

**HANDS OF LOVE FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended April 30, 2020**

with  
Independent Auditor's Report

# Hands of Love Foundation, Inc.

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April 30, 2020

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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 financial position as of April 30, 2020, and the related statements of activities, functional expenses, and cash flows 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 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 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 financial position of Hands of Love Foundation, Inc. as of April 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Geeslin Group LLC*

GEESLIN GROUP LLC

Peachtree City, Georgia  
February 9, 2021

**Hands of Love Foundation, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**April 30, 2020**

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ASSETS	
Current Assets	
Cash and cash equivalents	<u>\$ 171,687</u>
Total current assets	<u>171,687</u>
TOTAL ASSETS	<u>\$ 171,687</u>
NET ASSETS	
Net assets without donor restrictions	7,530
Net assets with donor restrictions	<u>164,157</u>
Total net assets	<u>171,687</u>
TOTAL NET ASSETS	<u>\$ 171,687</u>

See accompanying notes.

# Hands of Love Foundation, Inc.

## STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions and grants	\$ 223,286	\$ 1,413,967	\$ 1,637,253
Net assets released from restrictions	1,339,218	(1,339,218)	-
Total operating revenues	<u>1,562,504</u>	<u>74,749</u>	<u>1,637,253</u>
Other income	<u>93</u>	<u>-</u>	<u>93</u>
Total revenue, support, and gains	<u>1,562,597</u>	<u>74,749</u>	<u>1,637,346</u>
OPERATING EXPENSES			
Program services	1,425,848	-	1,425,848
General and administrative	161,445	-	161,445
Fundraising	3,794	-	3,794
Total operating expenses	<u>1,591,087</u>	<u>-</u>	<u>1,591,087</u>
Change in net assets	(28,490)	74,749	46,259
Net assets, beginning of year	<u>36,020</u>	<u>89,408</u>	<u>125,428</u>
NET ASSETS, END OF YEAR	<u>\$ 7,530</u>	<u>\$ 164,157</u>	<u>\$ 171,687</u>

See accompanying notes.

**Hands of Love Foundation, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended April 30, 2020**

EXPENSES	Program Services	General and Administrative	Fundraising	Total
Payroll	\$ 80,452	\$ 80,452	\$ -	\$ 160,904
Payroll taxes	6,176	6,176	-	12,352
Total personnel costs	86,628	86,628	-	173,256
Grants and foreign assistance	1,001,294	-	-	1,001,294
Missionary expenses	337,926	-	-	337,926
Professional fees	-	7,000	-	7,000
Fundraising	-	-	3,794	3,794
Fees	-	18,069	-	18,069
Office expense	-	17,728	-	17,728
Travel	-	22,128	-	22,128
Postage	-	806	-	806
Insurance	-	922	-	922
Website	-	7,200	-	7,200
Miscellaneous	-	964	-	964
<b>TOTAL EXPENSES</b>	<b>\$ 1,425,848</b>	<b>\$ 161,445</b>	<b>\$ 3,794</b>	<b>\$ 1,591,087</b>

See accompanying notes.

# Hands of Love Foundation, Inc.

## STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2020

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Cash flows from operating activities	
Change in net assets	<u>\$ 46,259</u>
Net cash provided by operating activities	<u>46,259</u>
Cash flows from investing activities	
Net cash provided by investing activities	<u>-</u>
Cash flows from financing activities	
Net cash provided by financing activities	<u>-</u>
Net increase in cash and cash equivalents	46,259
Cash and cash equivalents, beginning of year	<u>125,428</u>
Cash and cash equivalents, end of year	<u><u>\$ 171,687</u></u>

See accompanying notes.

# **Hands of Love Foundation, Inc.**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended April 30, 2020**

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### **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 accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

#### 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, 2020.

#### 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.

#### 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.

# Hands of Love Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2020

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### 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.

#### 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.

#### 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.

# **Hands of Love Foundation, Inc.**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended April 30, 2020**

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### **NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING**

#### Change in Accounting Method

For the year ended April 30, 2020, the Hands of Love Foundation changed its method of accounting from cash basis to accrual accounting. This change complies with requirements by entities which the Organization receives certification.

The change in accounting principle was adopted retrospectively in the year beginning May 1, 2019. For the year ended April 30, 2019, the effect of adopting the new accounting principle had no effect on the recognition of contributions or expenses. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or with donor restrictions as of May 1, 2019.

### **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, 2020 the Organization received contributions from over 1,100 donors with no single donor being responsible for more than 5% of the Organization's total support.

### **NOTE 3 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions that occurred between April 30, 2020, and the date of the auditor's report, which is the date that the financial statements were available to be issued for possible recognition or disclosure in the financial statements.

On January 30, 2020 the World Health Organization declared the recent coronavirus disease 2019 ("COVID-19") outbreak was a global health emergency. On March 2020, the World Health Organization raised the COVID-19 outbreak to "pandemic" status. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on donors and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

### **NOTE 4 – CASH AND CASH EQUIVALENTS**

At April 30, 2020, Hands Of Love Foundation's cash consisted of \$7,530 without donor restrictions and \$164,157 had donor imposed restrictions. The amount of cash on hand is typically in excess of amounts required to meet imposed restrictions.

# Hands of Love Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2020

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### 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 \$7,530 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>\$ 171,687</u>
Total liquid assets	<u>171,687</u>
Less net assets with restrictions	(164,157)
Financial assets available to meet cash needs within one year	<u><u>\$ 7,530</u></u>