

HANDS OF LOVE FOUNDATION, INC.

FINANCIAL STATEMENTS

For the Year Ended April 30, 2019

with
Independent Auditor's Report

Hands of Love Foundation, Inc.

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April 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hands of Love Foundation, Inc.

We have audited the accompanying financial statements of Hands of Love Foundation, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—cash basis as of April 30, 2019, and the related statement of support, revenue, and expenses—cash basis for the year 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audit. We conducted our audit 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 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 controls relevant to the Organization'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 Organization'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Hands of Love Foundation, Inc. as of April 30, 2019, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Geeslin Group LLC

GEESLIN GROUP LLC

Peachtree City, Georgia
February 8, 2020

Hands of Love Foundation, Inc.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – CASH BASIS

April 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	<u>\$ 125,428</u>
Total current assets	<u>125,428</u>

TOTAL ASSETS

\$ 125,428

NET ASSETS

Net assets without donor restrictions	36,020
Net assets with donor restrictions	<u>89,408</u>
Total net assets	<u>125,428</u>

TOTAL NET ASSETS

\$ 125,428

See accompanying notes.

Hands of Love Foundation, Inc.

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES – CASH BASIS

For the Year Ended April 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Contributions and grants	\$ 244,332	\$ 1,312,915	\$ 1,557,247
Net assets released from restrictions	1,296,288	(1,296,288)	-
Total operating revenues	<u>1,540,620</u>	<u>16,627</u>	<u>1,557,247</u>
Other income	<u>49</u>	<u>-</u>	<u>49</u>
Total revenue, support, and gains	<u>1,540,669</u>	<u>16,627</u>	<u>1,557,296</u>
OPERATING EXPENSES			
Program services	1,507,878	-	1,507,878
General and administrative	130,077	-	130,077
Fundraising	3,033	-	3,033
Total operating expenses	<u>1,640,987</u>	<u>-</u>	<u>1,640,987</u>
Change in net assets	(100,318)	16,627	(83,691)
Net assets, beginning of year	<u>136,338</u>	<u>72,781</u>	<u>209,119</u>
NET ASSETS, END OF YEAR	<u>\$ 36,020</u>	<u>\$ 89,408</u>	<u>\$ 125,428</u>

See accompanying notes.

Hands of Love Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS

For the Year Ended April 30, 2019

EXPENSES	Program Services	General and Administrative	Fundraising	Total
Payroll	\$ 49,983	\$ 49,983	\$ -	\$ 99,966
Payroll taxes	7,648	7,648	-	15,295
Total personnel costs	57,631	57,631	-	115,261
Grants and foreign assistance	1,090,897	-	-	1,090,897
Missionary expenses	346,337	-	-	346,337
Contract labor	12,463	12,463	-	24,926
Professional fees	550	-	-	550
Fundraising	-	-	3,033	3,033
Fees	-	17,782	-	17,782
Office expense	-	11,618	-	11,618
Travel	-	21,589	-	21,589
Postage	-	654	-	654
Insurance	-	922	-	922
Website	-	7,200	-	7,200
Miscellaneous	-	218	-	218
TOTAL EXPENSES	<u>\$ 1,507,878</u>	<u>\$ 130,077</u>	<u>\$ 3,033</u>	<u>\$ 1,640,987</u>

See accompanying notes.

Hands of Love Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hands of Love Foundation Inc. (Hands of Love or the Organization) is a nonprofit organization founded in the 2008 with a mission to nurture, educate and empower Uganda's destitute children to become strong Christian leaders by developing a community of support in the United States for Hands of Love Uganda. The Organization operates in the United States but exists to support affiliated organizations in Uganda.

Basis of Accounting

The Organization prepares its financial statements using the cash basis of accounting. Under this basis of accounting accrued income and expenses, accounts payable and deferred expenses are not reflected in the financial statements. This presentation of financial statements is not intended to conform with generally accepted accounting principles.

Use of Estimates

The financial statements include the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

As required by the “Financial Statements of Not-For-Profit Organizations” topic of FASB Accounting Standards Codification, The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization had net assets with donor restrictions on April 30, 2019.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Uninsured Cash Balances

The Organization maintains cash balances in multiple accounts at a single institution with amounts that are periodically in excess of federal insurance coverage.

Hands of Love Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Contributions

The Organization reports contributions in accordance with Financial Standards Accounting Board ASC 958-605, “*Accounting for Contributions Received*” whereby contributions received are recorded as restricted or unrestricted support. A not-for-profit entity shall distinguish between contributions received with donor-imposed restrictions and those received without donor-imposed restrictions. Contributions without donor-imposed restrictions shall be reported as unrestricted support that increases unrestricted net assets. Promises to give without a stipulated due date and for which the Organization has met all conditions precedent to receipt of the contribution prior to the Organization’s fiscal year-end are classified as unrestricted net assets.

A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the time and/or purpose of the restrictions, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions.

Income Taxes

The Organization is exempted from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that the Organization is not a private foundation as defined by Section 509(a)(1) of the code. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements or any tax year still open to taxing authorities.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Hands of Love Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Fair Value Measurement

The Organization has adopted FASB ASC 820-10, “*Fair Value Measurements*” which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization’s assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date. All of the Organization’s investments are Level 1 assets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Hands of Love Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

NOTE 2 – CONCENTRATIONS

The Organization receives contributions directly from individuals and other organizations to fund its mission and operations. For the year ended April 30, 2019 the Organization received contributions from over 1,200 donors with no single donor being responsible for more than 5.5% of the Organization's total support.

NOTE 3 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through February 8, 2020, which is the date that the financial statements were available to be issued and determined that none of the events occurring after April 30, 2019 substantially affects the amounts, presentation, and disclosure of the accompanying financial statements.

NOTE 4 – CASH AND CASH EQUIVALENTS

At April 30, 2019, Hands Of Love Foundation's cash consisted of \$36,020 without donor restrictions and \$89,408 had donor imposed restrictions. The amount of cash on hand is always in excess of amounts required to meet imposed restrictions.

Hands of Love Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2019

NOTE 5 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position. The Organization had \$36,020 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents and the unrestricted portion of the Organization's investments. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets available within one year of the balance sheet dates for designated expenditures are as follows:

Cash and cash equivalents	<u>\$ 125,428</u>
Total liquid assets	<u>125,428</u>
Less net assets with restrictions	(89,408)
Financial assets available to meet cash needs within one year	<u><u>\$ 36,020</u></u>