

HANDS ON ATLANTA, INC.

FINANCIAL REPORT

JULY 31, 2020

HANDS ON ATLANTA, INC.

FINANCIAL REPORT JULY 31, 2020

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses.....	4 and 5
Statements of Cash Flows.....	6
Notes to Financial Statements	7-13



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Hands On Atlanta, Inc.
Atlanta, Georgia**

We have audited the accompanying financial statements of **Hands On Atlanta, Inc.** (a nonprofit organization), which comprise the statements of financial position as of July 31, 2020 and 2019, 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.

Auditor's 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 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 Atlanta, Inc. as of July 31, 2020 and 2019, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 2, 2020

HANDS ON ATLANTA, INC.

STATEMENTS OF FINANCIAL POSITION JULY 31, 2020 AND 2019

ASSETS	2020	2019
Current assets		
Cash	\$ 1,016,294	\$ 185,822
Promises to give, net	287,843	325,864
Prepaid expenses	33,086	16,638
Prepaid rent	85,000	85,000
Investments	2,840	2,639
Total current assets	1,425,063	615,963
Property and equipment		
Furniture and equipment	281,948	285,230
Leasehold improvements	220,627	220,627
Vehicles	37,687	37,687
Less accumulated depreciation	(275,713)	(232,755)
Total property and equipment, net	264,549	310,789
Noncurrent assets		
Noncurrent prepaid rent	1,290,538	1,375,538
Total noncurrent assets	1,290,538	1,375,538
Total assets	\$ 2,980,150	\$ 2,302,290
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 7,973	\$ 32,132
Deferred revenue	272,587	190,082
Accrued expenses	42,403	25,023
Total current liabilities	322,963	247,237
Noncurrent liabilities		
Loan payable	202,507	-
Total noncurrent liabilities	202,507	-
Total liabilities	\$ 525,470	\$ 247,237
Net assets		
Without donor restrictions	2,244,540	1,983,321
With donor restrictions	210,140	71,732
Total net assets	2,454,680	2,055,053
Total liabilities and net assets	\$ 2,980,150	\$ 2,302,290

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JULY 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions	\$ 1,225,483	\$ 304,669	\$ 1,530,152	\$ 904,811	\$ 404,673	\$ 1,309,484
Government grants	891,295	-	891,295	814,619	-	814,619
Program revenue	430,176	-	430,176	474,888	-	474,888
Special event income	32,726	-	32,726	130,796	-	130,796
Other income	28,704	-	28,704	7,663	-	7,663
Interest income	9	-	9	73	-	73
Total revenues	<u>2,608,393</u>	<u>304,669</u>	<u>2,913,062</u>	<u>2,332,850</u>	<u>404,673</u>	<u>2,737,523</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>166,261</u>	<u>(166,261)</u>	<u>-</u>	<u>551,113</u>	<u>(551,113)</u>	<u>-</u>
EXPENSES						
School-based and youth programs	992,535	-	992,535	1,037,548	-	1,037,548
General programs	800,339	-	800,339	950,395	-	950,395
Total programs	<u>1,792,874</u>	<u>-</u>	<u>1,792,874</u>	<u>1,987,943</u>	<u>-</u>	<u>1,987,943</u>
Supporting services:						
Fundraising	307,713	-	307,713	381,994	-	381,994
General and administrative	412,848	-	412,848	382,842	-	382,842
Total operating expenses	<u>2,513,435</u>	<u>-</u>	<u>2,513,435</u>	<u>2,752,779</u>	<u>-</u>	<u>2,752,779</u>
CHANGE IN NET ASSETS	<u>261,219</u>	<u>138,408</u>	<u>399,627</u>	<u>131,184</u>	<u>(146,440)</u>	<u>(15,256)</u>
NET ASSETS						
Beginning of year	<u>1,983,321</u>	<u>71,732</u>	<u>2,055,053</u>	<u>1,852,137</u>	<u>218,172</u>	<u>2,070,309</u>
NET ASSETS						
End of year	<u>\$ 2,244,540</u>	<u>\$ 210,140</u>	<u>\$ 2,454,680</u>	<u>\$ 1,983,321</u>	<u>\$ 71,732</u>	<u>\$ 2,055,053</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JULY 31, 2020

	School-based and Youth Programs	General Programs	Total Programs	Supporting Services		Totals
				Fundraising	General and Administrative	
Salaries and stipends	\$ 704,782	\$ 360,875	\$ 1,065,657	\$ 183,877	\$ 237,712	\$ 1,487,246
Payroll taxes	53,543	27,113	80,656	13,128	15,795	109,579
Employee benefits	101,619	35,755	137,374	18,225	25,061	180,660
Program supplies	16,861	88,045	104,906	1,584	677	107,167
Printing	820	1,673	2,493	1,676	1,447	5,616
Transportation	2,512	5,304	7,816	299	952	9,067
Administrative	7,702	19,644	27,346	13,462	11,128	51,936
Consulting fees/contract labor	21,652	29,136	50,788	48,203	10,825	109,816
Depreciation	9,829	22,907	32,736	6,156	10,644	49,536
Insurance	3,649	16,578	20,227	2,375	6,982	29,584
Interest	-	57	57	-	528	585
Occupancy	-	502	502	-	-	502
Office supplies	309	805	1,114	144	4,108	5,366
Postage and delivery	483	741	1,224	566	753	2,543
Professional fees	-	-	-	-	59,687	59,687
Program expense	27,602	48,654	76,256	309	4,409	80,974
Project expense	-	15,025	15,025	-	2,400	17,425
Recruitment	100	-	100	288	-	388
Rent	21,218	118,048	139,266	13,822	15,480	168,568
Telephone and utilities	5,514	8,546	14,060	3,578	4,242	21,880
Training	14,340	931	15,271	21	18	15,310
	<u>\$ 992,535</u>	<u>\$ 800,339</u>	<u>\$ 1,792,874</u>	<u>\$ 307,713</u>	<u>\$ 412,848</u>	<u>\$ 2,513,435</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JULY 31, 2019

	School-based and Youth Programs	General Programs	Total Programs	Supporting Services		Totals
				Fundraising	General and Administrative	
Salaries and stipends	\$ 704,269	\$ 416,863	\$ 1,121,132	\$ 214,775	\$ 222,868	\$ 1,558,775
Payroll taxes	53,608	31,064	84,672	14,785	15,374	114,831
Employee benefits	97,296	36,487	133,783	14,381	19,791	167,955
Program supplies	29,615	190,911	220,526	655	-	221,181
Printing	1,676	2,846	4,522	3,640	2,193	10,355
Transportation	5,502	7,462	12,964	234	2,663	15,861
Administrative	2,355	4,292	6,647	17,052	8,486	32,185
Bad debt expense	4,105	-	4,105	11,856	-	15,961
Consulting fees/contract labor	49,332	27,918	77,250	49,392	26,891	153,533
Depreciation	7,880	25,431	33,311	5,279	8,417	47,007
Insurance	3,083	14,469	17,552	2,235	15,585	35,372
Interest	-	-	-	-	2,915	2,915
Occupancy	-	-	-	250	-	250
Office supplies	465	59	524	198	9,908	10,630
Postage and delivery	468	825	1,293	1,009	470	2,772
Professional fees	-	-	-	-	16,003	16,003
Program expense	42,342	26,008	68,350	6,377	2,855	77,582
Project expense	-	40,732	40,732	23,045	-	63,777
Recruitment	100	-	100	812	-	912
Rent	17,008	116,038	133,046	12,415	23,106	168,567
Telephone and utilities	4,601	7,851	12,452	3,405	5,195	21,052
Training	13,843	1,139	14,982	199	122	15,303
	<u>\$ 1,037,548</u>	<u>\$ 950,395</u>	<u>\$ 1,987,943</u>	<u>\$ 381,994</u>	<u>\$ 382,842</u>	<u>\$ 2,752,779</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 399,627</u>	<u>\$ (15,256)</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	49,536	47,007
Amortization of prepaid rent	85,000	85,000
Decrease (increase) in promises to give	38,021	(94,863)
(Increase) in prepaid expenses	(16,448)	(2,718)
(Increase) in investments	(201)	(2,639)
(Decrease) in accounts payable	(24,159)	(177,180)
Increase in deferred revenue	82,505	145,370
Increase (decrease) in accrued expenses	<u>17,380</u>	<u>(34,849)</u>
Net cash provided by (used in) operating activities	<u>631,261</u>	<u>(50,128)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,114)	(3,707)
Proceeds from the disposal of property and equipment	<u>2,818</u>	<u>-</u>
Net cash (used in) investing activities	<u>(3,296)</u>	<u>(3,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	202,507	-
Proceeds from line of credit	-	359,194
Payments on line of credit	<u>-</u>	<u>(401,194)</u>
Net cash provided by (used in) financing activities	<u>202,507</u>	<u>(42,000)</u>
Net increase (decrease) in cash and cash equivalents	<u>830,472</u>	<u>(95,835)</u>
Cash and cash equivalents, beginning of year	<u>185,822</u>	<u>281,657</u>
Cash and cash equivalents, end of year	<u>\$ 1,016,294</u>	<u>\$ 185,822</u>
CLASSIFIED AS:		
Operating cash	1,015,794	147,322
Restricted deposits or funded reserves	500	38,500
Cash and cash equivalents, end of year	<u>\$ 1,016,294</u>	<u>\$ 185,822</u>

See Notes to Financial Statements.

HANDS ON ATLANTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of business:

Hands On Atlanta, Inc. ("HOA") was incorporated in 1989 under the Georgia Nonprofit Corporation Act and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified HOA as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code which allows donors to take the maximum charitable contribution deduction.

HOA is a service organization that promotes direct community engagement by individuals interested in volunteering in Atlanta, Georgia. HOA has established a large base of volunteers by offering a diversity of community service projects and the ability to flexibly schedule volunteer time. HOA also develops and coordinates volunteer projects for corporations or groups by acting as an intermediary between the group and the many Atlanta service agencies in need of assistance. HOA offers its volunteers an array of projects, including tutoring and mentoring underprivileged children, promoting family literacy, providing food assistance for low income families, and renovating schools and community centers. In addition, HOA provides advisory and consultation services to nearly 100 other nonprofit organizations to help them execute their missions.

HOA's largest program is supported by a federal grant funded through the Georgia Department of Community Affairs using AmeriCorps USA funds. The grant represented 14% and 15% of total revenue for the years ended July 31, 2020 and 2019, respectively. AmeriCorps members work in Atlanta schools as teacher assistants, tutors, and social and emotional mentors. The program provides children living in impoverished communities cultural and educational opportunities as well as role models. AmeriCorps members also lead, develop, and participate in service projects to improve the communities surrounding the schools. The grant received and costs incurred for this program are based on the number of members working each grant period.

Significant accounting policies:

Basis of accounting and presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Classification of net assets:

HOA presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Financial Statements for Not-For-Profit Organizations*. Under this guidance, HOA is required to report information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. It is the policy of the board of directors to review their financial standing from time to time and to designate sums of net assets without donor restrictions for specific efforts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies: (Continued)

Classification of net assets: (continued)

Net assets with donor restriction - Net assets subject to donor-imposed stipulations that are expected to be met either by actions of HOA and/or the passage of time and net assets subject to donor-imposed stipulations that are required to be maintained permanently by HOA. Generally, the donors of these assets permit HOA to use all or part of the income earned on related investments for general or specific purposes. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions and promises to give:

HOA records contributions of cash and other assets as income without donor restrictions unless specifically restricted by the donor. Restricted contributions are recorded as an increase in net assets with donor restrictions, depending on the nature of the donor restriction. When the donor stipulation expires, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported as net assets released from donor restrictions.

HOA records promises to give if the promise is unconditional. Additionally, promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. Provision for uncollectible accounts are provided by using the allowance method based on management estimates and past experience.

Functional expenses:

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

HOA allocates administrative costs such as rent, office supplies, printing, insurance, and telephone to various programs based on direct salaries and stipends charged to the program compared to total salaries and stipends charged to all programs.

Donated materials and contributed services:

HOA records donated materials if the fair market value of the donated items is readily available. HOA recorded donated materials, telephone, advertising, and transportation of \$81,483 and \$31,951 for the years ended July 31, 2020 and 2019, respectively.

HOA receives contributed services from individuals and companies in the form of clerical work, legal, computer, and other services relating to most programs. Contributed services are only recorded if the service is specialized and HOA would have purchased the service had it not been contributed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies: (Continued)

Prepaid rent:

HOA received 25 years of prepaid rent as a portion of the sale of its building during 2012. HOA is amortizing this rent on the straight line basis each month over the life of the prepaid rent.

Deferred revenue:

Revenue is recognized when earned. Deferred revenue represents revenue received in advance. There was deferred revenue of \$272,587 and \$190,082 as of July 31, 2020 and 2019, respectively.

Property and equipment:

Purchased property and equipment are recorded at cost, and donated assets are recorded at their estimated fair market value at the date of donation. Property and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives of the assets range from three to fifteen years. Depreciation expense for the years ended July 31, 2020 and 2019 was \$49,536 and \$47,007, respectively.

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 reporting amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes:

HOA is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

HOA accounts for uncertain tax positions in accordance with accounting standards that provide guidance on when uncertain tax positions are recognized in an entity's financial statements and how the values of these positions are determined. No liability has been recorded as of July 31, 2020 and 2019 due to uncertain tax positions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies: (Continued)

Accounting pronouncements:

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB Accounting Standards Codification (ASC) Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The ASU is effective for fiscal years beginning after December 15, 2020. HOA will implement the provisions of ASU 2016-02 during fiscal year 2022 and will evaluate the standard and determine any effect on policies and procedures.

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue. HOA adopted ASU 2014-09 during the year ended July 31, 2020. The adoption of ASU 2014-09 did not have an impact on the timing of revenue recognition.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. HOA adopted the provisions of this new standards during the year ended July 31, 2020. The update requires that the statement of cash flows explains the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning of year and end of year cash total amounts shown on the statement of cash flows. The accompanying information from the 2019 financial statements has been adjusted to conform to the 2020 presentation and disclosure requirements of ASU 2016-18. This adjustment did not have an effect on total net assets or the change in net assets for 2019.

June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958 or as exchange transactions (reciprocal) subject to ASC Topic 606. The Organization adopted ASU 2018-08 during the year ended July 31, 2020. The adoption of ASU 2018-08 did not have an impact on the timing of recognition of contribution revenue

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position, comprise of the following:

	2020	2019
Cash	\$ 805,654	\$ 114,090
Promises to give	287,843	325,864
Investments	2,840	2,639
	\$ 1,096,337	\$ 442,593

HOA manages its liquidity by developing annual budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

NOTE 3. CONCENTRATIONS OF CASH

HOA maintains deposit accounts at two banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances exceed insured amounts from time to time. Management does not believe it is exposed to significant credit risk on cash and cash equivalents.

NOTE 4. PROMISES TO GIVE

Promises to give consisted of the following at July 31, 2020 and 2019:

	2020	2019
Promises to give due in less than one year	\$ 292,843	\$ 330,864
Less allowance for uncollectible accounts	(5,000)	(5,000)
Promises to give, net	\$ 287,843	\$ 325,864

NOTE 5. PREPAID RENT

On October 6, 2011, Hands On Atlanta sold its Atlanta, GA building to Points of Light Foundation. Part of that sale included \$2,125,000 in prepaid rent attributable to Hands On Atlanta to be amortized over future months. Total prepaid rent remaining as of July 31, 2020 and 2019 is \$1,375,538 and \$1,460,538, respectively.

NOTE 6. LEASES

HOA has operating lease agreements through fiscal year 2021 for office equipment. Future minimum lease payments are as follows:

During the year ending July 31,	
2021	\$ 8,426
Total minimum future lease payments	\$ 8,426

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN

HOA offers a 403(b) salary reduction plan that covers all employees who work a minimum of 1,000 hours per year. After one year of service, HOA will match 50% of the participant's salary reduction contributions up to a maximum of 2.5% of the participant's annual salary. HOA's contributions for the years ended July 31, 2020 and 2019 were \$15,144 and \$17,167, respectively.

NOTE 8. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows for the years ended July 31, 2020 and 2019:

	2020	2019
Family support & self sufficiency	\$ 82,295	\$ 68,636
Nonprofit capacity	67,251	138,742
Youth education	16,715	139,938
Management and general services	-	30,625
25th anniversary campaign	-	173,172
	\$ 166,261	\$ 551,113

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose:		
Youth education	\$ 81,155	\$ 35,000
Nonprofit capacity building	78,726	35,630
Family support & self sufficiency	50,259	1,102
	\$ 210,140	\$ 71,732

Net assets with donor restrictions as of July 31, 2020 and 2019 consisted of cash.

NOTE 10. LINE OF CREDIT

HOA entered into a \$225,000 line of credit agreement with a financial institution to provide working capital for the organization. The line bears interest at the rate of One Month Libor Rate plus 2% and matures on April 17, 2021. The balance due on the line was \$- as of July 31, 2020 and 2019. The line is collateralized by the equipment of HOA.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. LOAN PAYABLE

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act. One component of the CARES Act was the paycheck protection program (“PPP”) which provides small businesses with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. HOA applied for and was accepted to participate in this program. On April 16, 2020, HOA received funding for \$202,507.

The loan is a 2 year loan with a maturity date of April 16, 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first six monthly payments deferred. It is the HOA’s intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. Hands On Atlanta, Inc. is eligible for loan forgiveness in an amount equal to payments made during the 24 week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses.

HOA has recognized the funds as a loan payable at July 31, 2020.

NOTE 12. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of COVID-19 coronavirus, economic uncertainties could arise which may negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at the time.

NOTE 13. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through December 2, 2020, which represents the date the financial statements were available to be issued.