

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

Financial Statements
For the Years Ended June 30, 2018 and 2017

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

Table of Contents

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statement of Activities - For the Year Ended June 30, 2018	4
Statement of Activities - For the Year Ended June 30, 2017	5
Statement of Functional Expenses - For the Year Ended June 30, 2018	6
Statement of Functional Expenses - For the Year Ended June 30, 2017	7
Statements of Cash Flows	8
Notes to Financial Statements	9-15
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 <i>Government Auditing Standards</i>	16-17

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, 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 15, 2018

FINANCIAL STATEMENTS

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Current:		
Cash	\$ 204,371	\$ 176,307
Grants and contracts receivable	288,435	137,127
Promises to give	84,118	92,648
Prepaid expenses and other assets	<u>26,031</u>	<u>17,231</u>
Total current assets	<u>602,955</u>	<u>423,313</u>
Non-current:		
Promises to give, net of current portion	-	15,000
Property and equipment, net	1,558,477	1,506,882
Deposits and other assets	<u>1,275</u>	<u>3,691</u>
Total non-current assets	<u>1,559,752</u>	<u>1,525,573</u>
Total assets	<u>\$ 2,162,707</u>	<u>\$ 1,948,886</u>
Liabilities:		
Current:		
Accounts payable and accrued expenses	\$ 63,581	\$ 57,951
Deferred revenue	9,200	3,000
Debt	<u>23,114</u>	<u>25,921</u>
Total current liabilities	<u>95,895</u>	<u>86,872</u>
Non-current:		
Debt, net of current portion	<u>209,768</u>	<u>232,442</u>
Total liabilities	<u>305,663</u>	<u>319,314</u>
Net Assets:		
Unrestricted	1,657,946	1,423,742
Temporarily restricted	<u>199,098</u>	<u>205,830</u>
Total net assets	<u>1,857,044</u>	<u>1,629,572</u>
Total liabilities and net assets	<u>\$ 2,162,707</u>	<u>\$ 1,948,886</u>

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

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Activities
For the Year Ended June 30, 2018

	2018		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Change in Net Assets:			
Revenue and other support:			
Governmental agency contracts	\$ 1,440,556	\$ -	\$ 1,440,556
Contributions and other grants	837,271	171,416	1,008,687
Special event revenue	352,383	-	352,383
Less: direct event expenses	(110,642)	-	(110,642)
In-kind contributions	98,096	-	98,096
Interest income	525	-	525
	<u>2,618,189</u>	<u>171,416</u>	<u>2,789,605</u>
Total revenue and other support			
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	<u>178,148</u>	<u>(178,148)</u>	<u>-</u>
Expenses:			
Program services	2,054,171	-	2,054,171
Supporting services:			
Management and general	269,951	-	269,951
Development/fundraising	<u>238,011</u>	<u>-</u>	<u>238,011</u>
Total expenses	<u>2,562,133</u>	<u>-</u>	<u>2,562,133</u>
Change in net assets	234,204	(6,732)	227,472
Net Assets, beginning of year	<u>1,423,742</u>	<u>205,830</u>	<u>1,629,572</u>
Net Assets, end of year	<u>\$ 1,657,946</u>	<u>\$ 199,098</u>	<u>\$ 1,857,044</u>

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

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

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

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

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<u>Program Services / LIFE</u>				<u>Supporting Services</u>			<u>Total</u>
	<u>Education</u>	<u>Youth Development</u>	<u>Self Sufficiency</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Development/Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and related expenses	\$ 384,016	\$ 728,411	\$ 169,908	\$ 1,282,335	\$ 155,443	\$ 158,165	\$ 313,608	\$ 1,595,943
Specific assistance	149,880	253,893	55,482	459,255	6,798	553	7,351	466,606
Professional services	50,026	15,659	7,361	73,046	37,295	7,939	45,234	118,280
Rentals, repairs and maintenance	13,743	36,842	9,393	59,978	16,707	7,882	24,589	84,567
In-kind expenses	545	1,929	-	2,474	4,449	37,664	42,113	44,587
Utilities	9,903	19,271	6,584	35,758	4,346	3,583	7,929	43,687
Travel	4,895	28,240	2,125	35,260	2,430	503	2,933	38,193
Supplies and equipment	4,564	21,237	863	26,664	6,340	1,621	7,961	34,625
Public relations	5,389	5,389	5,389	16,167	5,389	6,294	11,683	27,850
Insurance	5,013	14,256	1,478	20,747	4,084	1,507	5,591	26,338
Postage and printing	689	1,689	798	3,176	2,361	3,643	6,004	9,180
Bank and credit card charges	359	20	-	379	3,731	20	3,751	4,130
Staff training	10	1,528	30	1,568	90	2,026	2,116	3,684
Taxes, licenses and permits	-	-	-	-	2,897	132	3,029	3,029
Dues and subscriptions	-	101	-	101	1,055	261	1,316	1,417
Provision for bad debts	-	-	-	-	-	1,030	1,030	1,030
	<u>629,032</u>	<u>1,128,465</u>	<u>259,411</u>	<u>2,016,908</u>	<u>253,415</u>	<u>232,823</u>	<u>486,238</u>	<u>2,503,146</u>
Total expenses before provision for depreciation and interest expense								
Provision for depreciation	11,320	21,697	4,246	37,263	4,717	5,188	9,905	47,168
Interest expense	-	-	-	-	11,819	-	11,819	11,819
	<u>640,352</u>	<u>1,150,162</u>	<u>263,657</u>	<u>2,054,171</u>	<u>269,951</u>	<u>238,011</u>	<u>507,962</u>	<u>2,562,133</u>
Total expenses								

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

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

	<u>Program Services / LIFE</u>				<u>Supporting Services</u>			<u>Total</u>
	<u>Education</u>	<u>Youth Development</u>	<u>Self Sufficiency</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Development/Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and related expenses	\$ 385,152	\$ 744,096	\$ 152,596	\$ 1,281,844	\$ 125,467	\$ 193,861	\$ 319,328	\$ 1,601,172
Specific assistance	104,309	270,874	25,351	400,534	11,135	1,340	12,475	413,009
Professional services	57,048	13,757	6,999	77,804	34,776	9,296	44,072	121,876
Rentals, repairs and maintenance	9,547	19,662	10,274	39,483	14,703	7,299	22,002	61,485
Utilities	11,162	23,500	6,752	41,414	6,701	5,890	12,591	54,005
Public relations	6,460	8,645	6,460	21,565	6,460	11,394	17,854	39,419
In-kind expenses	-	20,349	-	20,349	2,551	12,319	14,870	35,219
Insurance	5,366	15,253	1,863	22,482	4,203	1,864	6,067	28,549
Supplies and equipment	10,912	6,611	750	18,273	7,438	2,643	10,081	28,354
Travel	2,270	14,869	2,348	19,487	2,350	1,450	3,800	23,287
Provision for bad debts	-	-	-	-	-	15,846	15,846	15,846
Staff training	140	1,290	155	1,585	2,580	4,865	7,445	9,030
Postage and printing	1,267	1,705	864	3,836	1,436	1,833	3,269	7,105
Bank and credit card charges	-	-	-	-	4,233	157	4,390	4,390
Taxes, licenses and permits	-	-	-	-	2,545	-	2,545	2,545
Dues and subscriptions	-	-	-	-	250	506	756	756
	<u>593,633</u>	<u>1,140,611</u>	<u>214,412</u>	<u>1,948,656</u>	<u>226,828</u>	<u>270,563</u>	<u>497,391</u>	<u>2,446,047</u>
Total expenses before provision for depreciation and interest expense								
Provision for depreciation	12,034	23,122	4,347	39,503	4,864	5,475	10,339	49,842
Interest expense	-	-	-	-	13,381	-	13,381	13,381
	<u>605,667</u>	<u>1,163,733</u>	<u>218,759</u>	<u>1,988,159</u>	<u>245,073</u>	<u>276,038</u>	<u>521,111</u>	<u>2,509,270</u>
Total expenses								

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

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 227,472	\$ (321,304)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Provision for depreciation	47,168	49,842
Provision for bad debts	1,030	15,846
Donated property and equipment	(53,509)	-
(Gain) loss on disposition of property and equipment	-	(2,000)
(Increases) decreases in assets:		
Grants and contracts receivable	(151,308)	(31,398)
Promises to give	22,500	181,191
Prepaid expenses and other assets	(8,800)	(3,335)
Deposits and other assets	2,416	(62)
Increases (decreases) in liabilities:		
Accounts payable and accrued expenses	5,630	11,079
Deferred revenue	6,200	843
	<u>98,799</u>	<u>(99,298)</u>
Net cash provided by (used in) operating activities		
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	-	2,000
Purchases of property and equipment	(45,254)	(1,197)
	<u>(45,254)</u>	<u>803</u>
Net cash provided by (used in) investing activities		
Cash flows from Financing Activities:		
Payments on debt	(25,481)	(23,518)
	<u>(25,481)</u>	<u>(23,518)</u>
Net cash provided by (used in) financing activities		
	<u>28,064</u>	<u>(122,013)</u>
Net increase (decrease) in cash		
Cash, beginning of year	<u>176,307</u>	<u>298,320</u>
Cash, end of year	\$ <u><u>204,371</u></u>	\$ <u><u>176,307</u></u>

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

Note 1 - Organization and Operations

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

For the years ended June 30, 2018 and 2017, the Organization's LIFE program (Life skills, Independent living, Foundation building, and Education/Employment) provided services that focused on education, youth development and economic self-sufficiency to ensure at-risk youth do not drop out of school, do not engage in criminal activities, complete their education and enter the workforce as self-sufficient, contributing members of the community. All youth receive assessments, LIFE plan and evaluations, intensive case management, counseling and mentors. Additional program activities include: tutoring, mentoring, social and recreational activities, emergency needs assistance for food, clothing, housing, education workshops, life skill training, post-secondary education support, internships and job placements, service learning projects, self-advocacy learning and more. The Organization's LIFE program annually serves an estimated 500 middle, high school, and college age youth for the fiscal year ended June 30, 2018. In addition, HANDY also provides assistance with emergency needs for youth and their families and community clients.

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

Note 2 - Summary of Significant Accounting Policies

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

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

- Unrestricted – Net assets available for support of operations that are not restricted by donors or for which restrictions have expired.
- Temporarily restricted – Net assets for specific purposes restricted by donors, which permits the Organization to use or expend the donated resources as specified and are satisfied either by the passage of time or by actions of the Organization fulfilling the donor's purpose restriction.

Note 2 - Summary of Significant Accounting Policies (continued)

- Permanently restricted – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. There were no permanently restricted net assets at June 30, 2018 and 2017.

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

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

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

Promises to give: Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had \$ 84,118 in unconditional promises to give at June 30, 2018 and \$ 107,648 at June 30, 2017. At year end, the outstanding promises to give are receivables, restricted for subsequent periods from organizations such as the United Way of Broward County and the Yolles Charitable Foundation.

Receivables and allowance for doubtful accounts: Management periodically reviews the grants and contracts receivable and promises to give balances and provides an allowance for accounts which may become uncollectible. At June 30, 2018 and 2017, management considered the receivable balances to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

As of June 30, 2018 and 2017, the amount of financial assistance receivable from grantors for reimbursement of eligible units/expenditures incurred by the Organization was \$ 288,435 and \$ 137,127 respectively, of which 77% and 86%, respectively, is due is the aggregate from the Children's Services Council of Broward County and the State of Florida's Department of Economic Opportunity.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. During the year ended June 30, 2018, the Organization received donated property and equipment amounting to \$ 53,509. The Organization received no donated property and equipment during the year ended June 30, 2017.

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

Deferred revenue: Revenues from special events that are considered exchange transactions are deferred until the special event takes place.

Governmental agency contract revenue: Governmental agency contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred and/or the unit of service has been provided. Grants and contract receivable at year end represent allowable expenditures and/or units of service provided which have not yet been reimbursed by the granting agency. Certain agreements contain matching requirements, which have been met for the years ended June 30, 2018 and 2017.

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

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

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

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

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of management review: Management has evaluated subsequent events through October 15, 2018, which is the date the financial statements were available for issuance.

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Notes to Financial Statements
June 30, 2018 and 2017

Note 3 - Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 1,558,835	\$ 1,555,440
Computer equipment and software	109,071	36,872
Office furniture and equipment	<u>49,854</u>	<u>26,684</u>
	1,717,760	1,618,996
Less accumulated depreciation	<u>435,603</u>	<u>388,434</u>
	1,282,157	1,230,562
Land	<u>276,320</u>	<u>276,320</u>
Net property and equipment	<u>\$ 1,558,477</u>	<u>\$ 1,506,882</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$ 47,168 and \$ 49,842, respectively.

Note 4 - Debt

Debt at June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Term note payable in monthly principal and interest installments of \$ 3,074 from inception through May 2018, then adjusted to \$ 2,968 thereafter through May 2023, at which time the remaining principal balance and accrued interest is due. The initial interest rate on the term note was fixed at 4.5% through May 2018 and was then adjusted based on the weekly average yield on United States Treasury Securities - constant maturity of 5 years - plus a margin of 3.0% (5.8% at June 30, 2018). The term note is secured by a first mortgage and an assignment of rents and leases on the Organization's office building and adjacent duplex.	\$ <u>232,882</u>	\$ <u>258,363</u>

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

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2019	\$ 23,100
2020	\$ 23,800
2021	\$ 25,300
2022	\$ 26,800
2023	\$ 133,900

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Notes to Financial Statements
June 30, 2018 and 2017

Note 5 - Temporarily Restricted Net Assets

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

	<u>2018</u>	<u>2017</u>
LIFE program	\$ 134,098	\$ 125,830
Promises to give, time restrictions	<u>65,000</u>	<u>80,000</u>
	<u>\$ 199,098</u>	<u>\$ 205,830</u>

Note 6 - Grants and Contracts

The Organization receives financial assistance from local agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specific in the grant/contract agreements and may be subject to audit by the grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable laws and regulations. In accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act, the Organization is required to perform "single audits" when the required threshold, from either source of \$ 750,000 in grant/contract expenditures is exceeded. The Organization did not exceed the threshold, from either source, for the years ended June 30, 2018 and 2017.

For the years ended June 30, 2018 and 2017, revenue and support from governmental agency contracts were comprised of the following:

<u>Grantor/Program</u>	<u>Contract Number</u>	<u>Revenue and Support for June 30,</u>	
		<u>2018</u>	<u>2017</u>
<i>Local:</i>			
Children's Services Council of Broward County, Florida:			
Healthy Youth Transition	16-2417	\$ 780,998	\$ 553,310
Youth Force	16-2416	449,708	397,472
<i>State:</i>			
Department of Economic Opportunity	WL028	123,105	-
<i>Federal:</i>			
CareerSource Broward	CR-WIOA-OSY-54000	<u>86,745</u>	<u>99,404</u>
		<u>\$ 1,440,556</u>	<u>\$ 1,050,186</u>

Note 7 - Leases

The Organization leases storage space on a month-to-month basis; and certain real estate from a related party (Note 8), also on a month-to-month basis. Additionally, the Organization leases certain office equipment. Total expenses related to these lease agreements amounted to approximately \$ 56,900 and \$ 36,800 for the years ended June 30, 2018 and 2017, respectively.

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

Year Ending June 30,	Amount
2019	\$ 10,400
2020	\$ 7,700
2021	\$ 6,900
2022	\$ 4,500
2023	\$ 3,800

Note 8 - Related Party Transactions

Effective February 2017, the Organization entered into a month-to-month lease agreement with a related party – a member of the Board of Directors (Note 7). The monthly rent for this lease is \$ 3,000. During the years ended June 30, 2018 and 2017, the Organization paid this related party \$ 36,000 and \$ 15,000, respectively, relating to the aforementioned lease agreement. In addition, the related party committed to reimburse/contribute back to the Organization the amounts paid for this lease. At June 30, 2018 and 2017, the related party had a balance due to the Organization of \$ 3,000 and \$ 9,000, and this amount is included in promises to give in the accompanying statement of financial position.

Note 9 - Employee Benefit Plan

Effective January 1, 2017, the Organization began to offer all employees, who meet certain age and service requirements, a tax-sheltered retirement plan under Internal Revenue Code Section 403(b) (the "Plan"). The Plan allows the participant to make pre-tax and/or after-tax contributions up to defined statutory limits. The Organization may, at its discretion, make a matching contribution based on a percentage of the participant's Plan contributions. There were no matching contributions for the years ended June 30, 2018 and 2017.

Note 10 - Donated Vessels

From time to time, marine vessels are donated to the Organization. A third-party company facilitates all aspects of the vessel donations. Subsequent to receiving a donation, the marine vessels are sold or leased. The Organization is not directly responsible for the carrying costs including material improvements, maintenance, storage and insurance. The net proceeds arising from the sale or lease are to then be remitted to the Organization. Through June 30, 2018, the Organization had nineteen marine vessels titled to them. The Organization estimates that the remaining net proceeds from these marine vessels may ultimately be realized in the amount of approximately \$ 30,000. Because the net proceeds to be realized from these marine vessels is uncertain, the management of the Organization has chosen not to record an asset – held for sale on the accompanying statement of financial position. The net proceeds are reported as support/revenue when ultimately received.

Note 11 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

	<u>2018</u>	<u>2017</u>
Cash received during the year for - Interest income	\$ <u>525</u>	\$ <u>722</u>
Cash paid during the year for - Interest expense	\$ <u>11,819</u>	\$ <u>13,381</u>
Other Noncash Investing Activities: Donated property and equipment	\$ <u>53,509</u>	\$ <u>-</u>

Note 12 - Subsequent Event

Subsequent to year-end, the Organization entered into an agreement to sell its real estate property. The Organization is currently seeking a new location.

INTERNAL CONTROLS AND COMPLIANCE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2018, 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 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 15, 2018