MOSES & MOSES
CERTIFIED PUBLIC ACCOUNTANTS, INC.

To the Board of Directors
HandsOn River Region.
Montgomery, Alabama

In planning and performing our audit of the financial statements of HandsOn River Region as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered HandsOn River Region internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in HandsOn River Region's internal control to be significant deficiencies:

1) Lack of Segregation of Duties

   One of the basic elements of internal accounting control involves segregation of duties in such a manner in which the work of one employee is checked by others, and the responsibilities for custody of assets is not placed with the same employees that maintain the accounting records. When segregation of duties is inadequate, the risk that intentional fraud or unintentional errors could occur and not be detected increases. Due to the Organization's limited number of personnel, segregation of duties is not always possible; however, the Organization has in place accounting policies and procedures that are designed so that the work of one individual is either independent of or serves to check on the work of another. Such arrangements reduce the risk of undetected error and limit opportunities to misappropriate assets or conceal intentional misstatements in the financial statements. In particular, the use of other department personnel to perform key functions and utilization of the Executive Director and heavy Board involvement can help achieve segregation in key areas. It is vital that the Executive Director, Treasurer, Finance committee and the Board remain actively involved in the oversight of the financial matters of the Organization considering the limitation in accounting staff size.

   During the audit period September, 30, 2019 some key procedures outlined in the Organization's Accounting & Procurement Policy & Procedures Manual related to payroll and the financial statement preparation process led to a lack of segregation of duties. We recommend review of the accounting policy and procedures manual and implementation of those compensating controls to assist in prevention of the significant deficiencies discussed below.

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2.) We noted improper classification of contributions between restricted and unrestricted:

The Organizations has controls in place to properly classify revenue between unrestricted and restricted contributions. In the past these controls have worked properly. However, contributions of $5,000 and $2,500 during the current fiscal year were not properly classified as temporarily restricted and were incorrectly classified as unrestricted. The Organization could benefit from a review of contribution classification on a monthly or bimonthly basis to assure that contributions are properly classified. Recommendations would be to have the individual responsible for writing up the deposits note any restrictions and attach to the record of the deposit for the accounting staff to record. In addition, the treasurer should be provided this same information so proper recording can be verified during the review of the financial statements.

This communication is intended solely for the information and use of management and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

MOSES & MOSES
CERTIFIED PUBLIC ACCOUNTANTS, INC.

Moses and Moses
Certified Public Accountants Inc.

Montgomery, Alabama

August 14, 2020

MOSES & MOSES

CERTIFIED PUBLIC ACCOUNTANTS, INC.

To the Board of Directors
HandsOn River Region
Montgomery, Alabama

We have audited the financial statements of HandsOn River Region for the year ended September 30, 2019, and have issued our report thereon dated August 14, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by HandsOn River Region, are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Organization adopted FASB Account Standards Update (ASU) No. 2016-14 – *Not-for-profits (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities.* ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. This update addresses the complexity and understandability of net asset classification, deficiencies in formation about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The application of existing policies was not changed during the year ended September 30, 2019. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 14, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit we encountered certain issues that we consider to be significant deficiencies in internal control over financial reporting. These items have been included in our report on internal control dated August 14, 2020 which we feel are significant and relevant to those charged with governance and overseeing the financial reporting process.

Very truly yours,

MOSES & MOSES
CERTIFIED PUBLIC ACCOUNTANTS, INC.

Moses and Moses
Certified Public Accountants Inc.

Montgomery, Alabama

August 14, 2020

HANDSON RIVER REGION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

HANDSON RIVER REGION
MONTGOMERY, ALABAMA
SEPTEMBER 30, 2019

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MOSES & MOSES
CERTIFIED PUBLIC ACCOUNTANTS, INC.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HandsOn River Region
Montgomery, Alabama

We have audited the accompanying financial statements of HandsOn River Region (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, 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 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 HandsOn River Region as of September 30, 2019, 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.

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Report on Summarized Comparative Information

We have previously audited the HandsOn River Region's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MOSES & MOSES
CERTIFIED PUBLIC ACCOUNTANTS, INC.

Moses and Moses
Certified Public Accountants, Inc.

Montgomery, Alabama

August 14, 2020

HANDSON RIVER REGION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

		2019		2018
ASSETS:				
Cash and cash equivalents	$	340,324	$	168,706
Certificate of deposit		10,000		-
Receivables		39,718		40,906
Prepaid expenses		4,140		7,063
Investments		-		186,442
Office equipment (net of $113,191 and $102,960 accumulated depreciation, respectively)		10,231		12,715
TOTAL ASSETS		404,413		415,832
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable		7,312		10,034
Payroll withholdings		11,394		15,202
Accrued expenses		5,912		9,365
Deferred revenue		-		2,610
TOTAL LIABILITIES		24,618		37,211
NET ASSETS:				
Net assets without donor restrictions		229,648		228,760
Net assets without donor restrictions-board designated		128,280		128,280
Net assets with donor restrictions		21,867		21,581
TOTAL NET ASSETS		379,795		378,621
TOTAL LIABILITIES AND NET ASSETS	$	404,413	$	415,832

HANDSON RIVER REGION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019 TOTAL	2018 TOTAL
REVENUE, GAINS & OTHER SUPPORT				
Contributions	$ 54,250	$ 56,719	$ 110,969	$ 107,601
In-kind contributions	48,440	-	48,440	41,960
Grants and contracts	-	429,874	429,874	429,905
Sales to the public	911	-	911	3,119
Interest income	5,729	-	5,729	5,307
Miscellaneous income	4,100	-	4,100	4,616
Net assets released from restriction:				
Restrictions satisfied by payments	486,307	(486,307)	-	-
TOTAL REVENUE, GAINS & OTHER SUPPORT	599,737	286	600,023	592,508
EXPENSES				
Program services	585,892	-	585,892	586,410
Fundraising	202	-	202	290
General and administrative	11,628	-	11,628	20,706
TOTAL FUNCTIONAL EXPENSES	597,722	-	597,722	607,406
CHANGE IN NET ASSETS BEFORE	2,015	286	2,301	(14,898)
Gain (Loss) on investments	(1,127)	-	(1,127)	(3,827)
Gain (Loss) on fixed assets	-	-	-	-
CHANGE IN NET ASSETS	888	286	1,174	(18,725)
NET ASSETS AT BEGINNING OF YEAR	357,040	21,581	378,621	397,346
NET ASSETS AT END OF YEAR	$ 357,928	$ 21,867	$ 379,795	$ 378,621

See independent auditor's report and notes to financial statements.

HANDSON RIVER REGION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

	DIRECT PROGRAM			
	VOLUNTEER MANAGEMENT	CHRISTMAS CLEARING HOUSE	TOTAL HANDS ON RIVER REGION	HMIS
Marketing/Outreach	$ 6,973	$ 52	$ 7,025	$ -
Assistance to individuals	-	13,700	13,700	-
Contract labor	-	2,057	2,057	-
Copying and printing	-	-	-	-
Depreciation	238	125	363	965
Disaster recovery	-	-	-	-
Emergency Preparedness	-	-	-	-
Dues	250	-	250	1,075
Equipment rental and maintenance	1,274	154	1,428	3,536
Insurance	-	-	-	1,095
Occupancy	1,934	-	1,934	22,282
Office supplies	132	370	502	486
Partner support	1,500	-	1,500	30
Planning meetings	-	-	-	-
Postage and shipping	263	717	980	22
Printing	807	908	1,715	-
Professional development	-	-	-	6,537
Professional services	-	-	-	4,685
Salaries, taxes, and benefits:				
Major programs	60,167	14,252	74,419	77,131
Software support	3,848	468	4,316	5,736
Support services	1,400	-	1,400	-
Telephone	2,424	441	2,865	5,571
Training	-	62	62	-
Transportation and mileage	924	224	1,148	1,764
Americorps	-	-	-	-
Volunteer recognition	-	-	-	-
Web hosting/computer services	516	-	516	3,791
TOTAL FUNCTIONAL EXPENSES	$ 82,650	$ 33,530	$ 116,180	$ 134,706

See independent auditor's report and notes to financial statements.

SERVICES		SUPPORTING SERVICES		2019 TOTAL	2018 TOTAL
211 CONNECTS	TOTAL DIRECT PROGRAM SERVICES	FUNDRAISING	GENERAL AND ADMINI-STRATIVE	TOTAL ALL FUNCTIONS	TOTAL ALL FUNCTIONS
$ 375	$ 7,400	$ 202	$ -	$ 7,602	$ 730
-	13,700	-	-	13,700	25,179
-	2,057	-	-	2,057	1,485
-	-	-	-	-	-
2,400	3,728	-	1,016	4,744	6,371
6,276	6,276	-	-	6,276	12,105
-	-	-	-	-	-
526	1,851	-	45	1,896	2,020
3,405	8,369	-	36	8,405	9,239
768	1,863	-	-	1,863	3,845
23,312	47,528	-	-	47,528	53,961
1,341	2,329	-	721	3,050	4,087
500	2,030	-	-	2,030	4,039
-	-	-	-	-	-
521	1,523	-	-	1,523	1,253
-	1,715	-	-	1,715	3,583
7,776	14,313	-	-	14,313	15,435
15,269	19,954	-	-	19,954	9,900
250,564	402,114	-	9,569	411,683	404,646
3,673	13,725	-	-	13,725	10,924
-	1,400	-	-	1,400	6,121
8,182	16,618	-	-	16,618	16,641
221	283	-	152	435	1,134
3,158	6,070	-	89	6,159	7,955
450	450	-	-	450	480
-	-	-	-	-	-
6,289	10,596	-	-	10,596	6,273
$ 335,006	$ 585,892	$ 202	$ 11,628	$ 597,722	$ 607,406

HANDSON RIVER REGION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,174	$ (18,725)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unealized loss (gain) on investments	8,752	1,719
Depreciation	4,744	6,371
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:		
Receivables	1,188	7,260
Prepaid expenses	2,923	(2,533)
Accounts payable and accrued expenses	(9,983)	11,267
Deferred revenue	(2,610)	(2,918)
Net cash provided (used) by operating activities	6,188	2,441
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	(10,000)	-
Purchase of equipment	(2,260)	(982)
Investments-net	177,690	(3,107)
Net cash provided (used) by investing activities	165,430	(4,089)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	171,618	(1,648)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	168,706	170,354
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 340,324	$ 168,706

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Organization

HandsOn River Region a non-profit organization (the "Organization"), is designed to direct the efforts and resources of volunteers to the needs of organized agencies and services in the health, recreational, welfare, educational, civic and cultural areas on a community-wide basis.

Major Program Services

2-1-1 Connects South Central Alabama (2-1-1 CSCA)

Provides a 3-digit phone number serving as a first point of contact to "Get Help or to Give Help" within the community. Daily callers are connected to vital community health and human services in an effort to strengthen and empower callers toward self-sufficiency and information regarding volunteer opportunities within the River Region. As part of the 2-1-1 Connects Alabama statewide network of call Organizations, 2-1-1 CSCA is ready to respond before, during, and after a disaster to disseminate critical information about available disaster resources, as well as how one can volunteer in affected areas.

Christmas Clearing House

Annually coordinates the efforts of approximately 75 community service agencies, faith-based organizations and schools to coordinate giving, avoid duplication of effort and assist the area's neediest families during the holiday season.

Volunteer Management

Program serves as a vital collaborative tool linking volunteers to community non-profit and public agencies needing help to strengthen the community in areas of literacy, children and family services, healthcare, environmental issues, disaster response and recovery efforts, etc.

Homeless Management Information Services (HMIS)

In partnership with the Mid-Alabama Coalition for the Homeless (MACH), the Organization coordinates and maintains the Continuum of Care's HMIS program as mandated by the U.S. Congress. The HMIS is a computerized database utilized by 12 homeless service providers to collect unduplicated client information, track services provided and generate reports for MACH, U.S. Department of Housing and Urban Development, and the City of Montgomery.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting. 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. A description of the net asset categories follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Net assets without donor restrictions - Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions may or will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity and only the income generated by the asset can be made available for program operations in accordance with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived. Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2 – Inputs to the valuation methodology include the following:
  - Quoted prices for similar assets or liabilities in active markets,
  - Quoted prices for identical or similar assets or liabilities in inactive markets,
  - Inputs other than quoted prices that are observable for the asset or liability; and
  - Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. All current financial assets held and current financial liabilities assumed by the Organization have fair values that approximate their carrying values.

Cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to give

Unconditional promises to give are recognized as revenues in the period received and as assets (contributions receivable), decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and equipment

Equipment is recorded at cost, or fair market value if donated, less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense totaled $4,744 for the year ended September 30, 2019. The Organization has a policy to capitalize equipment items with a cost or donated fair value greater than or equal to $500.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenues

The Organization accounts for revenue in accordance with FASB ASC 958-505, *Not-for-Profit Entities – Revenue Recognition*. Revenues received are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without

Contributions and Revenues

The Organization accounts for contributions in accordance with FASB ASC 958-505, *Not-for-Profit Entities – Revenue Recognition*. Contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated facilities, materials, and services

Donated facilities and materials are reflected as contributions in the statements of activities at their estimated fair values at the date of receipt. Donated services are recognized as contributions in accordance with FASB ASC 958-605 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When these conditions are met, the fair value of the donated services is reflected as contributions in the statements of activities. No amounts have been reflected in the accompanying financial statements for certain donated volunteer services because they did not qualify for recording under the guidelines of FASB ASC 958-605.

During the year ended September 30, 2019, the Organization received donated goods and services from various donors as follows:

Donor	Donated item	Value
One Roof	HMIS Software	$3,323
Montgomery Area Mental Health Authority	Rent	$35,478
Moses and Moses CPA's Inc.	Auditing Services	$9,639

The preceding non-cash donations were used in providing use of facilities, software to maintain a computerized database for organizations to collect client information, track services and generate reports on those experiencing homelessness, and the provision of professional services.

Functional allocation of expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. Such allocations are determined by the Organization's management on an equitable basis. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based upon program/event codes, estimates of time and effort, and square footage.

Income tax status

As a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code, HandsOn River Region is exempt from federal and state income taxes and is currently classified by the IRS as an entity that is deemed not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and, as such, qualifies for deductible charitable contributions as a publicly supported organization as described in IRS Code Sections 509(a)(1) and 170(b)(1)(A)(vi).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization expenses the production cost of advertising the first time the advertising takes place except for advertising which is deemed to be accredited to future periods. Advertising cost deemed to be accredited to future periods is capitalized and amortized over the expected period of future benefits. There were no capitalized costs for the period presented. Advertising, Marketing, and Outreach expense for the year ended September 30, 2019 was $7,602.

Uncertain tax position

As of September 30, 2019, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements and no interest and penalties related to income taxes. The Organization files Federal Information Return Form 990, which is filed in the United States federal jurisdiction. Tax years that remain subject to examination by this jurisdiction are September 30, 2019, 2018, and 2017.

Recent accounting pronouncements

For the year ended September 30, 2019, the Organization adopted FASB Account Standards Update (ASU) No. 2016-14 – *Not-for-profits (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities.* ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. This update addresses the complexity and understandability of net asset classification, deficiencies in formation about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

Subsequent events

The Organization has evaluated subsequent events through August 14, 2020, which is the date the financial statements were available to be issued.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3 - CASH FLOW INFORMATION

For the year ended September 30, 2019, cash paid for interest and income taxes were $0.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. Financial assets available for general disbursement that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are as follows:

Cash	$340,324
Certificate of deposit	10,000
Receivables	39,718
Prepaid expenses	4,140
Financial assets available to meet cash needs for general disbursement with one year	$394,182

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Management reviews contributions receivable on an annual basis and those considered uncollectible are charged against income. An allowance for uncollectible contributions, if deemed necessary, is based on management's consideration of current relationship with corporate, individual and organization donors and their ability to pay. As of September 30, 2019, management considers all contributions receivable to be collectible. Therefore, no allowance for uncollectible contributions has been made.

NOTE 6 - GRANTS AND CONTRACTS RECEIVABLE

The Organization receives grant funding that covers certain expenses incurred and is received by the Organization on a monthly basis. The Organization recognizes revenue as the funds are expended. As of September 30, 2019, management considers all grants and contracts to be collectible. Therefore, no allowance for uncollectible contributions has been made.

NOTE 7 - RECEIVABLES

The Organization's receivables are composed of the following categories:

Grants receivable	$21,499
Contracts receivable	8,245
Trade receivable	9,974
	$39,718

NOTE 8 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at September 30, 2019, are as follows:

	2019 Fair Value Measurement Using		
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 0	$ 0	$ 0
Mutual Funds	0	0	0
Total	$ 0	$ 0	$ 0

All assets are considered to be assets that fall within the level 1 fair value measurement input and have therefore been valued using a market approach. There were no changes in the valuation techniques during the current year.

Investment income generated by these investments for the year ended September 30, 2019 is comprised of the following:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	$ 2,911	$ -	$ 2,911
Net realized gain (loss) on marketable securities	5,863	-	5,863
Net unrealized gain (loss) on marketable securities	(8,752)	-	(8,752)
Administrative and investment fees	(1,149)	-	(1,149)
Total investment gain (loss) on investments	$ (1,127)	$ -	$ (1,127)

NOTE 9 - DEFERRED REVENUE

The Organization records deferred revenue for the grants and contracts received in advance. Upon revenue recognition criteria being met through fulfilling the service, or contract obligation or, contract revenues. During fiscal 2019 and 2018, the Organization recognized $2,610 and $5,528 respectively, of grant and contract income which was previously deferred. As of September 30, 2019, the Organization had deferred revenue of $0.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are composed of net assets without restrictions as well as those that are designated by the Organization's Board.

Net assets without donor restrictions	$229,648
Net assets without donor restrictions-board designated	128,280
Total net assets without donor restrictions	$357,928

The Organization's Board has standing board policies that affect the presentation of board designation on net assets. Bequests without donor restriction are designated for the purpose of providing a reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. The operating reserve balance totaled $128,280. These designated funds reside in a money market account with Synovus Bank and are available for future operations, disaster recovery and to fund programs in the event that funding from various grants or contributions are cut or discontinued.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Time or purpose restricted net assets at September 30, 2019 are restricted for the following purposes:

Christmas Clearing House	$ 11,867

A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets were released from donor restrictions by the expiration of time restrictions and by incurring expenses satisfying the restricted purposes for the year ended September 30, 2019 as follows:

River Region United Way and 2-1-1	$ 100,000
Christmas Clearing House	33,350
Volunteer Management/misc contracts	163,637
HUD/HMIS	76,416
ADPH	112,904
Total	$ 486,307

Donor restricted net assets related specifically to the Organization's endowment fund at September 30, 2019 are as follows:

Endowment Fund	$ 10,000

The endowment fund provides for a restriction for the original amount from donors as listed above. Currently the funds are being maintained within a certificate of deposit held by Synovus Bank as of September 30, 2019. The earnings are unrestricted and are reported as such.

NOTE 12 - RETIREMENT PLAN

The Organization provides a Simplified Employee Pension Plan. To participate in the Plan, employees must be at least 21 years of age and have performed one year of service within the past five years. The Plan provides for employer contributions equal to five percent of participant's gross wages. Total retirement expense for the year was $13,489.

NOTE 13 - UNEMPLOYMENT COMPENSATION COVERAGE

The Organization has elected to reimburse the Unemployment Compensation Trust Fund for benefit costs rather than pay taxes quarterly at a fixed rate. An initial cash deposit was made to establish an escrow deposit to be used toward any future liability. The Organization incurred unemployment cost of $875 in the current year.

NOTE 14 - LEASE OBLIGATIONS

The Organization leases certain office space used in its operations. Under the current lease which is a month to month lease with Montgomery Area Mental Health Authority covering the periods October 1, 2018 to September 2019, lease expense per month is $3,956 with $2,956 comprising an in-kind contribution. Total payments under the current lease for the year ended September 30, 2019 were $12,000. Total rent expense for the year was $47,528 with $35,478 being donated. As of October 1, 2018, the Organization is on a verbal month to month lease with same payments and in-kind contribution amounts. A new annual lease was signed to cover the period of October 2019 to September 2020 with lease expense per month of $4,153 with $3,103 comprising an in-kind contribution.

The Organization leased a copier from GE Capital/Wells Fargo for $413 per month. The lease began November 2014 and expired August 2019 when new lease was signed August 2019. Total payments made under the terms of the lease for the year ended September 30, 2019 were $4,956

The Organization leases a copier from GE Capital/Wells Fargo for $351 per month. The lease began August 2019 and expires September 2024. Total payments made under the terms of the lease for the year ended September 30, 2019 were $351.

Future minimum annual rental payments under the terms of the above leases for the fiscal years ended 2020 through 2024 are as follows:

2020	16,812
2021	4,212
2022	4,212
2023	4,212
2024	3,861

NOTE 15 - ECONOMIC DEPENDENCE

The Organization receives a substantial portion of its revenues through contributions from the River Region United Way and grants from the Alabama Department of Public Health, U.S. Department of Housing and Urban Development, and the Mid-Alabama Coalition for the Homeless through the ADECA.

NOTE 16 - SUBSEQUENT EVENTS

Recently, the outbreak of the novel coronavirus has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to HandsOn River Region, its performance, and its financial results.

On April 17, 2020, HandsOn River Region received loan proceeds in the amount of approximately $64,212 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. HandsOn River Region intends to use the entire loan proceeds for purposes consistent with the PPP and anticipates full forgiveness of the loan.