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

Financial Statements
For the Years Ended June 30, 2019 and 2018

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

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Keefe McCullough
CPA's + Trusted Advisors

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

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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, 2019 and 2018, 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 23, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 23, 2019

FINANCIAL STATEMENTS

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statements of Financial Position
June 30, 2019 and 2018

		2019		2018
Assets:				
Current:				
Cash	$	77,391	$	204,371
Grants and contracts receivable		158,717		288,435
Promises to give		46,083		84,118
Prepaid expenses and other assets		19,767		26,031
Total current assets		301,958		602,955
Non-current:				
Promises to give, net of current portion		60,000		-
Property and equipment, net		1,567,670		1,558,477
Deposits and other assets		85,252		1,275
Total non-current assets		1,712,922		1,559,752
Total assets	$	2,014,880	$	2,162,707
Liabilities:				
Current:				
Accounts payable and accrued expenses	$	74,134	$	63,581
Deferred revenue		8,550		9,200
Debt		165,803		23,114
Total current liabilities		248,487		95,895
Non-current:				
Debt, net of current portion		185,952		209,768
Total liabilities		434,439		305,663
Net Assets:				
Without donor restrictions:				
Undesignated		1,323,115		1,657,946
With donor restrictions:				
Purpose and time restrictions		257,326		199,098
Total net assets		1,580,441		1,857,044
Total liabilities and net assets	$	2,014,880	$	2,162,707

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

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Activities
For the Year Ended June 30, 2019

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

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

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

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
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
Total revenue and other support	2,618,189	171,416	2,789,605
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions	178,148	(178,148)	-
Expenses:			
Program services	2,054,171	-	2,054,171
Supporting services:			
Management and general	269,951	-	269,951
Development/fundraising	238,011	-	238,011
Total expenses	2,562,133	-	2,562,133
Change in net assets	234,204	(6,732)	227,472
Net Assets, beginning of year	1,423,742	205,830	1,629,572
Net Assets, end of year	$ 1,657,946	$ 199,098	$ 1,857,044

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

Helping Abused, Neglected, Disadvantaged Youth (HANDY), Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services / LIFE				Supporting Services			
	Education	Youth Development	Self Sufficiency	Total Program Services	Management and General	Development/ Fundraising	Total Supporting Services	Total
Salaries and related expenses	$ 390,556	$ 766,014	$ 167,911	$ 1,324,481	$ 136,293	$ 211,100	$ 347,393	$ 1,671,874
Specific assistance	89,182	218,640	37,386	345,208	19,283	587	19,870	365,078
Professional services	65,225	40,615	18,780	124,620	53,642	20,232	73,874	198,494
Rentals, repairs and maintenance	15,912	45,488	6,058	67,458	13,027	7,970	20,997	88,455
In-kind expenses	-	200	-	200	22,080	48,584	70,664	70,864
Utilities	11,545	23,971	6,289	41,805	4,117	5,151	9,268	51,073
Travel	1,952	25,970	1,416	29,338	474	436	910	30,248
Supplies and equipment	3,485	12,716	970	17,171	4,405	1,240	5,645	22,816
Public relations	7,497	7,497	7,497	22,491	7,497	7,673	15,170	37,661
Insurance	3,895	12,550	1,291	17,736	3,347	1,624	4,971	22,707
Postage and printing	1,069	2,491	354	3,914	785	2,368	3,153	7,067
Bank and credit card charges	359	25	-	384	10,291	712	11,003	11,387
Staff training	10	2,296	-	2,306	2,500	1,195	3,695	6,001
Taxes, licenses and permits	376	1,143	119	1,638	989	15	1,004	2,642
Dues and subscriptions	110	155	-	265	1,677	13	1,690	1,955
Provision for bad debts	-	-	-	-	-	4,833	4,833	4,833
Total expenses before provision for depreciation and interest expense	591,173	1,159,771	248,071	1,999,015	280,407	313,733	594,140	2,593,155
Provision for depreciation	14,673	28,787	6,157	49,617	7,320	7,667	14,987	64,604
Interest expense	-	-	-	-	14,487	-	14,487	14,487
Total expenses	$ 605,846	$ 1,188,558	$ 254,228	$ 2,048,632	$ 302,214	$ 321,400	$ 623,614	$ 2,672,246

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

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

	Program Services / LIFE				Supporting Services			
	Education	Youth Development	Self Sufficiency	Total Program Services	Management and General	Development/ Fundraising	Total Supporting Services	Total
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
Total expenses before provision for depreciation and interest expense	629,032	1,128,465	259,411	2,016,908	253,415	232,823	486,238	2,503,146
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
Total expenses	$ 640,352	$ 1,150,162	$ 263,657	$ 2,054,171	$ 269,951	$ 238,011	$ 507,962	$ 2,562,133

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, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	$ (276,603)	$ 227,472
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Provision for depreciation	64,604	47,168
Provision for bad debts	4,833	1,030
Donated property and equipment	-	(53,509)
(Increases) decreases in assets:		
Grants and contracts receivable	129,718	(151,308)
Promises to give	(26,798)	22,500
Prepaid expenses and other assets	6,264	(8,800)
Deposits and other assets	(83,977)	2,416
Increases (decreases) in liabilities:		
Accounts payable and accrued expenses	10,553	5,630
Deferred revenue	(650)	6,200
Net cash provided by (used in) operating activities	(172,056)	98,799
Cash Flows from Investing Activities:		
Purchases of property and equipment	(73,797)	(45,254)
Net cash provided by (used in) investing activities	(73,797)	(45,254)
Cash flows from Financing Activities:		
Proceeds from debt	141,987	-
Payments on debt	(23,114)	(25,481)
Net cash provided by (used in) financing activities	118,873	(25,481)
Net increase (decrease) in cash	(126,980)	28,064
Cash, beginning of year	204,371	176,307
Cash, end of year	$ 77,391	$ 204,371

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, 2019 and 2018, the Organization's **LIFE** program (**L**ife skills, **I**ndependent living, **F**oundation building, and **E**ducation/Employment) provided services that focused on education, youth development and economic self-sufficiency to ensure at-risk youth do not drop out of school, do not engage in criminal activities, complete their education and enter the workforce as self-sufficient, contributing members of the community. All youth receive assessments, LIFE plan and evaluations, intensive case management, counseling and mentors. Additional program activities include: tutoring, mentoring, social and recreational activities, emergency needs assistance for food, clothing, housing, education workshops, life skill training, post-secondary education support, internships and job placements, service learning projects, self-advocacy learning and more. The Organization's LIFE program annually serves an estimated 450 elementary, middle, high school, and college age youth for the fiscal year ended June 30, 2019. In addition, HANDY also provides assistance with emergency needs for youth and their families and community clients.

Additionally, 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: 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, 2019 and 2018.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue and other support with and without donor restrictions: 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 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.

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 $ 106,083 in unconditional promises to give at June 30, 2019 and $ 84,118 at June 30, 2018. 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, 2019 and 2018, 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, 2019 and 2018, the amount of financial assistance receivable from grantors for reimbursement of eligible units/expenditures incurred by the Organization was $ 158,717 and $ 288,435 respectively, of which 62% and 83%, respectively, is due in the aggregate from the Children's Services Council of Broward County, the State of Florida's Department of Economic Opportunity, and Career Source Broward.

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 support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time. During the year ended June 30, 2019, the Organization did not receive a material amount of donated property and equipment. The Organization received donated property and equipment amounting to $ 53,509 during the year ended June 30, 2018.

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, 2019 and 2018.

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

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

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.

Note 2 - Summary of Significant Accounting Policies (continued)

Date of management review: Management has evaluated subsequent events through October 23, 2019, which is the date the financial statements were available for issuance.

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets:		
Cash	$	77,391
Grants and contracts receivable		158,717
Promises to give		106,083
Financial Assets, at year-end		342,191
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Purpose and time restrictions by donor		(257,326)
Financial assets available to meet cash needs for general expenditures within one year	$	84,865

In the event of an unanticipated liquidity need, the Organization could draw upon approximately $ 383,000 of its available line of credit (Note 5).

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

		2019		2018
Building and improvements	$	1,558,835	$	1,558,835
Computer equipment and software		120,734		109,071
Office furniture and equipment		51,988		49,854
		1,731,557		1,717,760
Less accumulated depreciation		500,207		435,603
		1,231,350		1,282,157
Land		276,320		276,320
Construction in progress *		60,000		-
Net property and equipment	$	1,567,670	$	1,558,477

* The construction in progress was financed with the revolving line of credit (Note 5)

Depreciation expense for the years ended June 30, 2019 and 2018 was $ 64,604 and $ 47,168, respectively.

Note 5 - Debt

Debt at June 30, 2019 and 2018 is as follows:

	2019	2018
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, 2019). The term note is secured by a first mortgage and an assignment of rents and leases on the Organization's owned real estate.	$ 209,768	$ 232,882
Revolving line of credit with a capacity of $ 525,000 payable in monthly interest only installments on all accrued unpaid principal. The entire remaining principal balance plus all accrued but unpaid interest, shall be due and payable in full as a balloon payment on the maturity date of March 20, 2020. The initial interest rate on the line of credit shall be the prime lending rate plus a margin of 0.25%, adjusted daily and subject to a floor of 5.75%. The prime lending rate at June 30, 2019 was 5.50%, resulting in an interest rate of 5.75% per annum. The purpose of this credit facility is to provide funds for tenant improvements, security deposit, and relocation expenses (Note 13). The revolving note is secured by a second mortgage and an assignment of rents and leases on the Organization's owned real estate.	141,987	-
	351,755	232,882
Less current portion	165,803	23,114
	$ 185,952	$ 209,768

As of June 30, 2019, future debt principal payments are required to be approximately as follows:

Year Ending June 30,	Amount
2020	$ 165,800
2021	$ 25,300
2022	$ 26,800
2023	$ 133,800
Thereafter	$ NONE

Subsequent to year end (Note 13) all debt discussed above was paid in full.

Note 6 - Net assets with donor restrictions

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

		2019		2018
LIFE program	$	197,326	$	134,098
Promises to give, time restrictions		60,000		65,000
	$	257,326	$	199,098

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:

		2019		2018
Expiration of time restrictions	$	65,000	$	15,000
Satisfaction of purpose restrictions:				
LIFE Program		101,898		163,148
	$	166,898	$	178,148

Note 7 - Grants and Contracts

contracts were comprised of the following: 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, 2019 and 2018.

For the years ended June 30, 2019 and 2018, revenue and support from governmental agency

Grantor/Program	Contract Number		Revenue and Support for June 30,		
Local:			2019		2018
Children's Services Council of Broward County, Florida:					
Healthy Youth Transition	16-2417	$	617,116	$	780,998
Youth Force	16-2416		397,386		449,708
State:					
Department of Economic Opportunity	WL028		-		123,105
Federal:					
CareerSource Broward	CR-WIOA-OSY-54000		93,061		86,745
		$	1,107,563	$	1,440,556

Note 8 - Commitments and Contingencies

Leases: The Organization leases certain real estate from a related party (Note 9). Also, the Organization leases certain office equipment. In. March 2019, the Organization entered int a 10-year operating lease arrangement, with a 5-year renewal option, to relocate its main offices in anticipation of the sale of its current owned property (Note 13). Current monthly payments are approximately $ 24,000 per month with a 2% increase at each anniversary year. The Organization is responsible for all utility charges and certain improvements. The Organization has the right to early terminate the agreement after the first 7 years by providing written notice accompanied with a fifty-thousand dollar cancellation fee. The landlord also has the option to early terminate the agreement by providing written notice and certain rent abatements as more fully described in the agreement. Total rent expense amounted to approximately $ 53,400 and $ 56,900 for the years ended June 30, 2019 and 2018, respectively.

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

Year Ending June 30,		Amount
2020	$	299,000
2021	$	303,700
2022	$	307,600
2023	$	312,400
2024	$	315,100
Thereafter	$	1,540,900

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 donor, there could be an adverse effect on the Organization's level of programs and activities.

Note 9 - 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 8). The monthly rent for this lease is $ 3,000. During the years ended June 30, 2019 and 2018, the Organization paid this related party $ 36,000, 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. This agreement ended subsequent to year end when the Organization relocated its main offices for fiscal year 2020.

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

Note 10 - Employee Benefit Plan

The Organization offers all employees, who meet certain age and service requirements, a tax-sheltered retirement plan under Internal Revenue Code Section 403(b) (the "Plan"). The Plan allows the participant to make pre-tax and/or after-tax contributions up to defined statutory limits. The Organization may, at its discretion, make a matching contribution based on a percentage of the participant's Plan contributions. There was no matching contribution for the year ended June 30, 2018. The Organization made matching contributions of approximately $ 12,000 for the year ended June 30, 2019.

Note 11 - Donated Vessels

From time to time, marine vessels are donated to the Organization. A third-party company facilitates all aspects of the vessel donations. Subsequent to receiving a donation, the marine vessels are sold or leased. The Organization is not directly responsible for the carrying costs including material improvements, maintenance, storage and insurance. The net proceeds arising from the sale or lease are to then be remitted to the Organization. At June 30, 2019, the Organization had certain marine vessels titled to them. The remaining net proceeds from these marine vessels cannot be estimated by the Organization. Because the net proceeds to be realized from these marine vessels is uncertain, the management of the Organization has chosen not to record an asset – held for sale on the accompanying statements of financial position. The net proceeds are reported as support/revenue when ultimately received.

Note 12 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow information:

	2019	2018
Cash received during the year for -		
Interest income	$ 390	$ 525
Cash paid during the year for -		
Interest expense	$ 14,487	$ 11,819
Other Noncash Investing Activities:		
Donated property and equipment	$ -	$ 53,509

Note 13 - Subsequent Events

During the year ended June 30, 2019, the Organization entered into an agreement to sell its real estate property. The sale transaction was completed in July 2019 in the amount of $ 2,065,000. Consequently, the related outstanding debt balance of $ 351,755 (Note 5) was fully paid off. Additionally, the Organization entered into a revolving line of credit under similar terms in an amount of $ 200,000. The Organization estimates approximately $ 1,700,000 for interior office renovations of the leased office space (Note 8). As of the date of the auditor’s report, certain construction contracts have been entered into by the Organization.

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.

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, 2019, 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 23, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 23, 2019