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

Financial Statements
For the Years Ended June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 19, 2020, 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 19, 2020

FINANCIAL STATEMENTS

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets:		
Current:		
Cash	$ 957,037	$ 77,391
Grants and contracts receivable	189,127	158,717
Promises to give	165,171	46,083
Prepaid expenses and other assets	22,815	19,767
Total current assets	1,334,150	301,958
Non-current:		
Promises to give, net of current portion	40,000	60,000
Property and equipment, net	1,700,801	1,567,670
Deposits and other assets	106,010	85,252
Total non-current assets	1,846,811	1,712,922
Total assets	$ 3,180,961	$ 2,014,880
Liabilities:		
Current:		
Accounts payable and accrued expenses	$ 220,765	$ 74,134
Debt	200,000	165,803
Refundable advances and deferred revenue	165,577	8,550
Total current liabilities	586,342	248,487
Non-current:		
Debt, net of current portion	391,827	185,952
Total liabilities	978,169	434,439
Net Assets:		
Without donor restrictions:		
Undesignated	2,090,056	1,323,115
With donor restrictions:		
Purpose and time restrictions	112,736	257,326
Total net assets	2,202,792	1,580,441
Total liabilities and net assets	$ 3,180,961	$ 2,014,880

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:			
Contributions and other grants	$ 1,575,740	$ 12,479	$ 1,588,219
Governmental agency contracts	1,321,077	-	1,321,077
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 Activities
For the Year Ended June 30, 2019

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Change in Net Assets:			
Revenue and other support:			
Governmental agency contracts	$ 1,107,563	$ -	$ 1,107,563
Contributions and other grants	683,546	225,126	908,672
Special event revenue	394,525	-	394,525
Less: direct event expenses	(86,371)	-	(86,371)
In-kind contributions	70,864	-	70,864
Interest income	390	-	390
Total revenue and other support	2,170,517	225,126	2,395,643
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	166,898	(166,898)	-
Expenses:			
Program services	2,048,632	-	2,048,632
Supporting services:			
Management and general	302,214	-	302,214
Development/fundraising	321,400	-	321,400
Total expenses	2,672,246	-	2,672,246
Change in net assets	(334,831)	58,228	(276,603)
Net Assets, Beginning of Year	1,657,946	199,098	1,857,044
Net Assets, End of Year	$ 1,323,115	$ 257,326	$ 1,580,441

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
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
Professional services	50,821	43,822	21,667	116,310	57,068	21,642	78,710	-	195,020
Rentals, repairs and maintenance	78,735	215,904	23,553	318,192	43,128	24,585	67,713	-	385,905
Meals and entertainment	-	-	-	-	-	-	-	41,560	41,560
In-kind expenses	-	3,675	-	3,675	6,120	10,548	16,668	-	20,343
Utilities	15,386	25,754	5,738	46,878	5,317	5,247	10,564	-	57,442
Travel	1,049	17,666	1,034	19,749	414	70	484	-	20,233
Supplies and equipment	6,506	6,045	834	13,385	5,382	2,710	8,092	-	21,477
Public relations	8,237	8,237	8,237	24,711	9,770	11,241	21,011	-	45,722
Insurance	7,895	23,685	1,974	33,554	5,096	1,973	7,069	-	40,623
Postage and printing	219	563	201	983	660	2,365	3,025	-	4,008
Bank and credit card charges	329	29	-	358	4,470	1,522	5,992	-	6,350
Staff training	-	920	-	920	3,221	750	3,971	-	4,891
Taxes, licenses and permits	-	-	-	-	598	-	598	-	598
Dues and subscriptions	15	277	-	292	2,895	21	2,916	-	3,208
Provision for bad debts	-	-	-	-	5,000	10,000	15,000	-	15,000
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.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	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
Salaries and related expenses	$ 390,556	$ 766,014	$ 167,911	$ 1,324,481	$ 136,293	$ 211,100	$ 347,393	-	$ 1,671,874
Specific assistance	89,182	218,640	37,386	345,208	19,283	587	19,870	-	365,078
Professional services	65,225	40,615	18,780	124,620	53,642	20,232	73,874	-	198,494
Rentals, repairs and maintenance	15,912	45,488	6,058	67,458	13,027	7,876	20,903	-	88,361
Meals and entertainment	-	-	-	-	-	-	-	86,371	86,371
In-kind expenses	-	200	-	200	22,080	48,584	70,664	-	70,864
Utilities	11,545	23,971	6,289	41,805	4,117	5,151	9,268	-	51,073
Travel	1,952	25,970	1,416	29,338	474	436	910	-	30,248
Supplies and equipment	3,485	12,716	970	17,171	4,405	1,240	5,645	-	22,816
Public relations	7,497	7,497	7,497	22,491	7,497	7,673	15,170	-	37,661
Insurance	3,895	12,550	1,291	17,736	3,347	1,624	4,971	-	22,707
Postage and printing	1,069	2,491	354	3,914	785	2,368	3,153	-	7,067
Bank and credit card charges	359	25	-	384	10,291	712	11,003	-	11,387
Staff training	10	2,296	-	2,306	2,500	1,195	3,695	-	6,001
Taxes, licenses and permits	376	1,143	119	1,638	989	109	1,098	-	2,736
Dues and subscriptions	110	155	-	265	1,677	13	1,690	-	1,955
Provision for bad debts	-	-	-	-	-	4,833	4,833	-	4,833
Total expenses before provision for depreciation and interest expense	591,173	1,159,771	248,071	1,999,015	280,407	313,733	594,140	86,371	2,679,526
Provision for depreciation	14,673	28,787	6,157	49,617	7,320	7,667	14,987	-	64,604
Interest expense	-	-	-	-	14,487	-	14,487	-	14,487
Less expenses included with revenues on the statement of activities									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(86,371)	(86,371)
Total expenses	$ 605,846	$ 1,188,558	$ 254,228	$ 2,048,632	$ 302,214	$ 321,400	$ 623,614	$ -	$ 2,672,246

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, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	$ 622,351	$ (276,603)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Provision for depreciation	119,451	64,604
Provision for bad debts	15,000	4,833
Gain on disposition of property and equipment	(633,719)	-
Donation of property and equipment	(38,024)	-
(Increases) decreases in assets:		
Grants and contracts receivable	(30,410)	129,718
Promises to give	(114,088)	(26,798)
Prepaid expenses and other assets	(3,048)	6,264
Deposits and other assets	(20,758)	(83,977)
Increases (decreases) in liabilities:		
Accounts payable and accrued expenses	146,631	10,553
Refundable advances and deferred revenue	157,027	(650)
Net cash provided by (used in) operating activities	220,413	(172,056)
Cash Flows from Investing Activities:		
Proceeds from disposal of property and equipment, net	1,745,619	-
Purchases of property and equipment	(1,438,746)	(73,797)
Net cash provided by (used in) investing activities	306,873	(73,797)
Cash flows from Financing Activities:		
Proceeds from debt	352,360	141,987
Payments on debt	-	(23,114)
Net cash provided by (used in) financing activities	352,360	118,873
Net increase (decrease) in cash	879,646	(126,980)
Cash, Beginning of Year	77,391	204,371
Cash, End of Year	$ 957,037	$ 77,391

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, 2020 and 2019, 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 annually serves an estimated 450 elementary, middle, high school, and college age youth for the fiscal year ended June 30, 2020. 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, 2020 and 2019.

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 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, 2020 and 2019.

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, 2020 and 2019, management considered the receivable balances to be fully collectible and no allowance for doubtful accounts was considered necessary.

As of June 30, 2020 and 2019, the amount of financial assistance receivable from grantors for reimbursement of eligible units/expenditures incurred by the Organization was $ 189,127 and $ 158,717 respectively, of which 88% and 62%, respectively, is due in the aggregate from the Children's Services Council of Broward County and Career Source Broward.

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 at June 30, 2020 or 2019

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:

Building and improvements	20 - 39 years
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, 2020 and 2019, the Organization did not receive a material amount of donated property and equipment.

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)

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 receivable is considered limited, by management, due to the credit worthiness of the entities and individuals who comprise such outstanding balances. Receivable balances are unsecured.

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 October 19, 2020, 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 balance sheet date, comprise the following at June 30:

	2020	2019
Financial Assets:		
Cash	$ 957,037	$ 77,391
Grants and contracts receivable	189,127	158,717
Promises to give	205,171	106,083
Financial Assets, at year-end	1,351,335	342,191
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Purpose and time restrictions by donor	(112,736)	(257,326)
Refundable advances and deferred revenue	(165,577)	(8,550)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,073,022	$ 76,315

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

	2020	2019
Building and improvements	$ -	$ 1,558,835
Leasehold improvements	1,662,481	-
Computer equipment and software	147,547	120,734
Office furniture and equipment	82,322	51,988
	1,892,350	1,731,557
Less accumulated depreciation	191,549	500,207
	1,700,801	1,231,350
Land	-	276,320
Construction in progress	-	60,000
Net property and equipment	$ 1,700,801	$ 1,567,670

Note 5 - Debt

Debt at June 30, 2020 and 2019 is as follows:

	2020	2019
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 new leased facility (Note 8).	$ 239,467	$ -
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. If the Small Business Administration ("SBA") confirms full forgiveness of the unpaid balance of the note, the Organization's obligation under this arrangement will be deemed fully satisfied. The Organization remains obligated to repay to the lender any amount not forgiven, which will mature on the 2nd anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from SBA. If the Organization does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due (principal and interest) based on the remaining time up until its maturity.	352,360	-
Term note payable in monthly principal and interest installments of $ 3,074 from inception through May 2018, then adjusted to $ 2,968 thereafter through May 2023. The initial interest rate on the term note was fixed at 4.5% through May 2018 and was then adjusted based on the weekly average yield on United States Treasury Securities - constant maturity of 5 years - plus a margin of 3.0% (5.8% at June 30, 2019). The term note was secured by a first mortgage and an assignment of rents and leases on the Organization's then owned real estate. Upon the sale (July 2019) of the Organization's land and building, this note was fully paid off.	-	209,768

Note 5 - Debt (continued)

	2020	2019
Revolving line of credit with a capacity of $ 525,000 payable in monthly interest only installments on all accrued unpaid principal. The entire remaining principal balance plus all accrued but unpaid interest, was due and payable in full as a balloon payment on the maturity date of March 20, 2020. The initial interest rate on the line of credit was the prime lending rate plus a margin of 0.25%, adjusted daily and subject to a floor of 5.75%. The prime lending rate at June 30, 2019 was 5.50%, resulting in an interest rate of 5.75% per annum. The purpose of this credit facility was to provide funds for tenant improvements, security deposit, and relocation expenses (Notes 4 and 8). The revolving note was secured by a second mortgage and an assignment of rents and leases on the Organization's then owned real estate. Upon the sale (July 2019) of the Organization's land and building, this note was closed and fully paid off.	-	141,987
	591,827	351,755
Less current portion	200,000	165,803
	$ 391,827	$ 185,952

As of June 30, 2020, future debt principal payments are required to be approximately as follows:

Year Ending June 30,	Amount
2021	$ 200,000
2022	$ 39,500
Thereafter	$ NONE

The Paycheck Protection Program loan has been excluded from the table above 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.

Note 6 - Net Assets With Donor Restrictions

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

	2020	2019
LIFE program	$ 72,736	$ 197,326
Promises to give, time restrictions	40,000	60,000
	$ 112,736	$ 257,326

Note 6 - Net Assets With Donor Restrictions (continued)

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:

	2020	2019
Expiration of time restrictions	$ 20,000	$ 65,000
Satisfaction of purpose restrictions:		
LIFE Program	137,069	101,898
	$ 157,069	$ 166,898

Note 7 - 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, 2020 and 2019.

For the years ended June 30, 2020 and 2019, revenue and support from governmental agency contracts were comprised of the following:

Grantor/Program	Contract Number	Revenue and Support for June 30,	
Local:		2020	2019
Children's Services Council of Broward County, Florida:			
Healthy Youth Transition	16-2417	$ 788,450	$ 617,116
Youth Force	16-2416	433,779	397,386
Federal:			
CareerSource Broward	CR-WIOA-OSY-5400	98,848	93,061
		$ 1,321,077	$ 1,107,563

Note 8 - Commitments and Contingencies

Leases: The Organization leases certain office equipment under non-cancellable arrangements. In March 2019, 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 13). Current monthly payments are approximately $ 24,000 per month with a 2% increase 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 $ 360,000 and $ 53,400 for the years ended June 30, 2020 and 2019, respectively.

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

Year Ending June 30,	Amount
2021	$ 304,000
2022	$ 307,500
2023	$ 312,400
2024	$ 315,100
2025	$ 318,700
Thereafter	$ 1,222,200

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 new 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, 2020 and 2019.

Note 11 - Donated Vessels

From time to time, marine vessels are donated to the Organization. A third-party company facilitates all aspects of the vessel donations. Subsequent to receiving a donation, the marine vessels are sold or leased. The Organization is not directly responsible for the carrying costs including material improvements, maintenance, storage and insurance. The net proceeds arising from the sale or lease are to then be remitted to the Organization. At June 30, 2020, the Organization had certain marine vessels titled to them. The remaining net proceeds from these marine vessels cannot be estimated by the Organization. Because the net proceeds to be realized from these marine vessels is 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 are reported as support/revenue when ultimately received.

Note 12 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

	2020	2019
Cash received during the year for -		
Interest income	$ 1,988	$ 390
Cash paid during the year for -		
Interest expense	$ 2,924	$ 14,487
Noncash investing and financing activities:		
Acquisition of property and equipment -		
Cost of property and equipment	$ 1,716,237	$ 73,797
Less: proceeds from financing	(239,467)	-
Less: donated property and equipment	(38,024)	-
Cash paid for property and equipment	$ 1,438,746	$ 73,797
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 - 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 on sale is reflected in the accompanying statement of activities and the effect on the property and equipment balances is reflected in Note 4.

Note 14 - 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 potential adverse effect 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 15 - Line of Credit

During the year ended June 30, 2020, 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 (4.25% at June 30, 2020) with interest payable monthly on the outstanding balance and principal and remaining interest due on demand. The interest rate shall never be less than 5.50%. At June 30, 2020, the Organization had no outstanding balance on the line of credit.

INTERNAL CONTROLS AND COMPLIANCE

Keefe McCullough
CPA's + Trusted Advisors

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, 2020, 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 19, 2020.

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 19, 2020