

HANDS ON NEW ORLEANS, INC.

FINANCIAL STATEMENTS
AND
REPORT TO BOARD

June 30, 2017 and 2016

HANDS ON NEW ORLEANS, INC.

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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, 2017 and 2016, 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, 2017 and 2016, 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 9, 2017 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 9, 2017

Wegmann Daxet + Company

HANDS ON NEW ORLEANS, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 370,064	\$ 149,969
Accounts receivable	1,998	7,733
Prepaid expenses	943	879
Total current assets	373,005	158,581
Property and equipment, at cost less accumulated depreciation	28,514	1,204
Deposits	3,000	3,000
Total assets	\$ 404,519	\$ 162,785
LIABILITIES		
Current liabilities		
Accounts payable	\$ 23,169	\$ 6,672
Accrued expenses	7,250	7,250
Accrued payroll liabilities	3,501	1,157
Deferred revenue	1,925	6,125
Other current liabilities	614	722
Total current liabilities	36,459	21,926
NET ASSETS		
Net assets		
Unrestricted		
Undesignated	79,638	2,617
Board designated	286,948	-
Temporarily restricted	1,474	138,242
Total net assets	368,060	140,859
Total liabilities and net assets	\$ 404,519	\$ 162,785

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Community revitalization	\$ -	\$ 20,350	\$ 20,350
Fundraising	8,064	-	8,064
Contributions/other	314,673	-	314,673
Volunteer engagement	-	231,867	231,867
Disaster management	-	35,371	35,371
Volunteer housing	61,912	-	61,912
Net assets released from restrictions	424,356	(424,356)	-
	<u>809,005</u>	<u>(136,768)</u>	<u>672,237</u>
Expenses			
Program services			
Community revitalization	82,771	-	82,771
Fundraising	3,085	-	3,085
Volunteer engagement	248,482	-	248,482
Disaster management	9,953	-	9,953
Volunteer housing	40,747	-	40,747
Supporting services			
General and administrative	59,998	-	59,998
	<u>445,036</u>	<u>-</u>	<u>445,036</u>
Change in net assets	363,969	(136,768)	227,201
Net assets			
Beginning of year	<u>2,617</u>	<u>138,242</u>	<u>140,859</u>
End of year	<u>\$ 366,586</u>	<u>\$ 1,474</u>	<u>\$ 368,060</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues			
Community revitalization	\$ -	\$ 120,342	\$ 120,342
Fundraising	5,511	-	5,511
Contributions/other	8,872	-	8,872
Volunteer engagement	-	148,499	148,499
Disaster management	-	3,069	3,069
Volunteer housing	53,010	-	53,010
Net assets released from restrictions	180,097	(180,097)	-
	<u>247,490</u>	<u>91,813</u>	<u>339,303</u>
Expenses			
Program services			
Community revitalization	107,206	-	107,206
Fundraising	2,794	-	2,794
Volunteer engagement	96,002	-	96,002
Disaster management	1,592	-	1,592
Volunteer housing	42,564	-	42,564
Supporting services			
General and administrative	42,544	-	42,544
	<u>292,702</u>	<u>-</u>	<u>292,702</u>
Change in net assets	(45,212)	91,813	46,601
Net assets			
Beginning of year	47,829	46,429	94,258
End of year	<u>\$ 2,617</u>	<u>\$ 138,242</u>	<u>\$ 140,859</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

	Program Services					General and Administrative	Total Expenses
	Community Revitalization	Fundraising	Volunteer Engagement	Volunteer Housing	Disaster Management		
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,250	\$ 7,250
Advertising	-	79	-	-	-	-	79
Americorp stipends	12,186	-	8,373	979	489	553	22,580
Bank service charges	-	-	50	-	-	56	106
Building repairs	-	-	-	366	-	795	1,161
Contract services	-	-	1,100	-	-	17,363	18,463
Depreciation	-	-	-	-	-	4,327	4,327
Dues and subscriptions	-	-	30	91	-	680	801
Employee benefits	2,082	-	2,535	108	348	1,358	6,431
Hardware rental	-	-	1,392	-	-	-	1,392
Information technology	-	-	1,750	-	-	4,400	6,150
Insurance	3,055	-	12,892	1,602	925	4,450	22,924
Meals and entertainment	49	-	1,458	4,024	218	1,144	6,893
Meetings	-	-	-	-	-	5	5
Office supplies	-	-	65	-	-	238	303
Other expense	-	2,856	2,203	126	-	1,006	6,191
Parking and tolls	-	-	63	-	14	47	124
Payroll service fees	375	-	471	113	56	472	1,487
Payroll taxes	2,772	-	3,712	151	504	739	7,878
Postage and delivery	-	-	-	-	-	40	40
Project management	22,686	-	82,852	-	-	-	105,538
Project materials and supplies	4,743	150	46,866	2,137	2,817	527	57,240
Rent expense	-	-	24,000	27,600	-	-	51,600
Salaries	34,835	-	56,188	2,068	4,373	12,436	109,900
Travel	(12)	-	612	-	11	2	613
Utilities	-	-	-	1,360	-	-	1,360
Vehicle maintenance	-	-	1,870	22	198	2,110	4,200
Total expenses	<u>\$ 82,771</u>	<u>\$ 3,085</u>	<u>\$ 248,482</u>	<u>\$ 40,747</u>	<u>\$ 9,953</u>	<u>\$ 59,998</u>	<u>\$ 445,036</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2016

	Program Services					General and Administrative	Total Expenses
	Community Revitalization	Fundraising	Volunteer Engagement	Volunteer Housing	Disaster Management		
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,250	\$ 7,250
Advertising	1,357	-	-	-	-	-	1,357
Americorp stipends	7,424	-	-	-	-	-	7,424
Bank service charges	3	-	187	-	-	1,033	1,223
Contract services	5,082	-	1,600	-	-	-	6,682
Depreciation	-	-	-	-	-	380	380
Dues and subscriptions	-	-	-	120	-	895	1,015
Employee benefits	1,901	-	2,315	293	48	1,276	5,833
Hardware rental	899	-	-	-	-	-	899
Information technology	-	-	-	420	-	4,455	4,875
Insurance	4,149	-	4,952	2,468	327	4,202	16,098
Meals and entertainment	846	-	530	3,190	-	174	4,740
Meetings	53	-	21	-	-	50	124
Office supplies	-	-	-	-	-	115	115
Other expense	-	2,794	197	2,770	-	118	5,879
Parking and tolls	-	-	72	-	-	3	75
Payroll service fees	453	-	583	272	59	108	1,475
Payroll taxes	2,629	-	3,297	401	78	1,615	8,020
Postage and delivery	-	-	-	-	-	62	62
Project materials and supplies	42,249	-	12,850	-	29	-	55,128
Rent expense	3,240	-	24,000	24,460	-	-	51,700
Salaries	36,457	-	44,958	5,470	1,051	19,940	107,876
Travel	-	-	43	-	-	-	43
Utilities	-	-	-	2,700	-	-	2,700
Vehicle maintenance	464	-	397	-	-	868	1,729
Total expenses	<u>\$ 107,206</u>	<u>\$ 2,794</u>	<u>\$ 96,002</u>	<u>\$ 42,564</u>	<u>\$ 1,592</u>	<u>\$ 42,544</u>	<u>\$ 292,702</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 227,201	\$ 46,601
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,327	380
(Increase) decrease in operating assets:		
Receivables	5,735	(7,003)
Prepaid expenses	(64)	(34)
Increase (decrease) in operating liabilities:		
Accounts payable	16,497	(4)
Accrued payroll liabilities	2,344	(1,299)
Deferred revenue	(4,200)	(595)
Other current liabilities	(108)	(3,658)
Net cash provided by operating activities	<u>251,732</u>	<u>34,388</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(31,637)</u>	<u>-</u>
Net cash used by investing activities	<u>(31,637)</u>	<u>-</u>
Net increase in cash	220,095	34,388
Cash and cash equivalents at beginning of year	<u>149,969</u>	<u>115,581</u>
Cash and cash equivalents at end of year	<u>\$ 370,064</u>	<u>\$ 149,969</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

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, 2017 and 2016. 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, 2017 and 2016

2) Summary of significant accounting principles (continued)

f) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification “ASC” 958, *Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted 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 donated office space during the years ended June 30, 2017 and 2016, with a fair value of \$24,000.

The Organization also received donated project supplies and volunteer housing rent reduction for the years ended June 30, 2017 and 2016, with a fair value of \$3,600 and \$4,600, respectively.

HANDS ON NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 9,815	\$ 21,151
Vehicles	<u>33,323</u>	<u>7,500</u>
Total cost	43,138	28,651
Less accumulated depreciation	<u>14,624</u>	<u>27,447</u>
Property and equipment	<u>\$ 28,514</u>	<u>\$ 1,204</u>

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>2017</u>	<u>2016</u>
Volunteer Engagement	\$ -	\$ 76,280
Disaster Management	1,474	-
Community Revitalization	<u>-</u>	<u>61,962</u>
Total temporarily restricted assets	<u>\$ 1,474</u>	<u>\$ 138,242</u>

5) Board designated unrestricted net assets

The Board of Directors of Hands on New Orleans, Inc. designated \$286,948 as a general operating reserve.

6) 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.



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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, 2017, 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 9, 2017.

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 9, 2017

Wegmann Daxet + Company

HANDS ON NEW ORLEANS, INC.
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEADS
For the Year Ended June 30, 2017

SUMMARY OF COMPENSATION

Christopher Cameron
Executive Director

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