

Helping Advance and Nurture the
Development of Youth, Inc. f/k/a
Helping Abused, Neglected,
Disadvantaged Youth (HANDY), Inc.

Financial Statements
For the Years Ended June 30, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Helping Advance and Nurture the Development of Youth, Inc.

Qualified Opinions

We have audited the accompanying financial statements of Helping Advance and Nurture the Development of Youth, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Qualified Opinions

As more fully described in Note 14 to the financial statements, the Organization's financial statements do not include the accounts of Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc. D/B/A H.O.M.E.S., Inc. (HOMES), which is a related party to the Organization. The related party and the Organization have been identified by management as meeting the requirements for the presentation of consolidated financial statements as required by accounting principles generally accepted in the United States of America; however, these financial statements are not presented on a consolidated basis. In our opinion, the Organization's financial statements should include the accounts of HOMES to conform with accounting principles generally accepted in the United States of America.

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. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

CPAs + Trusted Advisors

Responsibilities of Management 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 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
October 31, 2023

FINANCIAL STATEMENTS

Helping Advance and Nurture the Development of Youth, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets:		
Current:		
Cash	\$ 1,177,991	\$ 723,038
Grants and contracts receivable	290,789	281,257
Prepaid expenses and other assets	21,757	31,286
Total current assets	<u>1,490,537</u>	<u>1,035,581</u>
Non-current:		
Property and equipment, net	1,217,115	1,425,119
Operating lease right-of-use asset, net	2,363,003	-
Deposits and other assets	80,907	83,989
Total non-current assets	<u>3,661,025</u>	<u>1,509,108</u>
Total assets	<u>\$ 5,151,562</u>	<u>\$ 2,544,689</u>
Liabilities:		
Current:		
Accounts payable and accrued expenses	\$ 183,523	\$ 232,504
Current portion of operating lease liability	133,214	-
Refundable advances and deferred revenue	290,562	143,066
Total current liabilities	<u>607,299</u>	<u>375,570</u>
Non-current:		
Operating lease liability, net of current portion	<u>2,324,921</u>	<u>-</u>
Total liabilities	<u>2,932,220</u>	<u>375,570</u>
Net Assets:		
Without donor restrictions:		
Undesignated	1,822,453	1,654,206
With donor restrictions:		
Purpose and time restrictions	<u>396,889</u>	<u>514,913</u>
Total net assets	<u>2,219,342</u>	<u>2,169,119</u>
Total liabilities and net assets	<u>\$ 5,151,562</u>	<u>\$ 2,544,689</u>

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

Helping Advance and Nurture the Development of Youth, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets:			
Revenue and other support:			
Governmental agency contracts	\$ 1,962,910	\$ -	\$ 1,962,910
Contributions and other grants	1,342,547	87,828	1,430,375
Special event revenue	918,858	-	918,858
Less: direct event expenses	(335,268)	-	(335,268)
In-kind contributions	159,129	-	159,129
Other revenues	20,001	-	20,001
Interest income	17,429	-	17,429
Total revenue and other support	<u>4,085,606</u>	<u>87,828</u>	<u>4,173,434</u>
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	<u>205,852</u>	<u>(205,852)</u>	<u>-</u>
Expenses:			
Program services	4,002,785	-	4,002,785
Supporting services:			
Management and general	452,471	-	452,471
Development/fundraising	<u>446,113</u>	<u>-</u>	<u>446,113</u>
Total expenses	<u>4,901,369</u>	<u>-</u>	<u>4,901,369</u>
Change in net assets before other items	<u>(609,911)</u>	<u>(118,024)</u>	<u>(727,935)</u>
Other Items:			
Employee Retention Credits	801,841	-	801,841
Miscellaneous	<u>35,665</u>	<u>-</u>	<u>35,665</u>
Total other items	<u>837,506</u>	<u>-</u>	<u>837,506</u>
Change in net assets	227,595	(118,024)	109,571
Net Assets, Beginning of Year, as Restated (Note 8)	<u>1,594,858</u>	<u>514,913</u>	<u>2,109,771</u>
Net Assets, End of Year	<u>\$ 1,822,453</u>	<u>\$ 396,889</u>	<u>\$ 2,219,342</u>

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

Helping Advance and Nurture the Development of Youth, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets:			
Revenue and other support:			
Contributions and other grants	\$ 1,360,469	\$ 479,472	\$ 1,839,941
Governmental agency contracts	1,685,404	-	1,685,404
Special event revenue	323,637	-	323,637
Less: direct event expenses	(84,822)	-	(84,822)
In-kind contributions	77,296	-	77,296
Other revenues	20,607	-	20,607
Interest income	374	-	374
Total revenue and other support	<u>3,382,965</u>	<u>479,472</u>	<u>3,862,437</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	3,424,999	-	3,424,999
Supporting services:			
Management and general	448,629	-	448,629
Development/fundraising	<u>384,110</u>	<u>-</u>	<u>384,110</u>
Total expenses	<u>4,257,738</u>	<u>-</u>	<u>4,257,738</u>
Change in net assets before other items	<u>(806,402)</u>	<u>411,101</u>	<u>(395,301)</u>
Other Items:			
Extinguishment of debt - Paycheck Protection Program	323,528	-	323,528
Gain on insurance proceeds	124,653	-	124,653
Miscellaneous	<u>6,165</u>	<u>-</u>	<u>6,165</u>
Total other items	454,346	-	454,346
Change in net assets	(352,056)	411,101	59,045
Net Assets, Beginning of Year	<u>2,006,262</u>	<u>103,812</u>	<u>2,110,074</u>
Net Assets, End of Year	<u>\$ 1,654,206</u>	<u>\$ 514,913</u>	<u>\$ 2,169,119</u>

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

**Helping Advance and Nurture the Development of Youth, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023**

	Program Services / LIFE				Supporting Services			Cost of Direct Benefits to Donors
	Education	Youth Development	Self Sufficiency	Total Program Services	Management and General	Development/ Fundraising	Total Supporting Services	
Bank and credit card charges	\$ 120	\$ 31	\$ -	\$ 151	\$ 845	\$ 2,247	\$ 3,092	\$ 3,243
Dues and subscriptions	135	757	221	1,113	3,529	1,308	4,837	5,950
In-kind expenses	15,716	106,884	5,044	127,644	13,235	9,645	22,880	150,524
Insurance	11,928	36,196	2,961	51,085	7,488	2,961	10,449	61,534
Meals and entertainment	-	-	-	-	-	-	-	335,268
Postage and printing	551	584	301	1,436	1,727	1,023	2,750	4,186
Professional services	36,413	76,158	31,533	144,104	77,734	71,698	149,432	293,536
Public relations	12,000	12,090	12,000	36,090	12,000	24,977	36,977	73,067
Rentals, repairs and maintenance	92,171	211,835	33,130	337,136	43,889	31,443	75,332	412,468
Salaries and related expenses	694,401	1,688,122	190,932	2,573,455	234,930	268,245	503,175	3,076,630
Specific assistance	101,300	262,074	67,968	431,342	13,531	1,433	14,964	446,306
Staff training	195	3,319	-	3,514	1,250	1,523	2,773	6,287
Supplies and equipment	5,133	31,045	315	36,493	4,426	3,609	8,035	44,528
Taxes, licenses and permits	103	263	-	366	258	350	608	974
Travel	2,844	18,049	843	21,736	10,098	94	10,192	31,928
Utilities	15,911	42,101	5,408	63,420	7,896	6,198	14,094	77,514
Total expenses before provision for depreciation expense	988,921	2,489,508	350,656	3,829,085	432,836	426,754	859,590	5,023,943
Provision for depreciation	44,861	112,932	15,907	173,700	19,635	19,359	38,994	212,694
Less expenses included with revenues on the statement of activities:								
Cost of direct benefits to donors	-	-	-	-	-	-	-	(335,268)
Total expenses	\$ 1,033,782	\$ 2,602,440	\$ 366,563	\$ 4,002,785	\$ 452,471	\$ 446,113	\$ 898,584	\$ 4,901,369

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

**Helping Advance and Nurture the Development of Youth, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022**

	Program Services / LIFE				Supporting Services			Cost of Direct Benefits to Donors	Total
	Education	Youth Development	Self Sufficiency	Total Program Services	Management and General	Development/ Fundraising	Total Supporting Services		
Bank and credit card charges	\$ 180	\$ 409	\$ -	\$ 589	\$ 1,368	\$ 4,226	\$ 5,594	-	\$ 6,183
Dues and subscriptions	378	219	165	762	5,241	235	5,476	-	6,238
In-kind expenses	-	66,614	-	66,614	3,294	2,388	5,682	-	72,296
Insurance	12,265	36,794	3,066	52,125	7,284	3,066	10,350	-	62,475
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	146,328	65,209	211,537	-	407,498
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	281,675	26,519	14,413	40,932	-	322,607
Salaries and related expenses	817,316	1,088,339	200,442	2,106,097	192,015	239,958	431,973	-	2,538,070
Specific assistance	53,145	285,573	32,572	371,290	9,165	7,511	16,676	-	387,966
Staff training	60	806	25	891	6,555	-	6,555	-	7,446
Supplies and equipment	10,203	24,060	285	34,548	3,185	2,600	5,785	-	40,333
Taxes, licenses and permits	72	72	72	216	571	72	643	-	859
Travel	2,042	17,559	544	20,145	4,269	418	4,687	-	24,832
Utilities	18,747	37,290	3,914	59,951	5,651	5,491	11,142	-	71,093
Total expenses before provision for depreciation and interest expense	1,021,855	1,913,498	320,362	3,255,715	426,455	365,125	791,580	84,822	4,132,117
Provision for depreciation	53,132	99,494	16,658	169,284	22,174	18,985	41,159	-	210,443
Less expenses included with revenues on the statement of activities:									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(84,822)	(84,822)
Total expenses	\$ 1,074,987	\$ 2,012,992	\$ 337,020	\$ 3,424,999	\$ 448,629	\$ 384,110	\$ 832,739	\$ -	\$ 4,257,738

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

Helping Advance and Nurture the Development of Youth, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 109,571	\$ 59,045
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Provision for depreciation	212,694	210,443
Provision for bad debts	-	26,750
Extinguishment of debt - Paycheck Protection Program	-	(323,528)
Amortization of operating lease right-of-use asset	155,177	-
Donation of property and equipment	(8,606)	(5,000)
Loss on disposal of property and equipment	69,040	-
(Increases) decreases in assets:		
Grants and contracts receivable	(9,532)	(66,747)
Promises to give	-	20,000
Prepaid expenses and other assets	9,529	4,378
Deposits and other assets	3,082	22,021
Increases (decreases) in liabilities:		
Accounts payable and accrued expenses	(48,981)	37,884
Refundable advances and deferred revenue	147,496	54,318
Operating lease liability	(119,394)	-
Net cash provided by (used in) operating activities	<u>520,076</u>	<u>39,564</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(65,123)</u>	<u>(33,284)</u>
Net cash provided by (used in) investing activities	<u>(65,123)</u>	<u>(33,284)</u>
Cash flows from Financing Activities:		
Payments on debt	<u>-</u>	<u>(39,467)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>(39,467)</u>
Net increase (decrease) in cash	454,953	(33,187)
Cash, Beginning of Year	<u>723,038</u>	<u>756,225</u>
Cash, End of Year	\$ <u><u>1,177,991</u></u>	\$ <u><u>723,038</u></u>

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

Note 1 - Organization and Operations

Helping Advance and Nurture the Development of Youth, Inc. (the "Organization" or "HANDY") 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.

On August 22, 2023, the Organization officially changed its name from Helping Abused, Neglected, Disadvantaged Youth, Inc. to Helping Advance and Nurture the Development of Youth, Inc.

For the years ended June 30, 2023 and 2022, the Organization's **LIFE** program (Life skills, Independent living, Foundation building, and Education/Employment) provided services that focused on education, youth development and economic self-sufficiency to ensure at-risk youth do not drop out of school, do not engage in criminal activities, complete their education and enter the workforce as self-sufficient, contributing members of the community. All youth receive assessments, LIFE plan and evaluations, intensive case management, counseling and mentors. Additional program activities include tutoring, mentoring, social and recreational activities, emergency needs assistance for food, clothing, housing, education workshops, life skill training, post-secondary education support, internships and job placements, service learning projects, self-advocacy learning and more. The Organization's LIFE program served an estimated 525 elementary, middle, high school, and college age youth for the fiscal year ended June 30, 2023. 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.

On July 1, 2021, the Organization became the sole member of the nonprofit organization Housing Opportunities Mortgage Assistance & Effective Neighborhood Solutions, Inc. D/B/A H.O.M.E.S., Inc. (HOMES). This alliance 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 those resources be maintained in perpetuity. There were no restrictions perpetual in nature as of June 30, 2023 and 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 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 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 years ended June 30, 2023 and 2022.

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 statements of financial position.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2023 and 2022, management considered the receivable balances to be fully collectible and no allowance for doubtful accounts was considered necessary.

As of June 30, 2023 and 2022, the amount of financial assistance receivable from grantors for reimbursement of eligible expenditures incurred by the Organization was \$ 290,789 and \$ 281,257 respectively, of which 87% and 85%, respectively, is due in the aggregate from the Children's Services Council of Broward County, CareerSource Broward and the Broward County Board of County Commissioners.

Promises to give: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contributions and other grants revenue in the statements of activities. The Organization did not have any conditional promises to give as of June 30, 2023 or 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:

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.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Leases: The Organization has entered into an operating lease for office space. The obligations associated with this lease have been recognized as a liability in the statement of financial position based on the future lease payments, discounted by the Organization's incremental borrowing rate at the inception of the lease. The Organization determines if an arrangement is or contains a lease at inception. Lease terms may include options to extend or terminate certain leases. The value of an option is reflected in the valuation of the lease if it is reasonably certain management will exercise an option to extend or terminate a lease.

During the year ended June 30, 2023, the Organization adopted FASB Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842), as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected the modified retrospective transition method, presenting the impact of ASU 2016 in the current year of adoption only, with the cumulative effect of initially applying the guidance recognized at the beginning of the current year. This resulted in an adjustment to net assets as of July 1, 2022 of approximately \$ 59,000 (Note 8). The Organization also elected the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or expiring leases, and any initial direct costs for any existing leases as of the effective date.

As a result of implementing the standard, the Organization recognized (a) an operating lease liability representing the present value of the remaining lease payments, discounted using the Organization's incremental borrowing rate at the inception of the lease of 6.103%, totaling approximately \$ 2,578,000 as of July 1, 2022, and (b) an operating right-of-use assets totaling approximately \$ 2,518,000 as of July 1, 2022.

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 loan is forgiven, in full or in part, or the loan is paid off to the creditor. As of June 30, 2022, this loan has 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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, 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.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.

Date of management review: Management has evaluated subsequent events through October 31, 2023, which is the date the financial statements were available for issuance.

Note 3 - Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash	\$ 1,177,991	\$ 723,038
Grants and contracts receivable	<u>290,789</u>	<u>281,257</u>
Financial assets, at year-end	<u>1,468,780</u>	<u>1,004,295</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Purpose and time restrictions by donor	(396,889)	(514,913)
Refundable advances and deferred revenue	<u>(290,562)</u>	<u>(143,066)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 781,329</u>	<u>\$ 346,316</u>

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 1,739,395	\$ 1,764,732
Computer equipment and software	182,425	177,578
Office furniture and equipment	82,322	82,322
Construction in progress	<u>4,000</u>	<u>4,000</u>
	2,008,142	2,028,632
Less accumulated depreciation	<u>791,027</u>	<u>603,513</u>
Net property and equipment	<u>\$ 1,217,115</u>	<u>\$ 1,425,119</u>

Note 5 - Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Building project	\$ 274,262	\$ 396,000
Management operations	-	67,678
LIFE program	<u>122,627</u>	<u>51,235</u>
	<u>\$ 396,889</u>	<u>\$ 514,913</u>

Helping Advance and Nurture the Development of Youth, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 5 - 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:

	2023	2022
Expiration of time restrictions	\$ -	\$ 20,000
Satisfaction of purpose restrictions:		
Building project	121,738	-
LIFE Program	84,114	48,371
	<u>\$ 205,852</u>	<u>\$ 68,371</u>

Note 6 - Grants and Contracts

The Organization receives financial assistance from various agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specific in the grant/contract agreements and may be subject to audit by the grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable laws and regulations. In accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act, the Organization is required to perform "single audits" when the required threshold, from either source of \$ 750,000 in grant/contract expenditures is exceeded. The Organization did not exceed the threshold, from either source, for the years ended June 30, 2023 and 2022.

For the years ended June 30, 2023 and 2022, revenue and support from governmental agency contracts were comprised of the following:

Grantor/Program	Contract Number	Revenue and Support for June 30,	
		2023	2022
<i>Local:</i>			
Children's Services Council of Broward County, Florida:			
Healthy Youth Transition	20-2419	\$ 740,952	\$ 705,487
Youth Force	20-2418	480,209	427,886
Community Partnership Division of Broward County, Florida:			
Supported Employment Services	20-CP-CSA-4827-01-02-22	249,156	135,885
Youth Economic Stability Services	22-CP-CSA-4827-01	190,918	17,980
City of Fort Lauderdale, Florida:			
Supported Independent Living Assistance	CAM 22-0062	66,368	16,824
<i>Federal:</i>			
CareerSource Broward	2019-2020-CR-WIOA-OSY-54000	112,238	124,672
Broward County Board of County Commissioners	20-CP-CSA-4827-01	40,720	254,012
Broward College			
Up Promise Neighborhood	S215N210041	82,349	2,658
		<u>\$ 1,962,910</u>	<u>\$ 1,685,404</u>

Note 7 - Commitments and Contingencies

Leases: During the year ended June 30, 2023, the Organization adopted FASB *Accounting Standards Codification (ASC) 842, Leases*. The right-of-use asset and corresponding liability associated with future lease payments at year end are approximately \$ 2,363,000 and \$ 2,458,000, respectively, measured using the Organization's incremental borrowing rate of 6.103% at the inception of the lease. This lease is for the Organization's office space and expires on February 28, 2034.

Estimated future base payments required under this lease is approximately as follows:

Year Ending June 30,	Amount
2024	\$ 278,200
2025	\$ 284,400
2026	\$ 290,800
2027	\$ 304,200
2028	\$ 324,600
Thereafter	\$ 1,896,600
	3,378,800
Less Present Value Discount	(920,700)
	<u>2,458,100</u>

Economic Dependency: The Organization receives a substantial amount of its public support from certain grantor agencies (Note 6) and private donors. If a significant reduction in the level of funding were to occur from these agencies or other major donors, there could be an adverse effect on the Organization's level of programs and activities.

Note 8 – Net Assets Restated

During the year ended June 30, 2023, the Organization adopted FASB Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, as amended. The Organization elected the modified retrospective transition method, presenting the impact ASU 2016-02 in the current year of adoption only, with the cumulative effect of initially applying the guidance recognized at the beginning of the current year. This resulted in an adjustment to the net assets, as of July 1, 2022, of approximately \$ 59,000 as follows:

Undesignated net assets as of June 30, 2022, as previously reported	\$ 1,654,206
Adjustments due to adoption of ASC 842 (Note 7)	<u>(59,348)</u>
Restated net assets	<u>\$ 1,594,858</u>

Note 9 - Related Party Transactions

During the years ended June 30, 2023 and 2022, the Organization had employer cost sharing expenses of approximately \$ 62,000 and \$ 13,000, respectively, with HOMES (Note 1). As of June 30, 2023 and 2022, the Organization had no payables to or receivables from HOMES.

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 participants' Plan contributions. The Organization made matching contributions of \$ 12,000 for each of the years ended June 30, 2023, and 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.

Non-financial contributions category	Type of contributions for beneficiaries	Valuation	2023	2022
Property and equipment	Gym and other equipment	Third party estimates of similar items	\$ 8,606	5,000
Fundraising and other items	Banquet hall, décor and gifts	U.S. wholesale prices of identical or similar products and standard rental rates	150,523	72,296
Total			\$ 159,129	77,296

Note 12 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

	2023	2022
Cash received during the year for -		
Interest income	\$ 17,429	\$ 374
Noncash investing and financing activities:		
Acquisition of property and equipment -		
Cost of property and equipment	\$ 73,729	\$ 38,284
Less: donated property and equipment	(8,606)	(5,000)
Cash paid for property and equipment	\$ 65,123	\$ 33,284

Note 13 - Line of Credit

The Organization entered into 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 the Organization. The interest rate shall never be less than 5.50%. At June 30, 2023 and 2022, the Organization had no outstanding balance on the line of credit.

Note 14 - Consolidation of Related Party Entities

FASB Accounting Standards Codification (ASC) 958-810-25-3 for Not-for-Profit Organizations requires consolidation of related party financial statements if one of the related parties has (1) control through a majority voting interest, and (2) economic interest. The Organization and HOMES are both not-for-profit entities with HANDY being the sole member of HOMES. Management indicated that, although the criterion for consolidation was met for the current year, they have chosen not to consolidate the financial statements for presentation in this report. The Organization determined that if consolidation had taken place, as required by accounting principles generally accepted in the United States of America, the current year activity would have been affected by the summarized financial information documented in the table below.

Summarized financial information for unconsolidated related party entities, for the year ended June 30, 2023, is as follows:

	<u>Total</u>
Total assets	\$ 9,766,919
Total liabilities	<u>3,273,040</u>
Total net assets	\$ <u><u>6,493,879</u></u>
Total change in net assets	\$ <u><u>(9,786)</u></u>

Reference should be made to Note 1 for details of the arrangement between the Organization and HOMES. Also, reference should be made to the financial statements of HOMES, as to which the independent auditor's/accountant's report was not available as of October 31, 2023.

Note 15 – Employee Retention Credit

The CARES Act provides an employee retention credit ("CARES Act ERC"), which is a refundable tax credit against certain employment taxes of up to \$ 5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$ 10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and expand qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$ 10,000 of qualified wages per quarter. Management determined that the Organization qualified for the tax credit under the CARES Act and received tax credits including the additional relief provisions, for qualified wages through September 30, 2021. During the year ended June 30, 2023, the Organization recorded approximately \$ 802,000 related to the CARES Act ERC in Other Income on the accompanying statement of activities. Management believes that the Organization complied with and met all program related guidelines in order to claim these funds.

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 Advance and Nurture the Development of Youth, 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 Advance and Nurture the Development of Youth, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, 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 31, 2023.

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 have not been identified.

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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
October 31, 2023