregate from the Children's Services Council of Broward County, CareerSource Broward and the Broward County Board of County Commissioners.

Promises to give: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contributions and other grants revenue in the statements of activities. The Organization did not have any conditional promises to give as of June 30, 2021 or 2020.

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 either the shorter of the estimated useful life of each type of asset or, for leasehold improvements, the term of the lease, which is as follows:

Leasehold improvements	10 years
Computer equipment and software	5 - 7 years
Office furniture and equipment	5 - 7 years

Donations of property and equipment are reported as support without donor restrictions 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time. During the years ended June 30, 2021 and 2020, the Organization received donated property and equipment in the amount of approximately $ 46,600 and $ 38,000, respectively.

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

Refundable advances and deferred revenue: Revenues received in advance that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances. In addition, revenues received in advance from special events and other program income that are considered exchange transactions are deferred to the applicable period.

Note 2 - Summary of Significant Accounting Policies (continued)

Paycheck Protection Program: In accordance with the guidance of the AICPA in Q&A section 3200, the Organization has the option to report the proceeds of this forgivable loan program under FASB *Accounting Standards Codification (ASC) 470*, *Debt* or to the guidance under FASB *ASC 958-605, Revenue Recognition,* and account for the funds as a conditional government grant. The Organization has elected to follow the provisions of ASC 470 in which the loan proceeds remain recorded as a liability until the loan is forgiven, in full or in part, or the loan is paid off to the creditor.

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 and 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 statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, professional fees, rent, insurance, among other expenses. These expenses are allocated based on full-time equivalents, time and effort, square footage, and other methods as determined by management.

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.

Contributions of credit risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables. The Organization has cash in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"), subject to applicable limits. At various times throughout the year, the Organization may have cash balances at financial institutions that exceed insured amounts. Deposit accounts are maintained with what management believes to be quality financial institutions. Credit risk with respect to receivables is considered limited, by management, due to the credit worthiness of the entities and individuals who comprise such outstanding balances, which are also supportive of the Organization's vision. Receivable balances are unsecured.

Use of 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, 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 October 27, 2021, which is the date the financial statements were available for issuance.

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2021	2020
Financial Assets:		
Cash	$ 756,225	$ 957,037
Grants and contracts receivable	241,259	189,127
Promises to give	20,000	205,171
Financial assets, at year-end	1,017,484	1,351,335
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Purpose and time restrictions by donor	(103,812)	(112,736)
Refundable advances and deferred revenue	(88,748)	(165,577)
Financial assets available to meet cash needs for general expenditures within one year	$ 824,924	$ 1,073,022

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Leasehold improvements	$ 1,751,237	$ 1,662,481
Computer equipment and software	156,789	147,547
Office furniture and equipment	82,322	82,322
	1,990,348	1,892,350
Less accumulated depreciation	393,070	191,549
Net property and equipment	$ 1,597,278	$ 1,700,801

Note 5 - Debt

Debt at June 30, 2021 and 2020 is as follows:

	2021	2020
Unsecured loan agreement payable to a related party (Note 9) in monthly installments of $ 20,000 for an eleven-month period commencing in September 2020. The final payment of $ 19,467 will be paid in the twelfth month of the term. This note does not bear interest. This agreement is related to the renovations of a leased facility (Note 8).	$ 39,467	$ 239,467

Note 5 - Debt (continued)

		2021		2020
During April 2020, the Organization executed a promissory note for $ 352,360 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan bears interest at a rate of 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and the Organization maintains certain employment levels during a specified period of time. During the year ended June 30, 2021, the Small Business Administration approved the application for forgiveness of $ 352,360.		-		352,360
On February 10, 2021, the Organization executed a promissory note for $ 323,528 under the second round of the PPP ("PPP2"). Under the second round of the PPP, the allowable uses of the funds to be eligible for forgiveness were expanded to include payments such as software expenditures and personal protective equipment. The interest rate remains at 1.00% per annum. Repayment terms remain similar to the first round of the PPP, except the maturity date is on the 5th anniversary of the note and the repayment terms for any amount not forgiven will be based on a five-year amortization table. As of June 30, 2021, the outstanding principal amount of the note payable was $ 323,528.		323,528		-
		362,995		591,827
Less current portion		39,467		200,000
Long-term debt, net	$	323,528	$	391,827

As of June 30, 2021, future debt principal payments are required to be approximately as follows:

Year Ending June 30,		Amount
2022	$	39,500
Thereafter	$	NONE

The PPP2 loan has been excluded from the table above (and presented as long-term) because it is anticipated by management that it will be fully forgiven, in accordance with the terms and conditions of the program, resulting in no cash outflow to the Organization. Subsequent to year end, the Organization received notification of full forgiveness of this loan from its financial institution.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are available as of June 30, as follows:

	2021	2020
LIFE program	$ 83,812	$ 72,736
Promises to give, time restrictions	20,000	40,000
	$ 103,812	$ 112,736

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of the passage of time, or other events specified by the donors as follows:

	2021	2020
Expiration of time restrictions	$ 20,000	$ 20,000
Satisfaction of purpose restrictions:		
LIFE Program	34,702	137,069
	$ 54,702	$ 157,069

Note 7 - Grants and Contracts

The Organization receives financial assistance from various 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, 2021 and 2020.

For the years ended June 30, 2021 and 2020, revenue and support from governmental agency contracts were comprised of the following:

Grantor/Program	Contract Number	Revenue and Support for June 30, 2021	Revenue and Support for June 30, 2020
Local:			
Children's Services Council of Broward County, Florida:			
Healthy Youth Transition	20-2419 and 16-2417	$ 590,414	$ 788,450
Youth Force	20-2418 and 16-2416	411,890	433,779
Federal:			
CareerSource Broward	CR-WIOA-OSY-54000	109,533	98,848
Broward County Board of County Commissioners	20-CP-CSA-4827-01	173,764	9,867
		$ 1,285,601	$ 1,330,944

Note 8 - Commitments and Contingencies

Leases: The Organization leases certain office equipment under non-cancellable arrangements. Previously, the Organization entered into a 10-year operating lease arrangement, with a 5-year renewal option, to relocate its main offices as a result of the sale of its previously owned property (Note 15). Current monthly base payments are approximately $ 21,900. On September 8, 2020, the Organization and the landlord agreed to temporarily defer certain amounts of the rent that was due and payable for the period from October 2020 through June 2021. It was agreed that the rent will then be paid back in equal payments over twelve months beginning July 1, 2021. Beginning July 1, 2021, the regular monthly rent payments will again commence with a 2% increase from the originally agreed upon amount, at each anniversary year. The Organization is responsible for all utility charges and certain improvements. The Organization has the right to early terminate the agreement after the first 7 years by providing written notice accompanied with a fifty-thousand dollar cancellation fee. The landlord also has the option to early terminate the agreement by providing written notice and certain rent abatements as more fully described in the agreement. Total rent and equipment lease expense amounted to approximately $ 305,000 and $ 360,000 for the years ended June 30, 2021 and 2020, respectively.

Estimated future base payments required under these leases are approximately as follows:

Year Ending June 30,		Amount
2022	$	382,900
2023	$	316,200
2024	$	318,300
2025	$	318,700
2026	$	324,800
Thereafter	$	897,400

Economic Dependency: The Organization receives a substantial amount of its public support from the Children's Services Council of Broward County (Note 7) and private donors. If a significant reduction in the level of funding were to occur from this agency or other major donors, there could be an adverse effect on the Organization's level of programs and activities.

Note 9 - Related Party Transactions

Substantially all renovations in connection with the leased facility (Note 8), amounting to approximately $ 1.7 million, were completed by a related company of a member of the Board of Directors. In addition, as described in Note 5 - Debt, an unsecured loan agreement was entered into with this related party.

Also, the Organization receives direct and indirect support in the form of cash and in-kind donations from various Board Members or their affiliated organizations.

Note 10 - Employee Benefit Plan

The Organization offers 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 and/or after-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. The Organization made matching contributions of approximately $ 12,000 for each of the years ended June 30, 2021 and 2020.

Note 11 - Donated Vessels

Previously, marine vessels were donated to the Organization. A third-party company facilitated all aspects of the vessel donations. Subsequent to receiving a donation, the marine vessels were sold or leased. The Organization was not directly responsible for the carrying costs including material improvements, maintenance, storage and insurance. The net proceeds arising from the sale or lease were to then be remitted to the Organization. Any remaining net proceeds from these marine vessels cannot be reasonably estimated by the Organization. Because the net proceeds to be realized from these marine vessels are uncertain, the management of the Organization has chosen not to record an asset – held for sale on the accompanying statements of financial position. The net proceeds would be reported as support/revenue if ultimately received. As of June 30, 2021, the relationship with this third-party company has been terminated, and the Organization no longer anticipates any proceeds as a result of this relationship.

Note 12 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

	2021	2020
Cash received during the year for -		
Interest income	$ 857	$ 1,988
Cash paid during the year for -		
Interest expense	$ -	$ 2,924
Noncash investing and financing activities:		
Acquisition of property and equipment -		
Cost of property and equipment	$ 97,999	$ 1,716,237
Less: proceeds from financing	-	(239,467)
Less: donated property and equipment	(46,604)	(38,024)
Cash paid for property and equipment	$ 51,395	$ 1,438,746
Net proceeds from disposition of property and equipment -		
Net book value of property and equipment	$ -	$ 1,463,655
Gain on disposition of property and equipment	-	633,719
Less: related debt extinguished upon disposition of property and equipment	-	(351,755)
Proceeds from disposal of property and equipment, net	$ -	$ 1,745,619

Note 13 - Risks and Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the future potential adverse effect, if any, that this event may have on the Organization's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

Note 14 - Line of Credit

Previously, the Organization entered into a revolving line of credit agreement with a financial institution for financing up to $ 200,000. Interest is charged at a floating rate equal to 1% per annum over the Wall Street Journal Prime Rate with interest payable monthly on the outstanding balance; and principal and remaining interest due on demand. The line of credit is secured by all assets of the Organization. The interest rate shall never be less than 5.50%. At June 30, 2021 and 2020, the Organization had no outstanding balance on the line of credit.

Note 15 – Sale of Building and Land

During the year ended June 30, 2020, the Organization sold its principal headquarters and leased new office space (Note 8). The gain is reflected in the accompanying statements of activities (2020) and the effect on the property and equipment balances is reflected in Note 4.

Note 16 - Gain on Insurance Proceeds

During the year ended June 30, 2021, the Organization sustained damages to certain areas of their operating facilities. In connection with this incident, insurance proceeds amounting to approximately $ 145,000 were remitted to the Organization, during the year ended June 30, 2021, and are reflected on the accompanying statements of activities, net of expenditures of approximately $ 9,000.

Note 17 - Subsequent Event

On July 1, 2021, the Organization became the sole member of the nonprofit organization, Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc. D/B/A H.O.M.E.S., Inc. (HOMES). This alliance will allow both organizations to combine their expertise to advance and expand programs, services and housing that they currently provide to low-income families, youth and neighborhoods. This partnership will not only strengthen and build community support but will also help residents from spiraling into economic despair and help break the cycle of poverty for current and future generations.

The Organization received a notification of full forgiveness of PPP2 (Note 5) from its financial institution.

INTERNAL CONTROLS AND COMPLIANCE

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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.

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2021.

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) as a basis for designing 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 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 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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 27, 2021