

HANDS ON HARTFORD, INC.

Financial Statements

December 31, 2018 and 2017



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HANDS ON HARTFORD, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hands on Hartford, Inc.

We have audited the accompanying financial statements of Hands on Hartford, Inc. which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Hands on Hartford, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Whittlesey PC

Hartford, Connecticut
June 18, 2019

HANDS ON HARTFORD, INC.

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
<i>Current assets:</i>		
Cash	\$ 1,248,716	\$ 1,435,791
Grants and accounts receivable	192,589	117,179
Inventory of gift cards	17,670	4,582
Prepaid expense	17,356	13,371
Total current assets	<u>1,476,331</u>	<u>1,570,923</u>
<i>Land, property and equipment:</i>		
Building and improvements	7,781,056	7,781,056
Construction in progress	220,999	40,171
Furniture and equipment	193,809	203,810
	<u>8,195,864</u>	<u>8,025,037</u>
Less accumulated depreciation	<u>(860,712)</u>	<u>(587,580)</u>
Property and equipment, net	7,335,152	7,437,457
Land	158,000	158,000
Land, property and equipment, net	<u>7,493,152</u>	<u>7,595,457</u>
<i>Other assets:</i>		
Restricted cash	135,327	142,245
	<u>135,327</u>	<u>142,245</u>
Total assets	<u>\$ 9,104,810</u>	<u>\$ 9,308,625</u>

The accompanying notes are integral part of the financial statements.

HANDS ON HARTFORD, INC.

Statements of Financial Position (continued)

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Liabilities and Net Assets		
<i>Current liabilities:</i>		
Accounts payable	\$ 10,491	\$ 1,470
Accrued expenses	156,529	128,497
Loan payable	300,000	300,000
Deferred grant revenue	182,008	153,435
Total current liabilities	<u>649,028</u>	<u>583,402</u>
<i>Net assets:</i>		
Without donor restrictions	8,192,511	8,460,864
With donor restrictions	263,271	264,359
Total net assets	<u>8,455,782</u>	<u>8,725,223</u>
Total liabilities and net assets	<u>\$ 9,104,810</u>	<u>\$ 9,308,625</u>

The accompanying notes are integral part of the financial statements.

HANDS ON HARTFORD, INC.

Statement of Activities

For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Support:			
Contributions	\$ 446,821	\$ -	\$ 446,821
Religious contributions	43,624	-	43,624
In-kind food contributions	326,538	-	326,538
In-kind facility rent	14,400	-	14,400
Other in-kind contributions	62,348	-	62,348
Total support	<u>893,731</u>	<u>-</u>	<u>893,731</u>
Revenue:			
Program grants	1,642,855	113,690	1,756,545
Resident and program fees	284,147	-	284,147
Interest income	362	-	362
Total revenue	<u>1,927,364</u>	<u>113,690</u>	<u>2,041,054</u>
Net assets released from restrictions	<u>114,778</u>	<u>(114,778)</u>	<u>-</u>
Total support and revenue	<u>2,935,873</u>	<u>(1,088)</u>	<u>2,934,785</u>
Functional expenses:			
Program services	2,449,267	-	2,449,267
Supporting services	477,133	-	477,133
Total functional expenses	<u>2,926,400</u>	<u>-</u>	<u>2,926,400</u>
Change in net assets from operations	9,473	(1,088)	8,385
Other changes in net assets:			
Transfer to HFPG	(6,050)	-	(6,050)
Depreciation	(271,776)	-	(271,776)
Total other changes in net assets	<u>(277,826)</u>	<u>-</u>	<u>(277,826)</u>
Change in net assets	(268,353)	(1,088)	(269,441)
Net assets, beginning of year	<u>8,460,864</u>	<u>264,359</u>	<u>8,725,223</u>
Net assets, end of year	<u>\$ 8,192,511</u>	<u>\$ 263,271</u>	<u>\$ 8,455,782</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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>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>2,068,529</u>
Net assets released from restrictions	<u>236,104</u>	<u>(236,104)</u>	<u>-</u>
Total support and revenue	<u>2,835,211</u>	<u>(68,239)</u>	<u>2,766,972</u>
Functional expenses:			
Program services	2,391,023	-	2,391,023
Supporting services	469,014	-	469,014
Total functional expenses	<u>2,860,037</u>	<u>-</u>	<u>2,860,037</u>
Change in net assets	(24,826)	(68,239)	(93,065)
Other changes in net assets:			
Depreciation	<u>(259,368)</u>	<u>-</u>	<u>(259,368)</u>
Total change in net assets	(284,194)	(68,239)	(352,433)
Net assets, beginning of year	<u>8,745,058</u>	<u>332,598</u>	<u>9,077,656</u>
Net assets, end of year	<u>\$ 8,460,864</u>	<u>\$ 264,359</u>	<u>\$ 8,725,223</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (269,441)	\$ (352,433)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	273,132	279,345
(Increase)/decrease in assets:		
Grants and accounts receivable	(75,410)	67,832
Inventory of gift cards	(13,088)	672
Prepaid expense	(3,985)	13,704
Increase/(decrease) in liabilities:		
Accounts payable	9,021	(123,542)
Accrued expenses	28,032	51,784
Deferred grant revenue	28,573	9,740
	<u>(23,166)</u>	<u>(52,898)</u>
Net change in cash from operating activities		
Cash Flows from Investing Activities:		
Transfer to HFPG	6,050	-
Purchase of property and equipment	(170,827)	(102,514)
Change in restricted cash	868	(255)
	<u>(163,909)</u>	<u>(102,769)</u>
Net change in cash from investing activities		
Net change in cash	(187,075)	(155,667)
Cash, beginning of year	<u>1,435,791</u>	<u>1,591,458</u>
Cash, end of year	<u>\$ 1,248,716</u>	<u>\$ 1,435,791</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, 2018

	Program Services	Supporting Services	Total
Personnel:			
Wages	\$ 903,518	\$ 272,295	\$ 1,175,813
Employee benefits	186,896	58,803	245,699
Payroll taxes	68,758	20,529	89,287
Contractual services	46,386	52,775	99,161
Other personnel related expenses	14,096	3,343	17,439
Total personnel expenses	<u>1,219,654</u>	<u>407,745</u>	<u>1,627,399</u>
Operating expenses:			
Activities and events	65	7,858	7,923
Professional services	33,460	3,713	37,173
Interest expense/bank fees	2,669	2,558	5,227
Insurance	42,621	13,813	56,434
Office operations	12,462	4,113	16,575
Information technology	66,365	25,645	92,010
Program needs	488,244	-	488,244
Furniture and fixtures	1,571	-	1,571
Building operations	177,514	11,688	189,202
Depreciation	1,356	-	1,356
Total operating expenses	<u>826,327</u>	<u>69,388</u>	<u>895,715</u>
Total personnel and operating expenses	<u>2,045,981</u>	<u>477,133</u>	<u>2,523,114</u>
Other expenses:			
In-kind facility rent	14,400	-	14,400
In-kind food contributions	326,538	-	326,538
Other in-kind expense	62,348	-	62,348
Total other expenses	<u>403,286</u>	<u>-</u>	<u>403,286</u>
Total functional expenses	<u>\$ 2,449,267</u>	<u>\$ 477,133</u>	<u>\$ 2,926,400</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
Personnel:			
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>
Operating expenses:			
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	14,036	5,941	19,977
Total operating expenses	<u>916,155</u>	<u>90,734</u>	<u>1,006,889</u>
Total personnel and operating expenses	<u>2,049,685</u>	<u>468,864</u>	<u>2,518,549</u>
Other expenses:			
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>\$ 2,391,023</u>	<u>\$ 469,014</u>	<u>\$ 2,860,037</u>

The accompanying notes are integral part of the financial statements.

HANDS ON HARTFORD, INC.

Notes to the Financial Statements

December 31, 2018 and 2017

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 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 **Zezzo 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 the following programs. Community Meals Program provides hot meals and vital assistance to homeless individuals and working individuals and families, three days and two evenings a week in downtown Hartford. For those without jobs and homes, these meals are life-saving. For others who work but still live in poverty, our meals help to stretch limited funds.

NOTE 1 - AGENCY AND PURPOSE (CONTINUED)

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, frozen meat and halal meat. Also offered are basic personal hygiene items and diapers. Backpack Nutrition Program serves Hartford children who rely on free-of-charge school breakfasts and lunches during the school year. Backpacks containing two breakfasts and two lunches along with drinks and snacks (including shelf stable milk) are sent home each Friday of the school year. Also added weekly enhancements, such as fresh fruit, canned chicken, community resources information, nutrition resource information, and school supplies

The Café at Fifty-Five/ Caterers Who Care/ Community Kitchen-Serving great coffee, crepes, sandwiches, salads and other breakfast and lunch items, the Café at Fifty-Five serves neighbors (we provide jobs for people with barriers to employment), engages volunteers (volunteers are a vital part of the operational team) and connects communities (our prices are low and there's a pay-for-a-neighbor option allowing diverse groups to enjoy the café). **Caterers Who Care** is a full service catering operation with competitive pricing, serving breakfast, lunch, dinner and appetizers either on-site or delivered off-site. **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. Net proceeds of these three programs support Hands On Hartford's direct service programs.

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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Tax Exempt Status

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Grants and accounts receivable arising from operations are stated net of an allowance for doubtful accounts. Allowances are set based on assessments by management as to the collectability of individual accounts. There was no allowance for doubtful accounts at December 31, 2018 and 2017.

Property and Equipment

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

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

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

Gifts of Long-lived Assets

When applicable, the Agency reports gifts of property and equipment as support without donor restrictions 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 support with donor restrictions. 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 with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. 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.

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, 2018 and 2017, 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 \$14,400 for both 2018 and 2017. The value of donated food has been recorded as \$326,538 and \$284,907 for 2018 and 2017, 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 2,500 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.

The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel	Time and effort
Activities and events	Time and effort
Professional services	Time and effort
Interest expense/bank fees	Time and effort
Insurance	Time and effort
Office operations	Time and effort
Information technology	Time and effort
Program needs	Time and effort
Furniture and fixtures	Time and effort
Building operations	Time and effort
Depreciation	Square footage, time and effort

Subsequent Events

The Agency has evaluated events and transactions for potential recognition or disclosure for the year ended December 31, 2018 through June 18, 2019, 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.

NOTE 3 – CONCENTRATIONS (CONTINUED)**Funding Source Concentrations**

The following agency provided over 15% of the Agency’s total support and revenue for the years ended December 31, 2018 and 2017:

<u>Granting Agency</u>	<u>2018 Revenue</u>	<u>2017 Revenue</u>
Department of Housing	\$ 576,425 20%	\$ 520,822 19%

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 and 2017, net assets with donor restrictions are available for the following purposes and amounts:

	<u>2018</u>	<u>2017</u>
Contributions for use in specific programs	\$ 22,497	\$ 65,503
Endowment funds	136,335	142,385
Contributions restricted for future years	104,439	56,471
	<u>\$ 263,271</u>	<u>\$ 264,359</u>

Net assets released from donor restrictions during the years ending December 31, 2018 and 2017 are detailed as follows:

	<u>2018</u>	<u>2017</u>
Utilized for specific programs	\$ 26,305	\$ 159,857
Transfer to HFPG	6,050	-
Time restrictions met	82,423	76,247
	<u>\$ 114,778</u>	<u>\$ 236,104</u>

NOTE 5 - ENDOWMENT

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

As a result of this interpretation, the Agency classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, until those amounts are appropriated by expenditure by the Agency in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

NOTE 5 – ENDOWMENT (CONTINUED)

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, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Donor-restricted endowment funds	<u>\$ 136,335</u>	<u>\$ 142,385</u>

Changes in endowment net assets for the years ended December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Endowment net assets, beginning of year	\$ 142,385	\$ 142,025
Investment income	-	360
Restriction releases	<u>(6,050)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 136,335</u>	<u>\$ 142,385</u>

During the year ended December 31, 2018, the Agency established the Hands on Hartford Endowment Fund (the Fund) with the Hartford Foundation for Public Giving, Inc. (HFPG). The Fund is a charitable fund created for the benefit of the Agency and its activities and services. Investment income earned by the Fund is reinvested for the benefit of the Fund and consists of interest, dividends, realized and unrealized capital gains, net of investment and administrative fees. During the years ended December 31, 2018 and 2017, \$6,050 and \$0- was transferred to HFPG to this Fund.

NOTE 6 - PENSION PLANS

The Agency maintains a 401(k) Profit Sharing Plan and Trust, (the “Plan”) covering all eligible employees. All employees are eligible upon hire. Employer contributions are made at the discretion of the Agency’s Board of Directors. Employer contributions for the years ended December 31, 2018 and 2017 were \$11,775 and \$11,033, respectively.

NOTE 7 - NOTES PAYABLE

The Agency entered into a \$300,000 loan agreement with the Supportive Housing Solutions Fund LLC for the rehabilitation and re-use of a former industrial power plant into supportive housing. The loan bears 6% interest, accrued and paid at maturity, non-amortizing. Maturity date is July 1, 2019. Accrued interest as of December 31, 2018 and 2017 was \$31,589 and \$26,250, 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 are as follows for the years ending December 31,:

2019	8,415
2020	7,013

Lease expense amounted to \$8,415 and \$5,610 for the years ended December 31, 2018 and 2017, respectively.

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Cash	\$ 1,248,716	\$ 1,435,791
Grants and accounts receivable	192,589	117,179
	<u>1,441,305</u>	<u>1,552,970</u>
Less net assets with donor restrictions	<u>263,271</u>	<u>264,359</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,178,034</u>	<u>\$ 1,288,611</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 10 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities (the "ASU"). The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The Agency has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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