

**HANDS OF LOVE FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended April 30, 2021**

with  
Independent Auditor's Report

# Hands of Love Foundation, Inc.

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April 30, 2021

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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, 2021, 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, 2021, 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  
December 1, 2021

**Hands of Love Foundation, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**April 30, 2021**

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ASSETS	
Current Assets	
Cash and cash equivalents	\$ 610,024
Total current assets	<u>610,024</u>
TOTAL ASSETS	<u>\$ 610,024</u>
CURRENT LIABILITIES	
Accrued payables	<u>5,149</u>
Total current liabilities	<u>5,149</u>
TOTAL LIABILITIES	<u>\$ 5,149</u>
NET ASSETS	
Net assets without donor restrictions	113,281
Net assets with donor restrictions	<u>491,594</u>
Total net assets	<u>604,875</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 610,024</u>

See accompanying notes.

# Hands of Love Foundation, Inc.

## STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2021

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Contributions and grants	\$ 296,172	\$ 1,479,378	\$ 1,775,550
Net assets released from restrictions	1,151,941	(1,151,941)	-
Total operating revenues	<u>1,448,113</u>	<u>327,437</u>	<u>1,775,550</u>
Other income	<u>120</u>	<u>-</u>	<u>120</u>
Total revenue, support, and gains	<u>1,448,233</u>	<u>327,437</u>	<u>1,775,670</u>
OPERATING EXPENSES			
Program services	1,204,725	-	1,204,725
General and administrative	136,291	-	136,291
Fundraising	1,466	-	1,466
Total operating expenses	<u>1,342,482</u>	<u>-</u>	<u>1,342,482</u>
Change in net assets	105,751	327,437	433,188
Net assets, beginning of year	7,530	164,157	171,687
NET ASSETS, END OF YEAR	<u>\$ 113,281</u>	<u>\$ 491,594</u>	<u>\$ 604,875</u>

See accompanying notes.

**Hands of Love Foundation, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended April 30, 2021**

EXPENSES	Program Services	General and Administrative	Fundraising	Total
Payroll	\$ 74,952	\$ 74,952	\$ -	\$ 149,904
Payroll taxes	5,734	5,734	-	11,468
Total personnel costs	80,686	80,686	-	161,372
Bad debt expense	-	5,320	-	5,320
Fees	-	18,146	-	18,146
Fundraising	-	-	1,466	1,466
Grants and foreign assistance	1,124,039	-	-	1,124,039
Insurance	-	922	-	922
Miscellaneous	-	7,070	-	7,070
Missionary expenses	-	-	-	-
Office expense	-	5,402	-	5,402
Postage	-	1,728	-	1,728
Printing	-	2,976	-	2,976
Professional fees	-	8,000	-	8,000
Travel	-	41	-	41
Website	-	6,000	-	6,000
<b>TOTAL EXPENSES</b>	<b>\$ 1,204,725</b>	<b>\$ 136,291</b>	<b>\$ 1,466</b>	<b>\$ 1,342,482</b>

See accompanying notes.

# Hands of Love Foundation, Inc.

## STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2021

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Cash flows from operating activities	
Change in net assets	<u>\$ 433,188</u>
Change in:	
Liabilities	<u>5,149</u>
Net cash provided by operating activities	<u>438,337</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	438,337
Cash and cash equivalents, beginning of year	<u>171,687</u>
Cash and cash equivalents, end of year	<u>\$ 610,024</u>

See accompanying notes.

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

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended April 30, 2021**

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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 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, 2021.

#### 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, 2021

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

#### 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.

#### 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.

# Hands of Love Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2021

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### 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.

Net Assets	
Without donor restrictions	\$ 113,281
With donor restrictions	<u>491,594</u>
Total net assets	<u>\$ 604,875</u>

### 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, 2021 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 – CASH AND CASH EQUIVALENTS

At April 30, 2021, Hands of Love Foundation's cash consisted of \$113,281 without donor restrictions and \$491,595 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, 2021**

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### **NOTE 4 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions that occurred between April 30, 2021, 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.

Management has evaluated events and transactions that occurred between April 30, 2021 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. As a condition of the relationship between Hands of Love USA and Hands of Love Uganda, the Organization required that it's partners in Uganda provide specific information and accounting for how grants made to Hands of Love Uganda are being used. Beginning in the summer of 2019, Hands of Love Uganda has provided only limited information and documentation. The COVID-19 pandemic amplified the challenge in obtaining this information from Hands of Love Uganda. By October 2021, the delay and lack of responsiveness from Hands of Love Uganda led Hands of Love USA to pause receiving donations until confidence can be restored that grants sent to Uganda are used for their intended purpose.

### **NOTE 5 – OTHER DISCLOSURES**

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. For the year ended April 30, 2021, the Organization was unable to perform certain missionary activities safely due to COVID-19. As a result, there was no missionary income or expense for the year.

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.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act, was signed into law. One component of the CARES Act was the Paycheck Protection Program ("PPP") which provides small business 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 the Treasury. The Organization applied for and was accepted to participate in this program.

In June 2020, the Organization received of a PPP loan for \$31,050. As a component of PPP, if the Organization spends at least as much of the loan proceeds on qualified payroll and applicable overhead during the covered period as defined, the SBA will forgive the entire amount of the loan, included accrued interest. The PPP loan was accounted for as a restricted grant and released as expenses were incurred. Subsequent to year end, the loan was fully forgiven as of May 27, 2021.

# Hands of Love Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended April 30, 2021

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### NOTE 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 date of the statement of financial position. The Organization had \$118,430 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>\$ 610,024</u>
Total liquid assets	<u>610,024</u>
Less net assets with restrictions	(491,594)
Financial assets available to meet cash needs within one year	<u><u>\$ 118,430</u></u>