

**HANDS ON HARTFORD, INC.**

Independent Auditors' Report

Financial Statements

December 31, 2020 and 2019



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# HANDS ON HARTFORD, INC.

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December 31, 2020 and 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Hands on Hartford, Inc.

We have audited the accompanying financial statements of Hands on Hartford, Inc. which comprise the statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, 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 PC*

Hartford, Connecticut  
June 22, 2021

# HANDS ON HARTFORD, INC.

## Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b><i>Current assets:</i></b>		
Cash	\$ 1,424,262	\$ 1,209,894
Grants and accounts receivable	238,955	323,353
Inventory of gift cards	9,821	14,643
Prepaid expense	27,755	24,314
Total current assets	<u>1,700,793</u>	<u>1,572,204</u>
<b><i>Land, property and equipment:</i></b>		
Building and improvements	7,781,056	7,781,056
Furniture and equipment	193,809	193,809
	<u>7,974,865</u>	<u>7,974,865</u>
Less accumulated depreciation	(1,425,470)	(1,141,999)
Property and equipment, net	6,549,395	6,832,866
Construction in progress	246,969	246,969
Land	158,000	158,000
Land, property and equipment, net	<u>6,954,364</u>	<u>7,237,835</u>
<b><i>Other assets:</i></b>		
Restricted cash	2,177	2,176
	<u>2,177</u>	<u>2,176</u>
Total assets	<u>\$ 8,657,334</u>	<u>\$ 8,812,215</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statements of Financial Position (continued)

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Liabilities and Net Assets</b>		
<b><i>Current liabilities:</i></b>		
Accounts payable	\$ 6,843	\$ 7,732
Accrued expenses	171,777	166,268
Refundable advance - Paycheck Protection Program	230,000	-
Loan payable	-	300,000
Deferred grant revenue	327,701	338,910
Total current liabilities	<u>736,321</u>	<u>812,910</u>
<b><i>Net assets:</i></b>		
Without donor restrictions	7,881,328	7,969,079
With donor restrictions	39,685	30,226
Total net assets	<u>7,921,013</u>	<u>7,999,305</u>
Total liabilities and net assets	<u>\$ 8,657,334</u>	<u>\$ 8,812,215</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statement of Activities

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Support:			
Contributions	\$ 797,615	-	\$ 797,615
Religious contributions	150,396	-	150,396
In-kind food contributions	439,092	-	439,092
In-kind facility rent	4,800	-	4,800
Other in-kind contributions	40,010	-	40,010
Total support	<u>1,431,913</u>	<u>-</u>	<u>1,431,913</u>
Revenue:			
Program grants	2,354,775	19,840	2,374,615
Resident and program fees	224,515	-	224,515
Interest income	6,514	4,619	11,133
Other income	2,974	-	2,974
Total revenue	<u>2,588,778</u>	<u>24,459</u>	<u>2,613,237</u>
Net assets released from restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>
Total support and revenue	<u>4,035,691</u>	<u>9,459</u>	<u>4,045,150</u>
Functional expenses:			
Program services	3,094,640	-	3,094,640
Supporting services	746,558	-	746,558
Total functional expenses	<u>3,841,198</u>	<u>-</u>	<u>3,841,198</u>
Change in net assets from operations	194,493	9,459	203,952
Other changes in net assets:			
Depreciation	<u>(282,244)</u>	<u>-</u>	<u>(282,244)</u>
Total other changes in net assets	<u>(282,244)</u>	<u>-</u>	<u>(282,244)</u>
Change in net assets	(87,751)	9,459	(78,292)
Net assets, beginning of year	<u>7,969,079</u>	<u>30,226</u>	<u>7,999,305</u>
Net assets, end of year	<u>\$ 7,881,328</u>	<u>\$ 39,685</u>	<u>\$ 7,921,013</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statement of Activities

For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Support:			
Contributions	\$ 589,424	\$ -	\$ 589,424
Religious contributions	61,779	-	61,779
In-kind food contributions	379,216	-	379,216
In-kind facility rent	14,400	-	14,400
Other in-kind contributions	48,894	-	48,894
Total support	1,093,713	-	1,093,713
Revenue:			
Program grants	1,767,809	-	1,767,809
Resident and program fees	352,138	-	352,138
Interest income	374	-	374
Total revenue	2,120,321	-	2,120,321
Net assets released from restrictions	233,045	(233,045)	-
Total support and revenue	3,447,079	(233,045)	3,214,034
Functional expenses:			
Program services	2,587,019	-	2,587,019
Supporting services	673,267	-	673,267
Total functional expenses	3,260,286	-	3,260,286
Change in net assets from operations	186,793	(233,045)	(46,252)
Other changes in net assets:			
Transfer to HFPG	(133,215)	-	(133,215)
Depreciation	(277,010)	-	(277,010)
Change in net assets	(223,432)	(233,045)	(456,477)
Net assets, beginning of year	8,192,511	263,271	8,455,782
Net assets, end of year	\$ 7,969,079	\$ 30,226	\$ 7,999,305

The accompanying notes are integral part of the financial statements.



# HANDS ON HARTFORD, INC.

## Statements of Cash Flows

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (78,292)	\$ (456,477)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	283,471	281,287
(Increase)/decrease in assets:		
Grants and accounts receivable	84,398	(130,764)
Inventory of gift cards	4,822	3,027
Prepaid expense	(3,441)	(6,958)
Increase/(decrease) in liabilities:		
Accounts payable	(889)	(2,769)
Accrued expenses	5,509	9,749
Refundable advance - Paychex Protection Program	230,000	-
Deferred grant revenue	(11,209)	156,902
Net change in cash from operating activities	<u>514,369</u>	<u>(146,003)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	<u>-</u>	<u>(25,970)</u>
Net change in cash from investing activities	<u>-</u>	<u>(25,970)</u>
<b>Financing Activities:</b>		
Repayment on loan payable	<u>(300,000)</u>	<u>-</u>
Net cash used by financing activities	<u>(300,000)</u>	<u>-</u>
Net change in cash	214,369	(171,973)
Cash and restricted cash, beginning of year	<u>1,212,070</u>	<u>1,384,043</u>
Cash and restricted cash, end of year	<u>\$ 1,426,439</u>	<u>\$ 1,212,070</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, 2020

	Program Services	Supporting Services	Total
<b>Personnel:</b>			
Wages	\$ 1,140,953	\$ 350,635	\$ 1,491,588
Employee benefits	227,602	114,640	342,242
Payroll taxes	82,331	26,596	108,927
Contractual services	47,723	75,114	122,837
Other personnel related expenses	13,468	3,774	17,242
Total personnel expenses	<u>1,512,077</u>	<u>570,759</u>	<u>2,082,836</u>
<b>Operating expenses:</b>			
Activities and events	-	15,905	15,905
Professional services	39,493	7,027	46,520
Interest expense/bank fees	1,667	5,496	7,163
Insurance	48,299	14,116	62,415
Office operations	22,648	7,173	29,821
Information technology	81,803	77,929	159,732
Program needs	582,122	-	582,122
Furniture and fixtures	78,917	5,322	84,239
Building operations	243,491	41,827	285,318
Depreciation	1,225	-	1,225
Total operating expenses	<u>1,099,665</u>	<u>174,795</u>	<u>1,274,460</u>
Total personnel and operating expenses	<u>2,611,742</u>	<u>745,554</u>	<u>3,357,296</u>
<b>Other expenses:</b>			
In-kind facility rent	4,800	-	4,800
In-kind food expense	439,092	-	439,092
Other in-kind expense	39,006	1,004	40,010
Total other expenses	<u>482,898</u>	<u>1,004</u>	<u>483,902</u>
Total functional expenses	<u>\$ 3,094,640</u>	<u>\$ 746,558</u>	<u>\$ 3,841,198</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, 2019

	Program Services	Supporting Services	Total
<b>Personnel:</b>			
Wages	\$ 954,219	\$ 284,103	\$ 1,238,322
Employee benefits	183,534	80,259	263,793
Payroll taxes	71,679	21,475	93,154
Contractual services	34,065	68,718	102,783
Other personnel related expenses	16,079	3,396	19,475
Total personnel expenses	<u>1,259,576</u>	<u>457,951</u>	<u>1,717,527</u>
<b>Operating expenses:</b>			
Activities and events	-	46,353	46,353
Professional services	35,747	3,220	38,967
Interest expense/bank fees	2,325	5,353	7,678
Insurance	45,938	13,935	59,873
Office operations	14,541	6,587	21,128
Information technology	72,055	20,542	92,597
Program needs	534,792	-	534,792
Furniture and fixtures	3,338	106,112	109,450
Building operations	171,919	13,214	185,133
Depreciation	4,278	-	4,278
Total operating expenses	<u>884,933</u>	<u>215,316</u>	<u>1,100,249</u>
Total personnel and operating expenses	<u>2,144,509</u>	<u>673,267</u>	<u>2,817,776</u>
<b>Other expenses:</b>			
In-kind facility rent	14,400	-	14,400
In-kind food expense	379,216	-	379,216
Other in-kind expense	48,894	-	48,894
Total other expenses	<u>442,510</u>	<u>-</u>	<u>442,510</u>
Total functional expenses	<u>\$ 2,587,019</u>	<u>\$ 673,267</u>	<u>\$ 3,260,286</u>

The accompanying notes are integral part of the financial statements.

# **HANDS ON HARTFORD, INC.**

## Notes to the Financial Statements

December 31, 2020 and 2019

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### **NOTE 1 - AGENCY AND PURPOSE**

Hands on Hartford, Inc. (the “Agency” or “Hands on Hartford”) 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. **CIHHN (Connecticut Integrated Healthcare and Housing Neighborhoods)** 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 our Housing Services program. We also provide supportive housing and related support services for folks with serious health issues (including those living with HIV/AIDS), at **Zeppo House**, an offsite residence in Hartford.

**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.

**MANNA (Meals, Assistance, Neighbors, Nurturing, Advocacy)** – Is a comprehensive basic needs program comprised of the following programs. Community Meals Day Program provides hot meals and vital assistance to homeless individuals and working individuals and families, four days and one evening a week. 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 Meals Day 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, and where guests can spend the day indoors. A lead navigator trained in social work helps guests stabilize their situations and take steps to move toward permanent housing and self-sufficiency. Neighborhood Services program offers referrals, utility assistance through private funds and Operation Fuel, security deposit and rental assistance, referrals and financial assistance for training and employment opportunities, nutrition education and health screenings to Hartford residents. 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.

## NOTE 1 - AGENCY AND PURPOSE (CONTINUED)

Groceries include non-perishable staples, along with bread, milk, eggs, fresh produce and frozen meat (including halal 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 / Caterers Who Care / 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). **Caterers Who Care** is a full-service catering operation with competitive pricing, serving breakfast, lunch, dinner and appetizers either on-site or delivered off-site. **Shared Use Kitchen** - Hands on Hartford's shared use 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 preparation and development, cooking classes, etc. We also work in partnership with a group of community organizations to run the Culinary Collaborative, designed to support the small businesses who are members of our kitchen to strengthen and further their businesses. Net proceeds of these three programs support Hands on Hartford's direct service programs.

**COVID-19 Pandemic Adjustments** - Due to the impact of the COVID-19 pandemic, the Agency made several temporary adjustments to services during 2020. The Community Meals Day Program offered meals to go as well as limited space for guests to eat indoors. Groceries distributed through the Community Pantry were pre-bagged to address the need to limit building occupancy. The Backpack Nutrition Program was not able to provide backpacks during April, May or June when the Hartford schools stopped meeting in person.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### 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, where applicable. Allowances are set based on assessments by management as to the collectability of individual accounts. There was no allowance for doubtful accounts at December 31, 2020 and 2019.

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:

Asset	Estimated Useful Lives
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.

Contributions

The Agency recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions for which restrictions are met in same year are reported as contributions without donor restrictions. 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. 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.

A portion of the Agency's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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, 2020 and 2019, 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.

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

### 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 \$4,800 and \$14,400 for 2020 and 2019, respectively. The value of donated food has been recorded as \$439,092 and \$379,216 for 2020 and 2019, respectively. The value of other donated items has been recorded as \$40,010 and \$48,894 for 2020 and 2019, 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 1,400 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.

### Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Expenses are allocated by time and effort, except for depreciation, which is allocated by both square footage and time and effort.

### Subsequent Events

The Agency has evaluated events and transactions for potential recognition or disclosure for the year ended December 31, 2020 through June 22, 2021, 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 15% of the Agency's total support and revenue for the years ended December 31, 2020 and 2019:

	<u>2020 Revenue</u>	<u>2019 Revenue</u>
<u>Granting Agency</u>		
Department of Housing	\$ 683,376 17%	\$ 541,511 17%

#### NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020 and 2019, net assets with donor restrictions are available for the following purposes and amounts:

	<u>2020</u>	<u>2019</u>
Contributions for use in specific programs	\$ 24,459	\$ -
Contributions restricted for future years	15,226	30,226
	<u>\$ 39,685</u>	<u>\$ 30,226</u>

Net assets released from donor restrictions during the years ending December 31, 2020 and 2019 are detailed as follows:

	<u>2020</u>	<u>2019</u>
Utilized for specific programs	\$ -	\$ 26,305
Transfer to HFPG, Hands on Hartford Endowment Fund	-	133,215
Time restrictions met	15,000	73,525
	<u>\$ 15,000</u>	<u>\$ 233,045</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.

As a result of this interpretation, the Agency classifies as net assets with donor restrictions (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 endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, 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



**NOTE 5 - ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the years ended December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ -	\$ 135,975
Restriction releases	-	(135,975)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>

During the year ended December 31, 2018, the Agency established the Hands on Hartford Endowment Fund (the Fund) with the Hartford Foundation for Public Giving, Inc. (HFPG). The Fund is a charitable fund created for the benefit of the Agency and its activities and services. Investment income earned by the Fund is reinvested for the benefit of the Fund and consists of interest, dividends, realized and unrealized capital gains, net of investment and administrative fees. During the years ended December 31, 2020 and 2019, \$-0 and \$133,215 was transferred to HFPG to this Fund.

**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, 2020 and 2019 were \$38,143 and \$12,512, respectively.

**NOTE 7 - NOTES PAYABLE**

The Agency entered into a \$300,000 loan agreement with the Supportive Housing Solutions Fund LLC for the rehabilitation and re-use of a former industrial power plant into supportive housing. The loan bears 6% interest, accrued and paid at maturity, non-amortizing. Maturity date is July 1, 2020. Accrued interest as of December 31, 2020 and 2019 was \$-0- and \$66,250, respectively.

This loan was paid back during the year ended December 31, 2020.

**NOTE 8 - CONCENTRATIONS**Cash and Cash Equivalents

The Agency maintained deposits in financial institutions that exceeded federal depository insurance limits. However, management regularly monitors the financial strength of its depository institutions and, based on that monitoring, believes that the Agency's deposits are not subject to significant credit risk. Cash and cash equivalents were as follows at December 31,:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,424,262	\$ 1,209,894
Restricted cash	2,177	2,176
	<u>\$ 1,426,439</u>	<u>\$ 1,212,070</u>

**NOTE 9 - LEASE OBLIGATIONS**

On May 1, 2017, the Agency entered into an operating lease with 17-35 Bartholomew Avenue, LLC for parking spaces. The lease expired November 30, 2020. Currently the Agency is continuing to lease on a month to month basis at \$701 per month.

Lease expense amounted to \$9,807 and \$8,415 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 10 - AVAILABILITY AND LIQUIDITY**

The following represents the Agency's financial assets available to meet general expenditures over the next twelve months at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,424,262	\$ 1,209,894
Grants and accounts receivable	<u>238,955</u>	<u>323,353</u>
	1,663,217	1,533,247
Less net assets with donor restrictions	<u>39,685</u>	<u>30,226</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,623,532</u></u>	<u><u>\$ 1,503,021</u></u>

The Agency's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments including money market accounts.

**NOTE 11 – REFUNDABLE ADVANCE - PAYCHECK PROTECTION PROGRAM**

The Agency received approval for a Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loan in the amount of \$230,000 and received the loan funds on May 4, 2020. Under the PPP, funds are forgivable if utilized for qualified expenditures according to the program criteria incurred over either an eight or twenty-four week period following the date of funding. In order to qualify for forgiveness, of the total funding, at least 60% must be spent on eligible payroll expenses, and the remaining 40% on other expenditures, such as rent and utilities. Any unforgiven balance must be repaid over five years at an annual interest rate of 1% with an initial deferment period of six months from disbursement date of loan (interest will accrue). This loan was forgiven in 2021.

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