

HANDS ON NEW ORLEANS, INC.

FINANCIAL STATEMENTS
AND
REPORT TO BOARD

June 30, 2019 and 2018

HANDS ON NEW ORLEANS, INC.

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WEGMANN DAZET & COMPANY
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hands on New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of Hands on New Orleans, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows 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 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 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. 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 New Orleans, Inc. as of June 30, 2019 and 2018, and the changes in 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 Summary of Compensation, Benefits and Other Payments to Agency Heads 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 October 2, 2019 on our consideration of Hands on New Orleans, 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 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 New Orleans, Inc.'s internal control over financial reporting and compliance.

October 2, 2019

Wegmann Daxt + Company

HANDS ON NEW ORLEANS, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 398,186	\$ 424,402
Accounts receivable	24,901	36,259
Prepaid expenses	-	2,000
Total current assets	423,087	462,661
Property and equipment, at cost less accumulated depreciation	15,098	21,806
Deposits	-	3,000
Total assets	\$ 438,185	\$ 487,467
LIABILITIES		
Current liabilities		
Accounts payable	\$ 12,035	\$ 1,908
Accrued expenses	6,645	7,250
Accrued payroll liabilities	1,886	2,048
Deferred revenue	12,278	-
Other current liabilities	428	6,418
Total current liabilities	33,272	17,624
NET ASSETS		
Net assets		
Without donor restrictions		
Undesignated	94,120	66,561
Board designated	289,871	287,715
With donor restrictions	20,922	115,567
Total net assets	404,913	469,843
Total liabilities and net assets	\$ 438,185	\$ 487,467

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Community revitalization	\$ -	\$ 3,600	\$ 3,600
Fundraising	11,096	-	11,096
Contributions/other	62,889	-	62,889
Volunteer engagement	-	281,707	281,707
Volunteer housing	21,512	-	21,512
Net assets released from restrictions	379,952	(379,952)	-
	<u>475,449</u>	<u>(94,645)</u>	<u>380,804</u>
Expenses			
Program services			
Community revitalization	94,173	-	94,173
Fundraising	5,157	-	5,157
Volunteer engagement	254,581	-	254,581
Disaster management	20,096	-	20,096
Volunteer housing	32,498	-	32,498
Supporting services			
General and administrative	39,229	-	39,229
	<u>445,734</u>	<u>-</u>	<u>445,734</u>
Change in net assets	29,715	(94,645)	(64,930)
Net assets			
Beginning of year	<u>354,276</u>	<u>115,567</u>	<u>469,843</u>
End of year	<u>\$ 383,991</u>	<u>\$ 20,922</u>	<u>\$ 404,913</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Community revitalization	\$ -	\$ 120,700	\$ 120,700
Fundraising	10,851	-	10,851
Contributions/other	7,509	-	7,509
Volunteer engagement	-	216,621	216,621
Disaster management	-	70,406	70,406
Volunteer housing	27,196	-	27,196
Net assets released from restrictions	293,634	(293,634)	-
	339,190	114,093	453,283
Expenses			
Program services			
Community revitalization	32,493	-	32,493
Fundraising	4,200	-	4,200
Volunteer engagement	173,938	-	173,938
Disaster management	66,941	-	66,941
Volunteer housing	37,076	-	37,076
Supporting services			
General and administrative	36,852	-	36,852
	351,500	-	351,500
Change in net assets	(12,310)	114,093	101,783
Net assets			
Beginning of year	366,586	1,474	368,060
End of year	\$ 354,276	\$ 115,567	\$ 469,843

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program Services					General and Administrative	Total Expenses
	Community Revitalization	Fundraising	Volunteer Engagement	Volunteer Housing	Disaster Management		
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,646	\$ 6,646
Americorp stipends	3,410	-	13,640	2,273	3,410	-	22,733
Bad debt expense	-	-	-	-	-	2,880	2,880
Bank service charges	-	-	343	-	-	9	352
Building repairs	-	-	-	1,189	-	-	1,189
Contract services	-	-	3,674	-	-	-	3,674
Development	-	-	-	-	-	106	106
Depreciation	-	-	-	-	-	6,708	6,708
Dues and subscriptions	-	-	131	-	50	995	1,176
Information technology	-	29	1,317	54	54	1,707	3,161
Insurance	2,366	-	16,585	1,189	1,812	1,717	23,669
Meals and entertainment	-	-	3,392	1,866	61	748	6,067
Meetings	66	-	355	-	-	127	548
Office supplies	-	(27)	-	6	-	723	702
Other expense	-	4,523	-	-	-	72	4,595
Parking and tolls	-	12	534	-	10	44	600
Payroll service fees	29	-	1,270	139	29	174	1,641
Payroll taxes	515	-	8,537	7	638	855	10,552
Postage and delivery	-	-	-	-	-	2	2
Project management	76,000	-	16,399	-	-	-	92,399
Project materials and supplies	4,963	603	70,099	326	5,063	2,109	83,163
Rent expense	-	-	-	23,000	-	500	23,500
Salaries	6,729	-	111,594	87	8,342	10,730	137,482
Travel	27	17	570	-	503	-	1,117
Utilities	-	-	-	2,362	-	-	2,362
Vehicle maintenance	68	-	6,141	-	124	2,377	8,710
Total expenses	\$ 94,173	\$ 5,157	\$ 254,581	\$ 32,498	\$ 20,096	\$ 39,229	\$ 445,734

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Program Services					General and Administrative	Total Expenses
	Community Revitalization	Fundraising	Volunteer Engagement	Volunteer Housing	Disaster Management		
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,250	\$ 7,250
Advertising	-	-	111	-	-	71	182
Americorp stipends	6,473	-	7,173	2,263	7,106	383	23,398
Bank service charges	3	-	506	3	3	49	564
Building repairs	-	-	-	1,285	-	-	1,285
Contract services	-	-	23,270	-	-	-	23,270
Development	-	-	-	-	-	245	245
Depreciation	-	-	-	-	-	6,708	6,708
Dues and subscriptions	-	-	-	-	-	1,895	1,895
Employee benefits	242	46	1,696	18	259	1,210	3,471
Information technology	-	-	1,250	-	-	1,706	2,956
Insurance	1,843	27	11,869	1,009	1,537	2,734	19,019
Meals and entertainment	-	-	2,068	1,987	392	631	5,078
Meetings	-	-	138	-	171	136	445
Office supplies	-	-	-	42	-	270	312
Other expense	-	3,042	-	-	-	242	3,284
Parking and tolls	25	20	185	-	101	52	383
Payroll service fees	27	-	1,222	206	27	167	1,649
Payroll taxes	660	66	5,969	26	2,407	721	9,849
Postage and delivery	-	-	-	-	-	7	7
Project management	-	-	11,369	-	9,575	1,688	22,632
Project materials and supplies	14,280	78	24,828	(321)	9,625	(68)	48,422
Rent expense	-	-	-	27,600	-	-	27,600
Salaries	8,453	902	79,776	357	31,493	8,198	129,179
Travel	-	19	232	-	3,460	95	3,806
Utilities	-	-	-	2,471	-	-	2,471
Vehicle maintenance	487	-	2,276	130	785	2,462	6,140
Total expenses	\$ 32,493	\$ 4,200	\$ 173,938	\$ 37,076	\$ 66,941	\$ 36,852	\$ 351,500

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (64,930)	\$ 101,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,708	6,708
Decrease (increase) in operating assets:		
Receivables	11,358	(34,261)
Prepaid expenses	2,000	(1,057)
Deposits	3,000	-
Increase (decrease) in operating liabilities:		
Accounts payable	10,127	(21,261)
Accrued expenses	(605)	-
Accrued payroll liabilities	(162)	(1,453)
Deferred revenue	12,278	(1,925)
Other current liabilities	(5,990)	5,804
Net cash (used) provided by operating activities	<u>(26,216)</u>	<u>54,338</u>
Net (decrease) increase in cash	(26,216)	54,338
Cash and cash equivalents at beginning of year	<u>424,402</u>	<u>370,064</u>
Cash and cash equivalents at end of year	<u>\$ 398,186</u>	<u>\$ 424,402</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

1) Nature of activities

Hands on New Orleans, Inc. (the "Organization") is a non-profit organization established in 2008 to engage, empower, and transform our community through volunteer service. Hands on New Orleans, Inc. supports the missions of 70 plus community partners (schools, park and recreation centers, neighborhood associations, and nonprofits) by identifying pressing needs, creating high-impact projects, and recruiting and managing volunteer teams to make meaningful improvements.

2) Summary of significant accounting principles

Significant accounting policies are summarized below.

a) Financial statement presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

b) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

c) Accounts receivable

The Organization writes off uncollectible accounts as they are identified. No amounts were written off in the years ending June 30, 2019 and 2018. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

d) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Property and equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Equipment	5 years
Vehicles	5 years

HANDS ON NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

2) Summary of significant accounting principles (continued)

f) Description of net assets classification

Financial Accounting Standards Board (FASB) Accounting Standards Codification “ASC” 958, *Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for two classifications – with donor restrictions and without donor restrictions based on the existence or absence of donor imposed restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

g) Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

h) Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

The Organization has adopted the provisions of ASC 740, *Income Taxes*. Management of the Organization believes there are no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to United States federal and state income tax examinations by tax authorities beyond three years from the filing of those returns.

i) In-kind contributions

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from volunteer housing rent reduction for the years ended June 30, 2019 and 2018, with a fair value of \$3,000 and \$3,600, respectively.

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 9,815	\$ 9,815
Vehicles	<u>33,323</u>	<u>33,323</u>
Total cost	43,138	43,138
Less accumulated depreciation	<u>28,040</u>	<u>21,332</u>
Property and equipment	<u>\$ 15,098</u>	<u>\$ 21,806</u>

HANDS ON NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

4) Restrictions on net assets

The Organization organizes many volunteer service opportunities in the New Orleans area. The organization has many programs which help volunteers take action through service to meet critical community needs.

Temporarily restricted net assets are available for the following programs:

	<u>2019</u>	<u>2018</u>
Disaster Management	\$ -	\$ 15,567
Community Revitalization	<u>20,922</u>	<u>100,000</u>
Total temporarily restricted assets	<u>\$ 20,922</u>	<u>\$ 115,567</u>

5) Board designated unrestricted net assets

The Board of Directors of Hands on New Orleans, Inc. designated \$289,871 and \$287,715 as a general operating reserve as of June 30, 2019 and 2018, respectively.

6) Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 377,264
Accounts receivables	<u>24,652</u>
	<u>\$ 401,916</u>

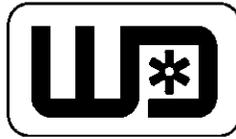
7) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2020. The Organization is currently assessing the impact of these pronouncements on its financial statements.

In May 2014, the FASB issued ASU No 2014-09, "Revenue from Contracts with Customers (ASC Topic 606)," ASU 2014-09 provides principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. ASU 2014-09 was adopted January 1, 2019.

8) Subsequent events

The Organization has evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.



WEGMANN DAZET & COMPANY

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 of
Hands on New Orleans, Inc.
New Orleans, Louisiana

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 New Orleans, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon October 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hands on New Orleans, 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 New Orleans, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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* is a deficiency, or a 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 New Orleans, Inc.'s financial statements are free from 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 the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
October 2, 2019

Wegmann Doyet + Company

HANDS ON NEW ORLEANS, INC.
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEADS
For the Year Ended June 30, 2019

SUMMARY OF COMPENSATION

Christopher Cameron
Executive Director

- None of the agency head's compensation was derived from state and/or local assistance.