

Helping Abused, Neglected,
Disadvantaged Youth (HANDY), Inc.
and Housing Opportunities Mortgage
Assistance & Effective Neighborhood
Solutions, Inc.

Consolidated Financial Statements
and Additional Information
For the Year Ended June 30, 2022



**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.**

Table of Contents

Independent Auditor's Report 1-3

Financial Statements

Consolidated Statement of Financial Position 4

Consolidated Statement of Activities 5

Consolidated Statement of Functional Expenses 6

Consolidated Statement of Cash Flows 7

Notes to Consolidated Financial Statements 8-19

Supplementary Information

Consolidating Schedule of Financial Position 20

Consolidating Schedule of Activities 21

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* 22-23

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc. (both nonprofit entities) (collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, 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

Fort Lauderdale, Florida
December 22, 2022

FINANCIAL STATEMENTS

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Consolidated Statement of Financial Position
June 30, 2022**

Assets:

Current:

Cash and cash equivalents	\$ 943,917
Grants, contracts and tenants' rent receivables	343,170
Prepaid expenses and other assets	<u>83,139</u>
Total current assets	<u>1,370,226</u>

Non-current:

Property and equipment, net	10,927,331
Cash-tenants' security deposits	56,216
Deposits and other assets	<u>89,489</u>
Total non-current assets	<u>11,073,036</u>

Total assets	<u>\$ 12,443,262</u>
--------------	----------------------

Liabilities:

Current:

Accounts payable and accrued expenses	\$ 327,403
Debt	106,483
Lines of credit	9,049
Refundable advances and deferred revenue	<u>254,738</u>
Total current liabilities	<u>697,673</u>

Non-current:

Tenants' security deposits payable	56,216
Debt, net of current portion	<u>3,016,589</u>
Total noncurrent liabilities	<u>3,072,805</u>

Total liabilities	<u>3,770,478</u>
-------------------	------------------

Net Assets:

Without donor restrictions:

Undesignated	353,612
Net investment in property and equipment	7,804,259

With donor restrictions:

Purpose and time restrictions	<u>514,913</u>
-------------------------------	----------------

Total net assets	<u>8,672,784</u>
------------------	------------------

Total liabilities and net assets	<u>\$ 12,443,262</u>
----------------------------------	----------------------

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

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Change in Net Assets:			
Revenue and other support:			
Contributions and other grants	\$ 1,701,663	\$ 479,472	\$ 2,181,135
Governmental agency contracts	1,930,615	-	1,930,615
Special event revenue	463,039	-	463,039
Less: direct event expenses	(84,822)	-	(84,822)
In-kind contributions	94,124	-	94,124
Rental income, net	364,361	-	364,361
Other revenues	54,778	-	54,778
Interest income	374	-	374
	<u>4,524,132</u>	<u>479,472</u>	<u>5,003,604</u>
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	<u>68,371</u>	<u>(68,371)</u>	<u>-</u>
Expenses:			
Program services	4,506,050	-	4,506,050
Supporting services:			
Management and general	556,356	-	556,356
Development/fundraising	627,685	-	627,685
	<u>5,690,090</u>	<u>-</u>	<u>5,690,090</u>
Total expenses	<u>5,690,090</u>	<u>-</u>	<u>5,690,090</u>
Change in net assets before other items	<u>(1,097,587)</u>	<u>411,101</u>	<u>(686,486)</u>
Other Items:			
Extinguishment of debt - Paycheck Protection Program	465,928	-	465,928
Gain on insurance proceeds	124,653	-	124,653
Miscellaneous	6,165	-	6,165
	<u>596,746</u>	<u>-</u>	<u>596,746</u>
Total other items	<u>596,746</u>	<u>-</u>	<u>596,746</u>
Change in net assets	(500,841)	411,101	(89,740)
Net Assets, Beginning of Year	3,344,388	103,812	3,448,200
Fair value adjustment - inherent contribution (Note 4)	<u>5,314,324</u>	<u>-</u>	<u>5,314,324</u>
Net Assets, End of Year	<u>\$ 8,157,871</u>	<u>\$ 514,913</u>	<u>\$ 8,672,784</u>

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

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022**

	Program Services						Supporting Services			Cost of Direct Benefits to Donors	Total	
	Education	Youth Development	Self Sufficiency	Supportive Housing Youth	Residential and Commercial Rental	Other	Total Program Services	Management and General	Development/Fundraising			Total Supporting Services
Bank and credit card charges	\$ 180	\$ 409	\$ -	\$ -	\$ -	\$ -	\$ 589	\$ 4,623	\$ 5,041	\$ 9,664	\$ -	\$ 10,253
Computer expenses	-	-	-	3,527	3,527	1,764	8,818	2,351	586	2,937	-	11,755
Dues and subscriptions	378	219	165	-	-	-	762	5,241	235	5,476	-	6,238
In-kind expenses	-	66,614	-	-	-	-	66,614	20,122	2,388	22,510	-	89,124
Insurance	12,265	36,794	3,066	34,426	36,153	-	122,704	8,799	3,066	11,865	-	134,569
Interest	-	-	-	36,766	68,135	-	104,901	2,414	-	2,414	-	107,315
Meals and entertainment	-	-	-	-	-	-	-	-	-	-	84,822	84,822
Postage and printing	545	1,462	444	-	-	-	2,451	1,670	760	2,430	-	4,881
Professional services	23,250	121,659	51,052	-	-	-	195,961	166,841	78,621	245,462	-	441,423
Property taxes	-	-	-	5,108	12,530	-	17,638	-	-	-	-	17,638
Provision for bad debts	-	24,000	-	-	-	-	24,000	-	2,750	2,750	-	26,750
Public relations	12,800	12,800	12,800	-	-	-	38,400	13,340	16,028	29,368	-	67,768
Rentals, repairs and maintenance	70,852	195,842	14,981	23,389	22,820	-	327,883	28,862	14,413	43,275	-	371,158
Salaries and related expenses	817,316	1,088,339	200,442	303,013	121,652	28,396	2,559,159	230,757	432,208	662,965	-	3,222,124
Specific assistance	53,145	285,573	32,572	12,536	23,138	-	406,964	9,772	24,977	34,749	-	441,713
Staff training	60	806	25	-	-	-	891	6,555	-	6,555	-	7,446
Supplies, office and other	10,203	24,060	285	41,101	38,235	18,120	132,004	16,135	21,647	37,782	-	169,786
Taxes, licenses and permits	72	72	72	-	-	-	216	571	72	643	-	859
Travel	2,042	17,559	544	2,057	569	-	22,771	4,362	418	4,780	-	27,551
Utilities	18,747	37,290	3,914	18,958	27,457	-	106,366	5,651	5,491	11,142	-	117,508
Total expenses before provision for depreciation expense	<u>1,021,855</u>	<u>1,913,498</u>	<u>320,362</u>	<u>480,881</u>	<u>354,215</u>	<u>48,280</u>	<u>4,139,091</u>	<u>528,067</u>	<u>608,700</u>	<u>1,136,768</u>	<u>84,822</u>	<u>5,360,681</u>
Provision for depreciation	<u>53,132</u>	<u>99,494</u>	<u>16,658</u>	<u>99,857</u>	<u>97,817</u>	<u>-</u>	<u>366,959</u>	<u>28,287</u>	<u>18,985</u>	<u>47,272</u>	<u>-</u>	<u>414,231</u>
Less expenses included with revenues on the consolidated statement of activities												
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,822)</u>	<u>(84,822)</u>
Total expenses	<u>\$ 1,074,987</u>	<u>\$ 2,012,992</u>	<u>\$ 337,020</u>	<u>\$ 580,738</u>	<u>\$ 452,032</u>	<u>\$ 48,280</u>	<u>\$ 4,506,050</u>	<u>\$ 556,355</u>	<u>\$ 627,685</u>	<u>\$ 1,184,040</u>	<u>\$ -</u>	<u>\$ 5,690,090</u>

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

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2022**

Cash Flows from Operating Activities:	
Change in net assets	\$ (89,740)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:	
Provision for depreciation	414,231
Provision for bad debts	26,750
Extinguishment of debt - Paycheck Protection Program	(465,928)
Donation of property and equipment	(5,000)
(Increases), decreases in assets:	
Grants, contracts and tenants' rent receivable	(92,170)
Promises to give	20,000
Prepaid expenses and other assets	(16,207)
Deposits and other assets	22,021
Increases (decreases) in liabilities:	
Accounts payable and accrued expenses	54,771
Refundable advances and deferred revenue	165,990
Cash - tenants' security deposits payable	119
	<u>34,837</u>
Net cash provided by (used in) operating activities	<u>34,837</u>
Cash Flows from Investing Activities:	
Purchases of property and equipment	<u>(33,284)</u>
Net cash provided by (used in) investing activities	<u>(33,284)</u>
Cash flows from Financing Activities:	
Payments on line of credit	(50,933)
Payments on debt	<u>(114,297)</u>
Net cash provided by (used in) financing activities	<u>(165,230)</u>
Net increase (decrease) in cash and cash equivalents	(163,677)
Cash and cash equivalents, Beginning of Year	<u>1,163,810</u>
Cash and cash equivalents, End of Year	<u>\$ 1,000,133</u>
Reconciliation to the Consolidated Statement of Financial Position:	
Cash and cash equivalents	\$ 943,917
Cash - tenants' security deposits	<u>56,216</u>
	<u>\$ 1,000,133</u>

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

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 1 - Organization and Operations

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. (“HANDY”) is a private, 501(c)(3), nonprofit Florida corporation incorporated in February 1985. HANDY’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 year ended June 30, 2022, HANDY’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. HANDY’s LIFE program served an estimated 460 elementary, middle, high school, and college age youth for the fiscal year ended June 30, 2022. In addition, HANDY also provides assistance with emergency needs for youth and their families and community clients.

Additionally, HANDY 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.

On July 1, 2021, HANDY 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”). HOMES is a Florida nonprofit corporation established October 15, 1998 to provide affordable housing to low-income residents and to participate in neighborhood revitalization projects in blighted transitional neighborhoods in Broward County, Florida. The mission of H.O.M.E.S. is to provide quality community and economic development, benefiting at risk and disadvantaged residents and neighborhoods in Broward County, Florida. This alliance has allowed 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.

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.

Principles of consolidation: The consolidated financial statements include the accounts of HANDY and HOMES (collectively referred to hereinafter as the Organization). For the year ended June 30, 2022, there were no significant intercompany balances or transactions to be eliminated in consolidation.

Note 2 - Summary of Significant Accounting Policies (continued)

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.
- *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, 2022.

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 consolidated statement 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 cost reimbursement contracts. Any revenue derived from cost-reimbursement contracts, which is 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 year ended June 30, 2022.

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 2 - Summary of Significant Accounting Policies (continued)

Amounts received prior to meeting certain conditions, including measurable performance or other barriers and incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the consolidated statement 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.

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, 2022, management considered the receivable balances to be fully collectible and no allowance for doubtful accounts was considered necessary.

As of June 30, 2022, the amount of financial assistance receivable from grantors for reimbursement of eligible expenditures incurred by the Organization was approximately \$ 343,000, of which 81% was due in the aggregate from the Children's Services Council of Broward County, CareerSource Broward and the Broward County Board of County Commissioners.

Tenants' Rent Receivable: Tenants' rent receivables arise in the normal course of business with rental real estate properties. The Organization records bad debts using the direct write-off method, which for the Organization is not materially different than methods acceptable under GAAP. Rents are due the first of every month and considered delinquent after five days. Delinquent receivables are written off based upon review of outstanding receivables, historical collection information and existing economic conditions. No material bad debt expense was recorded for the year ended June 30, 2022.

Cash-Tenants' Security Deposits: Cash-tenants' security deposits represent unexpended cash advanced receivable from or on behalf of tenants to be used to offset damage caused by a tenant to a unit, or unpaid rent at the end of a lease period, beyond the statement of financial position date.

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 consolidated statement of activities. The Organization did not have any conditional promises to give as of June 30, 2022.

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:

Buildings and improvements	39 years
Leasehold improvements	10 years
Computer equipment and software	3 - 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 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.

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.

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 loans are forgiven, in full or in part, or the loans are paid off to the creditor. As of June 30, 2022, these loans have been fully forgiven.

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 consolidated statement 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: HANDY and HOMES are not-for-profit corporations 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.

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 2 - Summary of Significant Accounting Policies (continued)

Concentrations 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 December 22, 2022, 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:

Financial Assets:		
Cash and cash equivalents	\$	943,917
Grants, contracts and tenants' rent receivables		<u>343,170</u>
Financial assets, at year-end		<u>1,287,087</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Purpose and time restrictions by donor		(514,913)
Refundable advances and deferred revenue		<u>(254,738)</u>
Financial assets available to meet cash needs for general expenditures within one year and to satisfy certain liabilities as they become due	\$	<u><u>517,436</u></u>

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 4 - Property and Equipment

Property and equipment consisted of the following at June 30 2022:

Buildings and improvements *	\$	7,721,531
Leasehold improvements		1,764,732
Computer equipment and software		178,178
Office furniture and equipment		82,322
Vehicles		28,000
		<u>9,774,763</u>
Less accumulated depreciation		807,301
		<u>8,967,462</u>
Land		1,955,869
Construction in progress		4,000
		<u>4,000</u>
Net property and equipment	\$	<u>10,927,331</u>

* Certain real estate contains deed restrictions (Note 8)

In July 2021, HANDY entered into a strategic alliance with HOMES (Note 1). Upon entering into the strategic alliance, in accordance with FASB ASC No. 805, *Business Combinations*, HOMES adjusted their nonfinancial assets to fair value. During 2022, HOMES had certain properties appraised by an independent company as well as other independent sources who determined the properties' fair value at approximately \$ 9,700,000. As a result, an adjustment to net assets was recorded for approximately \$ 5,300,000 as disclosed on the consolidated statement of activities.

Note 5 – Lines of Credit and Long-Term Debt

A revolving line of credit agreement with a financial institution for financing up to \$ 300,000. 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 HANDY. The interest rate shall never be less than 5.50%. At June 30, 2022, the Organization had no outstanding balance on the line of credit.

A revolving working-capital line of credit from a financial institution, which matures June 2023 and is renewable annually, with maximum available borrowings of \$ 50,000. The line of credit is secured by certain real property owned by HOMES. Interest on outstanding borrowings is charged at the Prime Rate as published in the Wall Street Journal. As of June 30, 2022, there was no balance outstanding on this line of credit.

An unsecured revolving line of credit for construction projects from a financial institution, renewable annually, with maximum available borrowings of \$ 200,000. Interest on outstanding borrowings is charged at the Master Revolving Note Daily Adjusting LIBOR Rate. The balance outstanding at June 30, 2022 was approximately \$ 9,000.

A \$ 500,000 revolving line of credit that matured in August of 2022, bearing interest at a fixed rate of 5.00%. The purpose of the line of credit is for the acquisition and rehabilitation or renovation of affordable homes and the purchase of lots to construct single-family affordable homes for sale to low and moderate-income families in Broward County, Florida. This line of credit is collateralized by certain real property owned by HOMES. There was not a balance on this line of credit at June 30, 2022. This line of credit has not been renewed as of December 22, 2022.

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 5 – Lines of Credit and Long-Term Debt (continued)

Debt at June 30, 2022 was as follows:

Note payable to a financial institution for the main campus, with a monthly payment amount of \$ 11,019 bearing interest at a fixed rate of 4.9%. The note balloons in March 2024 and is collateralized by certain real property owned by HOMES.	\$ 1,514,114
Notes payable to the City of Fort Lauderdale (CHDO funds) on 1341 N. Andrews Avenue and 1113 N.E. 2 nd Avenue. Payments are deferred for the life of the loans, which mature in June 2034. These loans are non-interest bearing and all payments will be forgiven if all affordable rental conditions have been met.	467,645
Note payable to a financial institution in monthly payments of approximately \$ 2,300 at a fixed interest rate of 4.25%. This loan is amortized over a 20 year period with a balloon payment due in September 2025. The note is collateralized by certain real property owned by HOMES.	341,415
Note payable to Broward County (CHDO funds) on 1101-1111 N.E. 17 th Court with payments deferred for the life of the loan, which matures in September of 2045. This loan is non-interest bearing and all payments will be forgiven if all affordable rental conditions have been met.	263,012
Notes payable to Broward County (SHIP funds) on 1212, 1216, 1218, 1222 N.E. 6 th Avenue, with payments deferred for the life of the loans which mature in December 2038. These loans are non-interest bearing and all payments will be forgiven if all affordable rental conditions have been met.	198,188
Note payable to City of Fort Lauderdale (SHIP funds) on the 1212, 1216, 1218, 1222 properties with payments deferred for the life of the loan, maturing in September 2029. These loans are non-interest bearing and all payments will be forgiven if all affordable rental conditions have been met.	184,563
Note payable to City of Fort Lauderdale (SHIP funds) on the 1212, 1216, 1218, 1222 properties. The loan matures in May 2041 with monthly payments of approximately \$ 600. This loan is deed restricted for the life of the loan for low to moderate income tenants and bears zero interest.	142,561

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 5 – Lines of Credit and Long-Term Debt (continued)

Note payable to a financial institution in monthly payments of approximately \$ 300 at a fixed interest rate of 4.3%. This loan is amortized over a 20 year period with a balloon payment due in March 2024. This note is collateralized by certain real property owned by HOMES.	<u>35,241</u>
Total notes payable	3,146,739
Less: unamortized debt issuance costs	<u>(23,667)</u>
Notes payable, less unamortized debt issuance costs	3,123,072
Less current portion	<u>(106,483)</u>
Total notes payable less current portion	\$ <u><u>3,016,589</u></u>

The aggregate principal payment requirements on notes payable under the arrangements existing at June 30, 2022 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ 106,500
2024	1,489,300
2025	318,100
2026	7,700
2027	7,700
Thereafter	<u>104,000</u>
	\$ <u><u>2,033,300</u></u>

The forgivable loans detailed above totaling approximately \$ 1,113,400 have been excluded from the principal payment schedule above as management does not anticipate a cash outlay to result from these loan amounts.

The costs associated with the notes payable at June 30, 2022 are \$ 48,270 and are being amortized over the maturity period of the respective loans. Amortization expense of these loan costs was \$ 3,671 for the year ended June 30, 2022 and is reported as a component of interest expense in the accompanying consolidated statement of activities.

In addition to the covenants required by the affordable rental properties noted above, the Organization is subject to a minimum debt service coverage ratio by a financial institution. At June 30, 2022 the Organization was in compliance with these covenants.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are available as of June 30 2022 as follows:

Building project	\$ 396,000
Management operations	67,678
LIFE program	<u>51,235</u>
	\$ <u><u>514,913</u></u>

**Helping Abused, Neglected,
Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

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:

Expiration of time restrictions	\$	20,000
Satisfaction of purpose restrictions:		
LIFE Program		<u>48,371</u>
	\$	<u><u>68,371</u></u>

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 year ended June 30, 2022.

For the year ended June 30, 2022, revenue and support from governmental agency contracts were comprised of the following:

<u>Grantor/Program</u>	<u>Contract Number</u>	<u>Amount</u>
<i>Local:</i>		
Children's Services Council of Broward County, Florida:		
Healthy Youth Transition	20-2419 and 16-2417	\$ 705,487
Youth Force	20-2418 and 16-2416	427,886
Transitional Independent Living Housing Services	N/A	73,697
Community Partnership Division of Broward County, Florida:		
Supported Employment Services	22-CP-CSA-4827-01-02-22	135,885
Youth Economic Stability Services	22-CP-CSA-4827-01-1	17,980
Rapid Rehousing	22-CP-HIP-0163-01	60,109
City of Fort Lauderdale, Florida:		
Supported Independent Living Assistance	CAM 22-0062	16,824
Community Development Block Grant	B-21-MC-120005	111,405
<i>Federal:</i>		
CareerSource Broward Broward County Board of County Commissioners	CR-WIOA-OSY-5400 20-CP-CSA-4827-01	124,672 254,012
Broward College Up Promise Neighborhood	 S215N210041	 <u>2,658</u>
		\$ <u><u>1,930,615</u></u>

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 8 - Commitments and Contingencies

Leases: The Organization leases certain office equipment under non-cancellable arrangements. Previously, the Organization (HANDY) 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. Current monthly base payments are approximately \$ 22,500. 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 commenced 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 \$ 323,000 for the year ended June 30, 2022.

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

Year Ending June 30,	Amount
2023	\$ 297,900
2024	\$ 281,700
2025	\$ 284,400
2026	\$ 297,700
2027	\$ 317,900
Thereafter	\$ 543,900

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.

Grant and Property Use Restrictions: Many of the properties owned by the Organization were developed using monies provided by grants and restrictive, low or zero interest rate loans, from local governmental entities. The terms of these loans restrict the use of the property and generally require it to be rented to low-income qualified tenants for the period of the grant or related loan term. Failure to comply with the terms of the grant or the loans would result in a requirement to repay a portion or all of the proceeds received. Annual compliance audits may be conducted by the respective grantor agencies/ mortgagees.

Funds realized from the sale or other disposition of these properties would be required to be remitted to these governmental entities to satisfy any remaining loan balances.

Note 9 - Related Party Transactions

Substantially all renovations in connection with the leased facility (Note 8), amounting to approximately \$ 1.8 million, were completed by a related company of a member of the Board of Directors.

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.

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 10 - Employee Benefit Plan

HANDY and HOMES each 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 and/or after-tax contributions up to defined statutory limits. HANDY and HOMES may, at their discretion, make a matching contribution based on a percentage of the participant's Plan contributions. The Organization made matching contributions of \$ 12,000 for the year ended June 30, 2022.

Note 11 - Gifts-in-Kind

The Organization receives various forms of gift-in-kind (GIK) including fundraising items and property and equipment. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized or depreciated. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

<u>Non-financial contributions category</u>	<u>Type of contributions for beneficiaries</u>	<u>Valuation</u>	<u>Amount</u>
Property and equipment	Gym and other equipment	Third party estimates of similar items	\$ 5,000
Fundraising and other items	Banquet hall, décor and gifts	U.S. wholesale prices of identical or similar products and standard rental rates	<u>89,124</u>
		Total	\$ <u><u>94,124</u></u>

Note 12 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

Cash received during the year for - Interest income	\$ <u><u>374</u></u>
Cash paid during the year for - Interest expense	\$ <u><u>107,315</u></u>
Noncash investing and financing activities:	
Acquisition of property and equipment - Cost of property and equipment	\$ 38,284
Less: donated property and equipment	<u>(5,000)</u>
Cash paid for property and equipment	\$ <u><u>33,284</u></u>

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Notes to Consolidated Financial Statements
June 30, 2022**

Note 13 - Gain on Insurance Proceeds

Previously the Organization sustained damages to certain areas of their operating facilities. In connection with this incident, insurance proceeds amounting to approximately \$ 125,000 were remitted to HANDY during the year ended June 30, 2022 and are reflected on the accompanying consolidated statement of activities. No expenditures were incurred in connection with this incident during the year ended June 30, 2022.

SUPPLEMENTARY INFORMATION

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Consolidating Schedule of Financial Position
June 30, 2022**

	<u>HANDY</u>	<u>HOMES</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Assets:				
Current:				
Cash and cash equivalents	\$ 723,038	\$ 220,879	\$ -	\$ 943,917
Grant, contracts and tenants' rent receivables	281,257	61,913	-	343,170
Prepaid expenses and other assets	31,286	51,853	-	83,139
Total current assets	<u>1,035,581</u>	<u>334,645</u>	<u>-</u>	<u>1,370,226</u>
Non-current:				
Property and equipment, net	1,425,119	9,502,212	-	10,927,331
Cash-tenants' security deposits	-	56,216	-	56,216
Deposits and other assets	83,989	5,500	-	89,489
Total non-current assets	<u>1,509,108</u>	<u>9,563,928</u>	<u>-</u>	<u>11,073,036</u>
Total assets	<u>\$ 2,544,689</u>	<u>\$ 9,898,573</u>	<u>\$ -</u>	<u>\$ 12,443,262</u>
Liabilities:				
Current:				
Accounts payable and accrued expenses	\$ 232,504	\$ 94,899	\$ -	\$ 327,403
Debt	-	106,483	-	106,483
Lines of credit	-	9,049	-	9,049
Refundable advances and deferred revenue	143,066	111,672	-	254,738
Total current liabilities	<u>375,570</u>	<u>322,103</u>	<u>-</u>	<u>697,673</u>
Non-current:				
Tenants' security deposits payable	-	56,216	-	56,216
Debt, net of current portion	-	3,016,589	-	3,016,589
Total noncurrent liabilities	<u>-</u>	<u>3,072,805</u>	<u>-</u>	<u>3,072,805</u>
Total liabilities	<u>375,570</u>	<u>3,394,908</u>	<u>-</u>	<u>3,770,478</u>
Net Assets:				
Without donor restrictions:				
Undesignated	229,087	124,525	-	353,612
Net investment in property and equipment	1,425,119	6,379,140	-	7,804,259
With donor restrictions:				
Purpose and time restrictions	514,913	-	-	514,913
Total net assets	<u>2,169,119</u>	<u>6,503,665</u>	<u>-</u>	<u>8,672,784</u>
Total liabilities and net assets	<u>\$ 2,544,689</u>	<u>\$ 9,898,573</u>	<u>\$ -</u>	<u>\$ 12,443,262</u>

**Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and Subsidiary
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc.
Consolidating Schedule of Activities
For the Year Ended June 30, 2022**

	HANDY			HOMES			Consolidated	Consolidated	Eliminating	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Total Without Donor Restrictions	Total With Donor Restrictions		
Changes in Net Assets:										
Revenue and other support:										
Contributions and other grants	\$ 1,360,469	\$ 479,472	\$ 1,839,941	\$ 341,194	\$ -	\$ 341,194	\$ 1,701,663	\$ 479,472	\$ -	\$ 2,181,135
Governmental agency contracts	1,685,404	-	1,685,404	245,211	-	245,211	1,930,615	-	-	1,930,615
Special event revenue	323,637	-	323,637	139,402	-	139,402	463,039	-	-	463,039
Less: direct event expenses	(84,822)	-	(84,822)	-	-	-	(84,822)	-	-	(84,822)
In-kind contributions	77,296	-	77,296	16,828	-	16,828	94,124	-	-	94,124
Rental income, net	-	-	-	364,361	-	364,361	364,361	-	-	364,361
Other revenues	20,607	-	20,607	34,171	-	34,171	54,778	-	-	54,778
Interest income	374	-	374	-	-	-	374	-	-	374
Net assets released from restrictions	68,371	(68,371)	-	-	-	-	68,371	(68,371)	-	-
Total revenues, other support, and net assets released from restrictions	3,451,336	411,101	3,862,437	1,141,167	-	1,141,167	4,592,503	411,101	-	5,003,604
Expenses:										
Program services	3,424,999	-	3,424,999	1,081,051	-	1,081,051	4,506,050	-	-	4,506,050
Supporting services:										
Management and general	448,629	-	448,629	107,727	-	107,727	556,356	-	-	556,356
Development/fundraising	384,110	-	384,110	243,575	-	243,575	627,685	-	-	627,685
Total expenses	4,257,738	-	4,257,738	1,432,352	-	1,432,352	5,690,090	-	-	5,690,090
Change in net assets before other items	(806,402)	411,101	(395,301)	(291,185)	-	(291,185)	(1,097,587)	411,101	-	(686,486)
Other Items:										
Extinguishment of debt - Paycheck Protection Program										
Gain on insurance proceeds	124,653	-	124,653	-	-	-	124,653	-	-	124,653
Miscellaneous	6,165	-	6,165	-	-	-	6,165	-	-	6,165
Total other items	454,346	-	454,346	142,400	-	142,400	596,746	-	-	596,746
Change in net assets	(352,056)	411,101	59,045	(148,785)	-	(148,785)	(500,841)	411,101	-	(89,740)
Net Assets, Beginning of Year	2,006,262	103,812	2,110,074	1,338,126	-	1,338,126	3,344,388	103,812	-	3,448,200
Fair value adjustment - inherent contribution	-	-	-	5,314,324	-	5,314,324	5,314,324	-	-	5,314,324
Net Assets, End of Year	\$ 1,654,206	\$ 514,913	\$ 2,169,119	\$ 6,503,665	\$ -	\$ 6,503,665	\$ 8,157,871	\$ 514,913	\$ -	\$ 8,672,784

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. and
Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, 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 consolidated financial statements of Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. and Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc. (both nonprofit entities) (collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (the "financial statements"), and have issued our report thereon dated December 22, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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

Fort Lauderdale, Florida
December 22, 2022