

HANDS ON HARTFORD, INC.

Independent Auditors' Report

Financial Statements

December 31, 2021 and 2020

- I. Financial Statements
- II. Reports in Accordance with
Government Auditing Standards
- III. State Single Audit Reports



I. FINANCIAL STATEMENTS

HANDS ON HARTFORD, INC.

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December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hands on Hartford, Inc.

Opinion

We have audited the financial statements of Hands on Hartford, Inc., which comprise the balance sheet as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hands on Hartford, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits under *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hands on Hartford, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hands on Hartford, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Hands on Hartford, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hands on Hartford, Inc.'s ability to continue as a going concern for a reasonable period of time.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by the State Single Audit Act, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022 on our consideration of Hands on Hartford, Inc.'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 Hands on Hartford, Inc.'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 Hands on Hartford, Inc.'s internal control over financial reporting and compliance.



Hartford, Connecticut
June 21, 2022

HANDS ON HARTFORD, INC.

Statements of Financial Position

December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Assets | | |
| <i>Current assets:</i> | | |
| Cash | \$ 1,440,729 | \$ 1,424,262 |
| Grants and accounts receivable | 330,805 | 238,955 |
| Inventory of gift cards | 12,082 | 9,821 |
| Prepaid expense | 20,713 | 27,755 |
| Total current assets | <u>1,804,329</u> | <u>1,700,793</u> |
| <i>Land, property and equipment:</i> | | |
| Building and improvements | 7,781,056 | 7,781,056 |
| Furniture and equipment | 232,805 | 193,809 |
| | <u>8,013,861</u> | <u>7,974,865</u> |
| Less accumulated depreciation | (1,712,192) | (1,425,470) |
| Property and equipment, net | <u>6,301,669</u> | <u>6,549,395</u> |
| Construction in progress | 246,969 | 246,969 |
| Land | 158,000 | 158,000 |
| Land, property and equipment, net | <u>6,706,638</u> | <u>6,954,364</u> |
| <i>Other assets:</i> | | |
| Restricted cash | 2,177 | 2,177 |
| | <u>2,177</u> | <u>2,177</u> |
| Total assets | <u>\$ 8,513,144</u> | <u>\$ 8,657,334</u> |

The accompanying notes are integral part of the financial statements.

HANDS ON HARTFORD, INC.

Statements of Financial Position (continued)

December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Liabilities and Net Assets | | |
| <i>Current liabilities:</i> | | |
| Accounts payable | \$ 7,228 | \$ 6,843 |
| Accrued expenses | 168,037 | 171,777 |
| Refundable advance - Paycheck Protection Program | - | 230,000 |
| Deferred grant revenue | 398,741 | 327,701 |
| Total current liabilities | <u>574,006</u> | <u>736,321</u> |
| <i>Net assets:</i> | | |
| Without donor restrictions | 7,745,363 | 7,881,328 |
| With donor restrictions | 193,775 | 39,685 |
| Total net assets | <u>7,939,138</u> | <u>7,921,013</u> |
| Total liabilities and net assets | <u>\$ 8,513,144</u> | <u>\$ 8,657,334</u> |

The accompanying notes are integral part of the financial statements.

HANDS ON HARTFORD, INC.

Statement of Activities

For the year ended December 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| Support and Revenue | | | |
| Support: | | | |
| Contributions | \$ 1,002,910 | \$ 150,000 | \$ 1,152,910 |
| Religious contributions | 153,242 | - | 153,242 |
| In-kind food contributions | 366,258 | - | 366,258 |
| Other in-kind contributions | 53,122 | - | 53,122 |
| Total support | <u>1,575,532</u> | <u>150,000</u> | <u>1,725,532</u> |
| Revenue: | | | |
| Program grants | 2,275,969 | 20,063 | 2,296,032 |
| Resident and program fees | 194,815 | - | 194,815 |
| Interest income | 5,854 | 4,499 | 10,353 |
| Total revenue | <u>2,476,638</u> | <u>24,562</u> | <u>2,501,200</u> |
| Net assets released from restrictions | <u>20,472</u> | <u>(20,472)</u> | <u>-</u> |
| Total support and revenue | <u>4,072,642</u> | <u>154,090</u> | <u>4,226,732</u> |
| Functional expenses: | | | |
| Program services | 3,091,614 | - | 3,091,614 |
| Supporting services | 830,545 | - | 830,545 |
| Total functional expenses | <u>3,922,159</u> | <u>-</u> | <u>3,922,159</u> |
| Change in net assets from operations | 150,483 | 154,090 | 304,573 |
| Other changes in net assets: | | | |
| Depreciation | <u>(286,448)</u> | <u>-</u> | <u>(286,448)</u> |
| Change in net assets | (135,965) | 154,090 | 18,125 |
| Net assets, beginning of year | <u>7,881,328</u> | <u>39,685</u> | <u>7,921,013</u> |
| Net assets, end of year | <u>\$ 7,745,363</u> | <u>\$ 193,775</u> | <u>\$ 7,939,138</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 |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| Support and Revenue | | | |
| 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> |
| 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.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 18,125 | \$ (78,292) |
| Adjustments to reconcile change in net assets to net change in cash from operating activities: | | |
| Depreciation | 286,722 | 283,471 |
| (Increase)/decrease in assets: | | |
| Grants and accounts receivable | (91,850) | 84,398 |
| Inventory of gift cards | (2,261) | 4,822 |
| Prepaid expense | 7,042 | (3,441) |
| Increase/(decrease) in liabilities: | | |
| Accounts payable | 385 | (889) |
| Accrued expenses | (3,740) | 5,509 |
| Refundable advance - Paycheck Protection Program | (230,000) | 230,000 |
| Deferred grant revenue | 71,040 | (11,209) |
| Net change in cash from operating activities | <u>55,463</u> | <u>514,369</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of property and equipment | <u>(38,996)</u> | <u>-</u> |
| Net change in cash from investing activities | <u>(38,996)</u> | <u>-</u> |
| Cash Flows from Financing Activities: | | |
| Repayment on loan payable | <u>-</u> | <u>(300,000)</u> |
| Net cash used by financing activities | <u>-</u> | <u>(300,000)</u> |
| Net change in cash | 16,467 | 214,369 |
| Cash and restricted cash, beginning of year | <u>1,426,439</u> | <u>1,212,070</u> |
| Cash and restricted cash, end of year | <u>\$ 1,442,906</u> | <u>\$ 1,426,439</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, 2021

| | Program Services | Supporting Services | Total |
|--|---------------------|------------------------|---------------------|
| Personnel: | | | |
| Wages | \$ 1,192,110 | \$ 472,207 | \$ 1,664,317 |
| Employee benefits | 245,314 | 119,405 | 364,719 |
| Payroll taxes | 89,219 | 35,270 | 124,489 |
| Contractual services | 33,611 | 49,015 | 82,626 |
| Other personnel related expenses | 21,231 | 7,410 | 28,641 |
| Total personnel expenses | <u>1,581,485</u> | <u>683,307</u> | <u>2,264,792</u> |
| Operating expenses: | | | |
| Activities and events | - | 24,397 | 24,397 |
| Professional services | 161,841 | 31,406 | 193,247 |
| Interest expense/bank fees | 2,327 | 7,702 | 10,029 |
| Insurance | 51,735 | 16,523 | 68,258 |
| Office operations | 15,859 | 9,917 | 25,776 |
| Information technology | 101,003 | 34,708 | 135,711 |
| Program needs | 516,001 | - | 516,001 |
| Furniture and fixtures | 6,784 | 2,991 | 9,775 |
| Building operations | 235,626 | 18,894 | 254,520 |
| Depreciation | 273 | - | 273 |
| Total operating expenses | <u>1,091,449</u> | <u>146,538</u> | <u>1,237,987</u> |
| Total personnel and operating expenses | <u>2,672,934</u> | <u>829,845</u> | <u>3,502,779</u> |
| Other expenses: | | | |
| In-kind food expense | 366,258 | - | 366,258 |
| Other in-kind expense | 52,422 | 700 | 53,122 |
| Total other expenses | <u>418,680</u> | <u>700</u> | <u>419,380</u> |
| Total functional expenses | <u>\$ 3,091,614</u> | <u>\$ 830,545</u> | <u>\$ 3,922,159</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 |
|--|---------------------|------------------------|---------------------|
| Personnel: | | | |
| 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> |
| Operating expenses: | | | |
| 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> |
| Other expenses: | | | |
| 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.

Notes to the Financial Statements

December 31, 2021 and 2020

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. **55B Apartments** - 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, at **The Faxon Apartments** in West Hartford, and **Permanent Supportive Housing (PSH)** at scattered site locations throughout the Hartford area.

Homeless Outreach Program – an interdisciplinary collaboration with Wheeler Clinic and Connecticut Harm Reduction Coalition aimed at helping to get folks who are living unsheltered into permanent homes of their own. The team seeks out people who are living in tents, under bridges, in wooded areas, etc., provides them with warm clothing, snacks, beverages, and works to find them a warm place to sleep indoors. They connect them with medical and mental health assistance where needed, and work to match them to housing programs with an ultimate goal of ensuring that each person they encounter finds a safe and stable place to call home.

Community Engagement – The Community Engagement Program orients, trains, supports, 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. Community Engagement work is done both in person and virtually.

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. Staff trained in social work help guests stabilize their situations and take steps to move toward permanent housing and self-sufficiency.

NOTE 1 - AGENCY AND PURPOSE (CONTINUED)

The **Neighborhood Services Program** offers referrals, utility assistance through private funds and Operation Fuel, security deposit and rental assistance, dental funds assistance, referrals and financial assistance for training and employment opportunities, and nutrition education and health screenings to Hartford residents. The **MANNA 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. Pre-bagged groceries are also available based on client choice. 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. The **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. Weekly enhancements are also added, such as fresh fruit, canned chicken, community resources information, nutrition resource information, and school supplies.

The Café at Fifty-Five was on hiatus during 2021 but was formerly a restaurant open to the public serving breakfast and lunch four days a week with the help of a team of volunteers. It had a pay-for-a-neighbor option allowing more economically diverse groups to enjoy the café, and proceeds earned supported Hands on Hartford's basic needs services.

The Shared Use Kitchen – Hands on Hartford's shared use kitchen is available for use by the community on a membership basis. Small culinary businesses join the shared kitchen and benefit from a modern, renovated, licensed kitchen for product preparation, sale and delivery. 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 this program supports Hands on Hartford's basic needs services.

COVID-19 Pandemic Effects – Despite the COVID-19 pandemic, we continued to operate all of our programs in person (other than the Café at Fifty-Five) with appropriate precautions including masking, air purifiers, social distancing, COVID testing onsite, and COVID vaccinations onsite. Meals and groceries were offered in person on-site and to go, and volunteer opportunities and Faces of Homelessness speaking events were likewise offered as in-person and virtual models.

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, 2021 and 2020.

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, 2021 and 2020, 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 \$-0- and \$4,800 for 2021 and 2020, respectively. The value of donated food has been recorded as \$366,258 and \$439,092 for 2021 and 2020, respectively. The value of other donated items has been recorded as \$53,122 and \$40,010 for 2021 and 2020, 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 value of the items donated.

The Agency has over 1,200 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, 2021 through June 21, 2022, 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 of the Agency's the following percentage of total support and revenue for the years ended December 31, 2021 and 2020:

| | <u>2021 Revenue</u> | <u>2020 Revenue</u> |
|------------------------|---------------------|---------------------|
| <u>Granting Agency</u> | | |
| Department of Housing | \$ 568,714 13% | \$ 683,376 17% |

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets with donor restrictions are available for the following purposes and amounts:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|------------------|
| Contributions for use in specific programs | \$ 29,181 | \$ 24,459 |
| Contributions restricted for future years | <u>164,594</u> | <u>15,226</u> |
| | <u>\$ 193,775</u> | <u>\$ 39,685</u> |

Net assets released from donor restrictions during the years ending December 31, 2021 and 2020 are detailed as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|------------------|------------------|
| Utilized for specific programs | \$ 19,840 | \$ - |
| Time restrictions met | <u>632</u> | <u>15,000</u> |
| | <u>\$ 20,472</u> | <u>\$ 15,000</u> |

NOTE 5 - 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, 2021 and 2020 were \$41,921 and \$38,143, respectively.

NOTE 6 - CONCENTRATIONS

Cash, Cash Equivalents and Restricted Cash

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, cash equivalents and restricted cash were as follows at December 31,:

| | <u>2021</u> | <u>2020</u> |
|-----------------|---------------------|---------------------|
| Cash | \$ 1,440,729 | \$ 1,424,262 |
| Restricted cash | <u>2,177</u> | <u>2,177</u> |
| | <u>\$ 1,442,906</u> | <u>\$ 1,426,439</u> |

NOTE 7 - 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 \$8,412 for both of the years ended December 31, 2021 and 2020.

NOTE 8 - AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets available to meet general expenditures over the next twelve months at December 31, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash | \$ 1,440,729 | \$ 1,424,262 |
| Grants and accounts receivable | <u>330,805</u> | <u>238,955</u> |
| | 1,771,534 | 1,663,217 |
| Less net assets with donor restrictions | <u>193,775</u> | <u>39,685</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 1,577,759</u> | <u>\$ 1,623,532</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 9 – 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 an eight to twenty-four week period following the date of funding. In order to qualify for forgiveness at least 60% of the funding must be spent on eligible payroll expenses, and up to 40% on other expenditures, such as rent and utilities. Any unforgiven balance must be repaid over two years at an annual interest rate of 1% with an initial deferment period of ten months from end of the covered period (interest will accrue). This loan was forgiven in 2021 and was recorded as income for the year ended December 31, 2021.

**II. REPORT IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' 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
Hands on Hartford, 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 Hands on Hartford, Inc., which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, cash flows and functional expenses for the year then ended, and related notes to the financial statements, and have issued our report thereon dated June 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hands on Hartford, Inc.'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 Hands on Hartford, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hands on Hartford, Inc.'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 combination of deficiencies in internal control, such that there a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency, or 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hands on Hartford, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 result of that testing, and not to provide an opinion on the effectiveness of Hands on Hartford, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hands on Hartford, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
June 21, 2022

III. STATE SINGLE AUDIT REPORT

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors
Hands on Hartford, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Hands on Hartford, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Hands on Hartford, Inc.'s major state programs for the year ended December 31, 2021. Hands on Hartford, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hands on Hartford, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2021.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hands on Hartford, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Hands on Hartford, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Hands on Hartford, Inc.'s state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hands on Hartford, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hands on Hartford, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hands on Hartford, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Hands on Hartford, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Hands on Hartford, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Hands on Hartford, Inc. as of and for the year ended December 31, 2021, and have issued our report thereon dated June 21, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Whittlesey PC".

Hartford, Connecticut
June 21, 2022

HANDS ON HARTFORD, INC.

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2021

| State Grantor / Pass-through Grantor / Program Title | State Grant Program Core-CT Number | Passed Through to Subrecipients | Expenditures |
|--|---|---------------------------------------|-------------------|
| Department of Mental Health and Addiction Services: | | | |
| Managed Services Systems | 11000-MHA53000-12157 | \$ - | \$ 15,879 |
| Grants for Substance Abuse Services | 11000-MHA53000-16003 | - | 138,786 |
| Housing Supports and Services | 11000-MHA53000-12035 | - | 117,814 |
| Total Department of Mental Health and Addiction Services | | - | 272,479 |
| Department of Housing: | | | |
| Residence for Persons with AIDS | 11000-DOH46920-16149-1200902 | - | 568,714 |
| Total Department of Housing | | - | 568,714 |
| Total Expenditures of State Financial Assistance | | \$ - | \$ 841,193 |

See accompanying note to Schedule of Expenditures of State Financial Assistance.

HANDS ON HARTFORD, INC.

Note to Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2021

The accompanying Schedule of Expenditures of State Financial Assistance (the “Schedule”) includes state grant activity of Hands on Hartford, Inc. under programs of the State of Connecticut for the year ended December 31, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs funded several programs as outlined in the Schedule of Expenditures of State Financial Assistance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The accounting policies of Hands on Hartford, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies.

The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule are reported on the accrual basis of accounting. In accordance with 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are not considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditure column of the Schedule.

HANDS ON HARTFORD, INC.

Schedule of State Findings and Questioned Costs

For the Year Ended December 31, 2021

I. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

| | | | |
|---|-------------------|----------------|---------------|
| Type of auditors' opinion issued: | <i>Unmodified</i> | | |
| Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>X</u> | no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>X</u> | none reported |
| Noncompliance material to financial statements noted? | _____ yes | _____ <u>X</u> | no |

State Financial Assistance

| | | | |
|---|-------------------|----------------|---------------|
| Internal control over major programs: | | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>X</u> | no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>X</u> | none reported |
| Type of auditors' opinion issued on compliance for major programs: | <i>Unmodified</i> | | |
| Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? | _____ yes | _____ <u>X</u> | no |

- The following schedule reflects the major programs included in the audit:

| State Grantor and Program | State Core-CT Number | Expenditures |
|---|------------------------------|--------------|
| Department of Mental Health and Addiction Services: | | |
| Grants for Substance Abuse Services | 11000-MHA53000-16003 | \$ 138,786 |
| Department of Housing: | | |
| Residence for Persons with AIDS | 11000-DOH46920-16149-1200902 | \$ 568,714 |
| • Dollar threshold used to distinguish between type A and type B programs | | \$ 100,000 |

HANDS ON HARTFORD, INC.

Schedule of State Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2021

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

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