

**HANDS ON HARTFORD, INC.**

Audited Financial Statements

December 31, 2016 and 2015

# HANDS ON HARTFORD, INC.

## Table of Contents

December 31, 2016 and 2015

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Independent Auditors' Report.....	1 - 2
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### FINANCIAL STATEMENTS:

Statements of Financial Position.....	3 - 4
Statements of Activities .....	5 - 6
Statements of Cash Flows .....	7
Statements of Functional Expenses .....	8 - 9
Notes to the Financial Statements.....	10 - 16

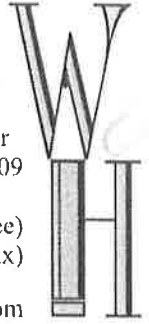
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Hands on Hartford, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Hands on Hartford, Inc. which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows and functional expenses 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Hands on Hartford, Inc. as of December 31, 2016 and 2015, 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.

*Whittlesey + Hadley, P.C.*

Hartford, Connecticut  
April 18, 2017

# HANDS ON HARTFORD, INC.

## Statements of Financial Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b><i>Current assets:</i></b>		
Cash	\$ 1,591,458	\$ 199,338
Grants and accounts receivable	185,011	179,618
Inventory of gift cards	5,253	10,685
Prepaid expense	27,075	10,863
Total current assets	<u>1,808,797</u>	<u>400,504</u>
<b><i>Land, property and equipment:</i></b>		
Building and improvements	7,781,056	1,628,900
Construction in progress	-	4,783,665
Furniture and equipment	141,467	105,602
	<u>7,922,523</u>	<u>6,518,167</u>
Less accumulated depreciation	(308,234)	(82,140)
Property and equipment, net	<u>7,614,289</u>	<u>6,436,027</u>
Land	158,000	158,000
Land, property and equipment, net	<u>7,772,289</u>	<u>6,594,027</u>
<b><i>Other assets:</i></b>		
Restricted cash	141,990	141,638
	<u>141,990</u>	<u>141,638</u>
Total assets	<u>\$ 9,723,076</u>	<u>\$ 7,136,169</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statements of Financial Position (continued)

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Liabilities and Net Assets</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ 18,876	\$ 710
Accounts payable - construction	415,192	341,150
Accrued expenses	67,657	57,545
Deferred grant revenue	143,695	103,162
Total current liabilities	<u>645,420</u>	<u>502,567</u>
<i>Net assets:</i>		
Unrestricted:		
Undesignated	384,115	298,045
Board designated for replacement reserve	48,707	-
Board designated for facility	8,312,236	6,069,951
Total unrestricted	<u>8,745,058</u>	<u>6,367,996</u>
Temporarily restricted	193,334	126,342
Permanently restricted	139,264	139,264
Total net assets	<u>9,077,656</u>	<u>6,633,602</u>
Total liabilities and net assets	<u>\$ 9,723,076</u>	<u>\$ 7,136,169</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statement of Activities

For the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets:				
Support:				
Contributions	\$ 380,819	\$ 100,000	\$ -	\$ 480,819
Religious contributions	43,167	-	-	43,167
In-kind food contributions	260,694	-	-	260,694
In-kind facility rent	30,000	-	-	30,000
Other in-kind contributions	43,575	-	-	43,575
Total support	758,255	100,000	-	858,255
Revenue:				
Program grants	1,664,525	76,247	-	1,740,772
Resident and program fees	125,575	-	-	125,575
Interest income	73	352	-	425
Total revenue	1,790,173	76,599	-	1,866,772
Net assets released from restrictions	109,607	(109,607)	-	-
Total support and revenue	2,658,035	66,992	-	2,725,027
Functional expenses:				
Program services	2,196,426	-	-	2,196,426
Supporting services	519,943	-	-	519,943
Total functional expenses	2,716,369	-	-	2,716,369
Change in net assets from operations	(58,334)	66,992	-	8,658
Other changes in net assets:				
Capital income	2,651,536	-	-	2,651,536
Depreciation	(216,140)	-	-	(216,140)
Total other changes in net assets	2,435,396	-	-	2,435,396
Change in net assets	2,377,062	66,992	-	2,444,054
Net assets, beginning of year	6,367,996	126,342	139,264	6,633,602
Net assets, end of year	\$ 8,745,058	\$ 193,334	\$ 139,264	\$ 9,077,656

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statement of Activities

For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets:				
Support:				
Contributions	\$ 352,728	\$ 69,520	\$ -	\$ 422,248
Religious contributions	37,265	-	-	37,265
In-kind food contributions	244,878	-	-	244,878
In-kind facility rent	120,000	-	-	120,000
Other in-kind contributions	29,708	-	-	29,708
Total support	<u>784,579</u>	<u>69,520</u>	<u>-</u>	<u>854,099</u>
Revenue:				
Program grants	1,730,656	54,413	-	1,785,069
Resident and program fees	64,615	-	-	64,615
Interest income	2,722	350	-	3,072
Total revenue	<u>1,797,993</u>	<u>54,763</u>	<u>-</u>	<u>1,852,756</u>
Net assets released from restrictions	<u>1,554,953</u>	<u>(1,554,953)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,137,525</u>	<u>(1,430,670)</u>	<u>-</u>	<u>2,706,855</u>
Functional expenses:				
Program services	2,076,075	-	-	2,076,075
Supporting services	444,525	-	-	444,525
Total functional expenses	<u>2,520,600</u>	<u>-</u>	<u>-</u>	<u>2,520,600</u>
Change in net assets	1,616,925	(1,430,670)	-	186,255
Net assets, beginning of year	<u>4,751,071</u>	<u>1,557,012</u>	<u>139,264</u>	<u>6,447,347</u>
Net assets, end of year	<u>\$ 6,367,996</u>	<u>\$ 126,342</u>	<u>\$ 139,264</u>	<u>\$ 6,633,602</u>

The accompanying notes are integral part of the financial statements.



# HANDS ON HARTFORD, INC.

## Statements of Cash Flows

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Operating Activities:</b>		
Change in net assets	\$ 2,444,054	\$ 186,255
Adjustments to reconcile change in net assets to net change in cash provided by (used in) operating activities		
Depreciation	226,094	7,570
(Increase)/decrease in assets:		
Grants and accounts receivable	(5,393)	110,320
Inventory of gift cards	5,432	(5,900)
Prepaid expense	(16,212)	10,810
Increase/(decrease) in liabilities:		
Accounts payable	92,208	334,210
Accrued expenses	10,112	(146,585)
Deferred grant revenue	40,533	(211,996)
Net change in cash from operating activities	<u>2,796,828</u>	<u>284,684</u>
<b>Investing Activities:</b>		
Purchase of property and equipment	(1,404,356)	(4,442,602)
Proceeds from repayment of note receivable	-	600,000
Additions to restricted cash	(352)	3,656,566
Net change in cash from investing activities	<u>(1,404,708)</u>	<u>(186,036)</u>
Net change in cash	1,392,120	98,648
Cash, beginning of year	<u>199,338</u>	<u>100,690</u>
Cash, end of year	<u><u>\$ 1,591,458</u></u>	<u><u>\$ 199,338</u></u>

The accompanying notes are integral part of the financial statements.

## HANDS ON HARTFORD, INC.

### Statement of Functional Expenses

For the year ended December 31, 2016

	Program Services	Supporting Services	Total
<b>Personnel:</b>			
Wages	\$ 785,197	\$ 285,635	\$ 1,070,832
Employee benefits	174,041	49,326	223,367
Payroll taxes	59,783	20,895	80,678
Contractual services	30,250	51,503	81,753
Other personnel related expenses	10,201	2,580	12,781
Total personnel expenses	<u>1,059,472</u>	<u>409,939</u>	<u>1,469,411</u>
<b>Operating expenses:</b>			
Activities and events	4,692	3,648	8,340
Professional services	43,438	37,190	80,628
Interest expense/bank fees	-	3,202	3,202
Insurance	33,506	14,533	48,039
Office operations	8,913	5,383	14,296
Information technology	64,856	25,984	90,840
Program needs	472,814	-	472,814
Furniture and fixtures	43,320	-	43,320
Building operations	130,165	11,092	141,257
Depreciation	1,629	8,324	9,953
Total operating expenses	<u>803,333</u>	<u>109,356</u>	<u>912,689</u>
Total personnel and operating expenses	<u>1,862,805</u>	<u>519,295</u>	<u>2,382,100</u>
<b>Other expenses:</b>			
In-kind facility rent	30,000	-	30,000
In-kind food contributions	260,591	103	260,694
Other in-kind expense	43,030	545	43,575
Total other expenses	<u>333,621</u>	<u>648</u>	<u>334,269</u>
Total functional expenses	<u>\$ 2,196,426</u>	<u>\$ 519,943</u>	<u>\$ 2,716,369</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statement of Functional Expenses

For the year ended December 31, 2015

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
<b>Personnel:</b>			
Wages	\$ 768,291	\$ 240,895	\$ 1,009,186
Employee benefits	197,661	48,099	245,760
Payroll taxes	57,695	18,239	75,934
Contractual services	26,408	46,993	73,401
Other personnel related expenses	8,330	2,967	11,297
Total personnel expenses	<u>1,058,385</u>	<u>357,193</u>	<u>1,415,578</u>
<b>Operating expenses:</b>			
Activities and events	3,728	3,679	7,407
Professional services	13,657	9,206	22,863
Interest expense/bank fees	-	4,365	4,365
Insurance	59,095	14,336	73,431
Office operations	9,377	3,558	12,935
Information technology	41,180	26,945	68,125
Program needs	337,500	-	337,500
Furniture and fixtures	935	1,140	2,075
Building operations	156,303	17,862	174,165
Depreciation	1,629	5,941	7,570
Total operating expenses	<u>623,404</u>	<u>87,032</u>	<u>710,436</u>
Total personnel and operating expenses	<u>1,681,789</u>	<u>444,225</u>	<u>2,126,014</u>
<b>Other expenses:</b>			
In-kind facility rent	120,000	-	120,000
In-kind food contributions	244,878	-	244,878
Other in-kind expense	29,408	300	29,708
Total other expenses	<u>394,286</u>	<u>300</u>	<u>394,586</u>
Total functional expenses	<u>\$ 2,076,075</u>	<u>\$ 444,525</u>	<u>\$ 2,520,600</u>

The accompanying notes are integral part of the financial statements.

**HANDS ON HARTFORD, INC.**  
Notes to the Financial Statements  
December 31, 2016 and 2015

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**NOTE 1 - AGENCY AND PURPOSE**

Hands on Hartford, Inc. (the “Agency”) is a tax-exempt, nonprofit, nonsectarian agency whose mission is to strengthen community in Hartford by responding faithfully to people in need through programs that change lives and renew human possibility.

The Agency has four focus areas and fulfills its mission through the following programs located throughout the city:

**Housing Services** - Provides safe and affordable supportive housing and related support services for individuals and families with complex health issues (including those living with HIV/AIDS), both onsite and throughout the Hartford area. Also provided are supportive services and individualized housing stabilization or homelessness prevention services to neighbors in need of assistance. In addition, linkage and referral case management services to individuals at an apartment building for individuals with limited income are provided. Connecticut Integrated Healthcare and Housing Neighborhoods (“CIHHN”) program supports individuals in finding and keeping safe, affordable housing and provide housing case management and patient navigation services to increase housing stability and positive health outcomes. **Apartments at 55B** -thirteen one-bedroom and efficiency style apartments at Hands on Hartford provide permanent housing to individuals in need of supportive services because of serious health issues. 24/7 support is available through the Housing Services program.

**Community Engagement** - The Community Engagement Program orients, trains and places volunteers with all of our direct service programs. This program also manages larger customized service projects, immersions and “Dash for a Difference” events providing service learning both at Hands on Hartford and at non-profits, schools and parks throughout Hartford. Community Engagement also encompasses the Faces of Homelessness Speakers’ Bureau, through which speakers share their own experiences of homelessness with diverse audiences. **Hartford Thrive!** is an AmeriCorps VISTA project which aims to provide Hartford residents increased access to food, housing and economic security. This project is managed by Hands On Hartford and encompasses AmeriCorps VISTA members placed at six non-profit organizations across the City of Hartford. Participants contribute to the goals of the project by performing activities such as recruiting volunteers, refining volunteer management systems, helping to develop data management systems, helping with new program implementation, helping with program evaluation, and helping to create a volunteer action center.

**MANNA (Meals, Assistance, Neighbors, Nurturing, Advocacy)** – Is a comprehensive basic needs program comprised of: Senior Community Café - A weekend senior meals program, providing low income, disabled participants two meals each Saturday and Sunday. In addition to addressing hunger and food insecurity, this program has the added benefit of addressing the isolation and lack of engagement often experienced by seniors, especially those with limited mobility and/or of limited means. Community Meals Program provides hot meals, and vital assistance to homeless individuals and working individuals and families, three days and two evenings a week in downtown Hartford. For those without jobs and homes, these meals are life-saving. For others who work but still live in poverty, our meals help to stretch limited funds. In addition to offering basic nutritional sustenance, the community meal program is a welcoming place where caring staff and volunteers give emotional support and a sense of community to those who often live isolated lives. Neighborhood Services program offers referrals, utility assistance through Operation Fuel, limited security deposit assistance, referrals and financial assistance for training and employment opportunities, nutrition education and health screenings to Hartford residents.

## NOTE 1 - AGENCY AND PURPOSE (CONTINUED)

Community Pantry is a full choice shopping model pantry, allowing clients to choose food that will suit their families' needs and tastes, minimizing food waste and maximizing nutritional value. Groceries include non-perishable staples, along with bread, milk, eggs, fresh produce and frozen meat. Also offered are basic personal hygiene items and diapers. Backpack Nutrition Program serves Hartford children who rely on free-of-charge school breakfasts and lunches during the school year. Backpacks containing two breakfasts and two lunches along with drinks and snacks (including shelf stable milk) are sent home each Friday of the school year. Also added weekly enhancements, such as fresh fruit, canned chicken, community resources information, nutrition resource information, and school supplies.

**The Café at Fifty-Five/ Community Kitchen** - Serving great coffee, crepes, sandwiches, salads and other breakfast and lunch items, the Café at Fifty-Five serves neighbors (we provide jobs for people with barriers to employment), engages volunteers (volunteers are a vital part of the operational team) and connects communities (our prices are low and there's a pay-for-a-neighbor option allowing diverse groups to enjoy the café). Community Kitchen, Hands on Hartford's community kitchen is available for use by members of the community on a pre-arranged basis. Small culinary businesses join the shared kitchen and benefit from a modern, renovated, licensed kitchen for product development, cooking classes, etc.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis. The financial statements report information regarding the Agency's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The three classes are described as follows:

*Unrestricted* – Net assets that are not subject to explicit donor-imposed stipulations. The Agency has a portion of its unrestricted net assets for specific purposes by action of the Board of Directors.

*Temporarily Restricted* – Net assets whose use by the Agency is subject to either explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Agency or that expire by the passage of time.

*Permanently Restricted* – Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Agency and stipulate the use of income and/or appreciation as temporarily restricted based on donor-imposed stipulations or by operation of law.

### Tax Exempt Status

The Agency is organized as a nonprofit corporation as described under Section 501(c)(3) of the Internal Revenue Code and, as such, is generally not subject to Federal and State corporation income taxes.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Receivables

Grants and accounts receivable arising from operations are stated net of an allowance for doubtful accounts. Allowances are set based on assessments by management as to the collectability of individual accounts. There was no allowance for doubtful accounts for the years ended December 31, 2016 and 2015.

### Property and Equipment

The Agency capitalizes all expenses for property and equipment in excess of \$5,000 and a useful life greater than three years. Property and equipment is recorded at cost. Depreciation of property and equipment is reflected on the straight-line method for financial reporting purposes over the estimated useful lives of the assets. Estimated useful lives for financial reporting purposes are as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Building and improvements	5-30 years
Furniture and equipment	3-7 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the changes in net assets for the period.

### Gifts of Long-lived Assets

When applicable, the Agency reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. 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 statements of activities as net assets released from restrictions.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Agency recognizes grants to the extent that eligible grant costs are incurred. Receivables are recognized to the extent costs have been incurred, but not reimbursed. Deferred grant revenue represents grant advances which exceed eligible costs incurred.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to grantors. As of December 31, 2016 and 2015, the Agency has not been informed by any agencies (including the Departments of Housing and Mental Health and Addiction Services) of any funds which are required to be returned.

### Donated Facilities, Goods and Services

The value of donated facilities and goods are recorded as revenue and expenses when an estimated amount is ascertainable. The value of rent donated by churches and other nonprofit and corporate agencies has been recorded as \$30,000 and \$120,000 for 2016 and 2015, respectively. The value of donated food has been recorded as \$260,694 and \$244,878 for 2016 and 2015, respectively. The method used to record the donated food is based on the number of pounds of food valued at wholesale cost per pound obtained from Foodshare.

Other donated items were valued based on the donor assessment of the items donated. The Agency has over 2,800 volunteers donating services for various programs which were not recognized as revenue in the financial statements since the recognition criteria under the FASB ASC Topic 958 *Not-for-Profit Entities Presentation of Financial Statements* was not met.

### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Permanently Restricted Net Assets, Investment Policy and Spending Policy

The Agency's permanently restricted net assets are comprised of donor-restricted funds. Net assets associated with these funds are classified and reported based on the existence of donor-imposed restrictions. The Agency's investment policy over endowment assets attempts to provide a predictable stream of funding while seeking to maintain the purchasing power of the assets. Under this policy, investment are intended to assume a conservative level of investment risk and are held in money market accounts. The Agency appropriates funds for distribution based on annual review of investment results and available net assets.

### Expense Allocation

The costs of providing various programs and other 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.

### Subsequent Events

The Agency has evaluated events and transactions for potential recognition or disclosure for the year ended December 31, 2016 through April 18, 2017, which is the date the financial statements were available to be issued.

**NOTE 3 - CONCENTRATIONS**

Concentrations of Credit Risk

The Agency maintains its cash in banks and other financial institutions. Cash balances, at times, may exceed of such federally insured limits. The Agency believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Funding Source Concentrations

The following agency provided over 20% of the Agency's total support and revenue for the years ended December 31, 2016 and 2015:

<u>Granting Agency</u>	<u>2016 Revenue</u>	<u>2015 Revenue</u>
Department of Housing	\$ 1,435,515 27%	\$ 547,888 20%

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2016 and 2015, temporarily restricted net assets are available for the following purposes and amounts:

	<u>2016</u>	<u>2015</u>
Contributions for use in specific programs	\$ 64,247	\$ 54,413
Investment endowment earnings	2,761	2,409
Contributions restricted for future years	126,326	69,520
	<u>\$ 193,334</u>	<u>\$ 126,342</u>

Net assets released from restriction during the years ending December 31, 2016 and 2015 are detailed as follows:

	<u>2016</u>	<u>2015</u>
Contributions for use in specific programs	\$ 54,413	\$ 12,039
Contributions restricted for future years	55,194	1,542,914
	<u>\$ 109,607</u>	<u>\$ 1,554,953</u>

**NOTE 5 - ENDOWMENT**

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.



**NOTE 5 - ENDOWMENT (CONTINUED)**

As a result of this interpretation, the Agency classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated by expenditure by the Agency in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Agency and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Agency
7. The investment policies of the Agency

Endowment net asset composition by type of fund as of December 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,761	\$ 139,264	\$ 142,025

Changes in endowment net assets for the year ended December 31, 2016 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,409	\$ 139,264	\$ 141,673
Investment income	-	352	-	352
Endowment net assets, end of year	\$ -	\$ 2,761	\$ 139,264	\$ 142,025

Endowment net asset composition by type of fund as of December 31, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,409	\$ 139,264	\$ 141,673

Changes in endowment net assets for the year ended December 31, 2015 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,059	\$ 139,264	\$ 141,323
Investment income	-	350	-	350
Endowment net assets, end of year	\$ -	\$ 2,409	\$ 139,264	\$ 141,673

**NOTE 5 - ENDOWMENT (CONTINUED)**

As of December 31, 2016 and 2015, donor-restricted endowment funds in the amount of \$139,264 are classified as permanently restricted net assets. The earnings on these funds are to be used to support hunger abatement.

**NOTE 6 - PENSION PLANS**

The Agency maintains a 401(k) Profit Sharing Plan and Trust, (the "Plan") covering all eligible employees. All employees are eligible upon hire. Employer contributions are made at the discretion of the Agency's Board of Directors. Employer contributions for the years ended December 31, 2016 and 2015 were \$10,629 and \$10,209, respectively.