

**HANDS ON HARTFORD, INC.**

Audited Financial Statements

December 31, 2017 and 2016

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



# HANDS ON HARTFORD, INC.

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December 31, 2017 and 2016

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## **I. FINANCIAL STATEMENTS**



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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, 2017 and 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other 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 May 15, 2018 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 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.

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

Hartford, Connecticut  
May 15, 2018

# HANDS ON HARTFORD, INC.

## Statements of Financial Position

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b><i>Current assets:</i></b>		
Cash	\$ 1,435,791	\$ 1,591,458
Grants and accounts receivable	117,179	185,011
Inventory of gift cards	4,582	5,253
Prepaid expense	13,371	27,075
Total current assets	<u>1,570,923</u>	<u>1,808,797</u>
<b><i>Land, property and equipment:</i></b>		
Building and improvements	7,781,056	7,781,056
Construction in progress	40,171	-
Furniture and equipment	203,810	141,467
	<u>8,025,037</u>	<u>7,922,523</u>
Less accumulated depreciation	(587,580)	(308,234)
Property and equipment, net	<u>7,437,457</u>	<u>7,614,289</u>
Land	158,000	158,000
Land, property and equipment, net	<u>7,595,457</u>	<u>7,772,289</u>
<b><i>Other assets:</i></b>		
Restricted cash	142,245	141,990
	<u>142,245</u>	<u>141,990</u>
Total assets	<u>\$ 9,308,625</u>	<u>\$ 9,723,076</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statements of Financial Position (continued)

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Liabilities and Net Assets</b>		
<b><i>Current liabilities:</i></b>		
Accounts payable	\$ 1,470	\$ 1,689
Accounts payable - construction	-	123,323
Accrued expenses	128,497	76,713
Loan payable - current	300,000	-
Deferred grant revenue	153,435	143,695
Total current liabilities	<u>583,402</u>	<u>345,420</u>
<b><i>Long-term liabilities:</i></b>		
Loan payable - noncurrent	-	300,000
Total long-term liabilities	<u>-</u>	<u>300,000</u>
Total liabilities	583,402	645,420
<b><i>Net assets:</i></b>		
Unrestricted:		
Undesignated	433,288	384,115
Board designated for replacement reserve	83,122	48,707
Board designated for facility	7,944,454	8,312,236
Total unrestricted	<u>8,460,864</u>	<u>8,745,058</u>
Temporarily restricted	125,095	193,334
Permanently restricted	139,264	139,264
Total net assets	<u>8,725,223</u>	<u>9,077,656</u>
Total liabilities and net assets	<u>\$ 9,308,625</u>	<u>\$ 9,723,076</u>

The accompanying notes are integral part of the financial statements.

# HANDS ON HARTFORD, INC.

## Statement of Activities

For the year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets:				
Support:				
Contributions	\$ 321,652	\$ -	\$ -	\$ 321,652
Religious contributions	35,303	-	-	35,303
In-kind food contributions	284,907	-	-	284,907
In-kind facility rent	14,400	-	-	14,400
Other in-kind contributions	42,181	-	-	42,181
Total support	<u>698,443</u>	<u>-</u>	<u>-</u>	<u>698,443</u>
Revenue:				
Program grants	1,712,272	167,505	-	1,879,777
Resident and program fees	188,364	-	-	188,364
Interest income	28	360	-	388
Total revenue	<u>1,900,664</u>	<u>167,865</u>	<u>-</u>	<u>2,068,529</u>
Net assets released from restrictions	<u>236,104</u>	<u>(236,104)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,835,211</u>	<u>(68,239)</u>	<u>-</u>	<u>2,766,972</u>
Functional expenses:				
Program services	2,376,987	-	-	2,376,987
Supporting services	469,014	-	-	469,014
Total functional expenses	<u>2,846,001</u>	<u>-</u>	<u>-</u>	<u>2,846,001</u>
Change in net assets from operations	(10,790)	(68,239)	-	(79,029)
Other changes in net assets:				
Depreciation	(273,404)	-	-	(273,404)
Total other changes in net assets	<u>(273,404)</u>	<u>-</u>	<u>-</u>	<u>(273,404)</u>
Change in net assets	(284,194)	(68,239)	-	(352,433)
Net assets, beginning of year	<u>8,745,058</u>	<u>193,334</u>	<u>139,264</u>	<u>9,077,656</u>
Net assets, end of year	<u>\$ 8,460,864</u>	<u>\$ 125,095</u>	<u>\$ 139,264</u>	<u>\$ 8,725,223</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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	<u>758,255</u>	<u>100,000</u>	<u>-</u>	<u>858,255</u>
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	<u>1,790,173</u>	<u>76,599</u>	<u>-</u>	<u>1,866,772</u>
Net assets released from restrictions	<u>109,607</u>	<u>(109,607)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,658,035</u>	<u>66,992</u>	<u>-</u>	<u>2,725,027</u>
Functional expenses:				
Program services	2,196,426	-	-	2,196,426
Supporting services	519,943	-	-	519,943
Total functional expenses	<u>2,716,369</u>	<u>-</u>	<u>-</u>	<u>2,716,369</u>
Change in net assets	(58,334)	66,992	-	8,658
Capital Income	2,651,536	-	-	2,651,536
Depreciation	<u>(216,140)</u>	<u>-</u>	<u>-</u>	<u>(216,140)</u>
Total change in net assets	2,377,062	66,992	-	2,444,054
Net assets, beginning of year	<u>6,367,996</u>	<u>126,342</u>	<u>139,264</u>	<u>6,633,602</u>
Net assets, end of year	<u>\$ 8,745,058</u>	<u>\$ 193,334</u>	<u>\$ 139,264</u>	<u>\$ 9,077,656</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Operating Activities:</b>		
Change in net assets	\$ (352,433)	\$ 2,444,054
Adjustments to reconcile change in net assets to net change in cash from operating activities		
Depreciation	279,346	226,093
(Increase)/decrease in assets:		
Grants and accounts receivable	67,832	(5,393)
Inventory of gift cards	671	5,432
Prepaid expense	13,704	(16,212)
Increase/(decrease) in liabilities:		
Accounts payable	(123,542)	92,209
Accrued expenses	51,784	10,112
Deferred grant revenue	9,740	40,533
Net change in cash from operating activities	<u>(52,898)</u>	<u>2,796,828</u>
<b>Investing Activities:</b>		
Purchase of property and equipment	(102,514)	(1,404,356)
Additions to restricted cash	(255)	(352)
Net change in cash from investing activities	<u>(102,769)</u>	<u>(1,404,708)</u>
Net change in cash	(155,667)	1,392,120
Cash, beginning of year	<u>1,591,458</u>	<u>199,338</u>
Cash, end of year	<u>\$ 1,435,791</u>	<u>\$ 1,591,458</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, 2017

	Program Services	Supporting Services	Total
<b>Personnel:</b>			
Wages	\$ 846,532	\$ 268,871	\$ 1,115,403
Employee benefits	173,210	37,971	211,181
Payroll taxes	63,813	20,363	84,176
Contractual services	36,275	49,328	85,603
Other personnel related expenses	13,700	1,597	15,297
Total personnel expenses	<u>1,133,530</u>	<u>378,130</u>	<u>1,511,660</u>
<b>Operating expenses:</b>			
Activities and events	596	7,807	8,403
Professional services	56,560	23,783	80,343
Interest expense/bank fees	1,871	1,000	2,871
Insurance	37,817	14,222	52,039
Office operations	14,578	3,907	18,485
Information technology	67,082	24,933	92,015
Program needs	528,518	-	528,518
Furniture and fixtures	588	-	588
Building operations	194,509	9,141	203,650
Depreciation	-	5,941	5,941
Total operating expenses	<u>902,119</u>	<u>90,734</u>	<u>992,853</u>
Total personnel and operating expenses	<u>2,035,649</u>	<u>468,864</u>	<u>2,504,513</u>
<b>Other expenses:</b>			
In-kind facility rent	14,400	-	14,400
In-kind food contributions	284,907	-	284,907
Other in-kind expense	42,031	150	42,181
Total other expenses	<u>341,338</u>	<u>150</u>	<u>341,488</u>
Total functional expenses	<u>\$ 2,376,987</u>	<u>\$ 469,014</u>	<u>\$ 2,846,001</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.**

## Notes to the Financial Statements

December 31, 2017 and 2016

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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. **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 provide permanent housing to individuals in need of supportive services because of serious health issues. 24/7 support is available through their Housing Services program. The Agency also provides 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. **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 three 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.

## NOTE 1 - AGENCY AND PURPOSE (CONTINUED)

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. 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.

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 preparation and 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.

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

*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.

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, 2017 and 2016.

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.

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. Contributions for which restriction are met in same year are reported as unrestricted. 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, 2017 and 2016, 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 \$14,400 and \$30,000 for 2017 and 2016, respectively. The value of donated food has been recorded as \$284,907 and \$260,694 for 2017 and 2016, 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 2,300 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 where the donor stipulates that the funds be permanently restricted. 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.

### Reclassifications

Certain amounts for as of and for the year ended December 31, 2016 were reclassified to conform with the December 31, 2017 presentation.

### Subsequent Events

The Agency has evaluated events and transactions for potential recognition or disclosure for the year ended December 31, 2017 through May 15, 2018, 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, 2017 and 2016:

	<u>2017 Revenue</u>	<u>2016 Revenue</u>
<u>Granting Agency</u>		
Department of Housing	\$ 520,822 19%	\$ 1,435,515 27%

### NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017 and 2016, temporarily restricted net assets are available for the following purposes and amounts:

	<u>2017</u>	<u>2016</u>
Contributions for use in specific programs	\$ 65,503	\$ 64,247
Investment endowment earnings	3,121	2,761
Contributions restricted for future years	56,471	126,326
	<u>\$ 125,095</u>	<u>\$ 193,334</u>

Net assets released from restrictions during the years ending December 31, 2017 and 2016 are detailed as follows:

	<u>2017</u>	<u>2016</u>
Utilized for specific programs	\$ 159,857	\$ 54,413
Time restrictions met	76,247	55,194
	<u>\$ 236,104</u>	<u>\$ 109,607</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, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 3,121	\$ 139,264	\$ 142,385

Changes in endowment net assets for the year ended December 31, 2017 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,761	\$ 139,264	\$ 142,025
Investment income	-	360	-	360
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 3,121</u>	<u>\$ 139,264</u>	<u>\$ 142,385</u>

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	<u>\$ -</u>	<u>\$ 2,761</u>	<u>\$ 139,264</u>	<u>\$ 142,025</u>

**NOTE 5 - ENDOWMENT (CONTINUED)**

As of December 31, 2017 and 2016, 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 Hands on Hartford, Inc.'s mission.

**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, 2017 and 2016 were \$11,033 and \$10,629, 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 no later than July 1, 2018. Accrued interest as of December 31, 2017 and 2016 was \$26,250 and \$-0-, respectively.

**NOTE 8 – LEASE OBLIGATIONS**

On May 1, 2017, the Agency entered into an operating lease with 17-35 Bartholomew Avenue, LLC for parking spaces. The lease expires November 30, 2020, with option to terminate early. The minimum lease payments under this operating lease is as follows for the years ending December 31,:

2018	\$	8,415
2019		8,415
2020		7,013

Lease expense amounted to \$5,610 for the year ended December 31, 2017.

**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, 2017 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 May 15, 2018.

**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 is 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.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 cursive script that reads "Whittlesey PC".

Hartford, Connecticut  
May 15, 2018

### **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**

We have audited Hands on Hartford, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management *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, 2017. 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.

**Management's Responsibility**

Management is responsible for compliance with requirements of laws, regulations, contracts and grants applicable to its state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Hands on Hartford, Inc. major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Hands on Hartford, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Hands on Hartford, Inc.'s compliance.



## **Opinion on Each Major State Program**

In our opinion, Hands on Hartford, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2017.

## **Report on Internal Control Over Compliance**

Management of Hands on Hartford, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hands on Hartford, Inc.'s internal control over compliance with the type of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hands on Hartford, Inc.'s 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

Hartford, Connecticut  
May 15, 2018

**HANDS ON HARTFORD, INC.**

**Schedule of Expenditures of State Financial Assistance**

For the Year Ended December 31, 2017

<u>State Grantor Pass-through Grantor Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>State of Connecticut Department of Mental Health and Addiction Services:</b>		
Managed Services Systems	11000-MHA53000-12157	\$ 19,969
Grants for Substance Abuse Services	11000-MHA53000-16003	108,510
Housing Supports and Services	11000-MHA53000-12035	86,075
Total Department of Mental Health and Addiction Services		<u>214,554</u>
<b>State of Connecticut Department of Housing:</b>		
Residence for Persons with AIDS	11000-DOH46920-16149-120092	520,822
Total Department of Housing		<u>520,822</u>
<b>Total Expenditures of State Financial Assistance</b>		<u><u>\$ 735,376</u></u>

See accompanying notes 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, 2017

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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, 2017. 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, 2017

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### I. SUMMARY OF AUDITOR'S RESULTS:

#### Financial Statements

Type of auditors' opinion issued: *Unmodified*

Internal control over financial reporting:

- |                                           |       |     |       |   |               |
|-------------------------------------------|-------|-----|-------|---|---------------|
| • Material weakness(es) identified?       | _____ | yes | _____ | X | no            |
| • Significant deficiency(ies) identified? | _____ | yes | _____ | X | none reported |

Noncompliance material to financial statements noted?

_____	yes	_____	X	no
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#### State Financial Assistance

Internal control over major programs:

- |                                           |       |     |       |   |               |
|-------------------------------------------|-------|-----|-------|---|---------------|
| • Material weakness(es) identified?       | _____ | yes | _____ | X | no            |
| • Significant deficiency(ies) identified? | _____ | yes | _____ | X | none reported |

Type of auditors' opinion issued on compliance for major programs:

*Unmodified*

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	_____	X	no
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- The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
<b>State of Connecticut Department of Mental Health and Addiction Services:</b>		
Grants for Substance Abuse Services	11000-MHA53000-16003	\$ 108,510
<b>State of Connecticut Department of Housing:</b>		
Residence for Persons with AIDS	11000-DOH46920-16149-120092	\$ 520,822
• Dollar threshold used to distinguish between type A and type B programs		<u>\$ 200,000</u>

**HANDS ON HARTFORD, INC.**

Schedule of State Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2017

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**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**Headquarters**

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