



Open Hand Atlanta, Inc.

FINANCIAL STATEMENTS

December 31, 2022 and 2021



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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors
Open Hand Atlanta, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Open Hand Atlanta, Inc. (a non-profit organization referred to as the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 and Note 9 to the financial statements, during the year ended December 31, 2022, the Organization adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on these financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of state awards expended are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Open Hand Atlanta, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
September 8, 2023



FINANCIAL STATEMENTS



Open Hand Atlanta, Inc.
Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,112,248	\$ 3,435,426
Certificates of deposit	500,125	-
Accounts receivable	1,890,270	2,068,266
Promises to give - current portion	1,353,916	67,130
Inventory	243,924	211,469
Prepaid expenses	64,437	139,232
Total current assets	5,164,920	5,921,523
Non-current assets		
Restricted cash	2,618,699	158,654
Promises to give - long term	921,199	-
Investments	333,280	378,840
Property and equipment, net	10,646,764	10,428,853
Intangible assets, net	43,500	47,583
Operating lease right-of-use assets, net	317,219	-
Beneficial interest in assets held at Community Foundation	799,742	971,410
Total non-current assets	15,680,403	11,985,340
Total assets	\$ 20,845,323	\$ 17,906,863

(Continued)

The accompanying notes are an integral part of these financial statements.

Open Hand Atlanta, Inc.
Statements of Financial Position (Continued)

<i>December 31,</i>	2022	2021
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 545,257	\$ 406,298
Accrued liabilities	187,279	201,224
Agency funds	95,000	-
Contract liabilities	4,074	1,431
Current portion of operating lease liabilities	225,611	-
Current portion of notes payable	118,972	108,857
Total current liabilities	1,176,193	717,810
Long-term liabilities		
Operating lease liabilities, less current portion	95,638	-
Notes payable, less current portion	6,897,631	7,016,601
Total long-term liabilities	6,993,269	7,016,601
Total liabilities	8,169,462	7,734,411
Net assets		
Without donor restrictions	7,440,060	8,055,360
With donor restrictions	5,235,801	2,117,092
Total net assets	12,675,861	10,172,452
Total liabilities and net assets	\$ 20,845,323	\$ 17,906,863

The accompanying notes are an integral part of these financial statements.

Open Hand Atlanta, Inc.
Statement of Activities

<i>For the year ended December 31, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government awards and support	\$ 8,696,013	\$ -	\$ 8,696,013
Contributions and awards	2,095,111	596,673	2,691,784
Capital campaign	-	3,088,817	3,088,817
Special events	763,396	-	763,396
Program service fees	1,052,827	-	1,052,827
Rental income	211,680	-	211,680
Investment loss, net	(54,703)	-	(54,703)
Investment income - beneficial interest	37,972	-	37,972
Loss on beneficial interest in assets held at Community Foundation	-	(171,668)	(171,668)
Interest income	8,965	-	8,965
Miscellaneous income	21,036	-	21,036
Net assets released from restrictions	395,113	(395,113)	-
Total revenue and other support	13,227,410	3,118,709	16,346,119
Expenses			
<i>Program services</i>			
Prepared meal services	3,307,416	-	3,307,416
Senior nutrition services	8,190,864	-	8,190,864
Good Measure Meals	1,025,778	-	1,025,778
Total program services	12,524,058	-	12,524,058
<i>Supporting services</i>			
General and administrative	440,889	-	440,889
Fundraising	877,763	-	877,763
Total supporting services	1,318,652	-	1,318,652
Total expenses	13,842,710	-	13,842,710
Change in net assets	(615,300)	3,118,709	2,503,409
Net assets at beginning of year	8,055,360	2,117,092	10,172,452
Net assets at end of year	\$ 7,440,060	\$ 5,235,801	\$ 12,675,861

The accompanying notes are an integral part of these financial statements.

Open Hand Atlanta, Inc.
Statement of Activities (Continued)

<i>For the year ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government awards and support	\$ 8,721,937	\$ -	\$ 8,721,937
Contributions and awards	2,328,162	587,844	2,916,006
Capital campaign	-	1,210,000	1,210,000
Forgiveness of Payroll Protection Program Loan	1,126,500	-	1,126,500
Special events	643,439	-	643,439
Program service fees	832,093	-	832,093
Investment income, net	46,839	-	46,839
Investment income - beneficial interest	33,398	-	33,398
Gain on beneficial interest in assets held at Community Foundation	-	101,332	101,332
Interest income	376	-	376
Net assets released from restrictions	1,497,609	(1,497,609)	-
Total revenue and other support	15,230,353	401,567	15,631,920
Expenses			
<i>Program services</i>			
Prepared meal services	3,053,563	-	3,053,563
Senior nutrition services	7,334,806	-	7,334,806
Good Measure Meals	822,134	-	822,134
Total program services	11,210,503	-	11,210,503
<i>Supporting services</i>			
General and administrative	408,303	-	408,303
Fundraising	794,846	-	794,846
Total supporting services	1,203,149	-	1,203,149
Total expenses	12,413,652	-	12,413,652
Change in net assets	2,816,701	401,567	3,218,268
Net assets at beginning of year	5,238,659	1,715,525	6,954,184
Net assets at end of year	\$ 8,055,360	\$ 2,117,092	\$ 10,172,452

The accompanying notes are an integral part of these financial statements.

Open Hand Atlanta, Inc.
Statement of Functional Expenses

For the year ended December 31, 2022

	Program Services				Supporting Services		Total
	Prepared Meal Services	Senior Nutrition Services	Good Measure Meals	Programs Subtotal	General and Administrative	Fundraising	
Salaries and wages	\$ 1,156,310	\$ 2,538,229	\$ 408,991	\$ 4,103,530	\$ 258,294	\$ 383,789	\$ 4,745,613
Employee benefits	103,907	218,710	19,938	342,555	20,999	40,181	403,735
Payroll taxes	107,472	238,897	20,917	367,286	21,050	34,344	422,680
Total compensation and benefits	1,367,689	2,995,836	449,846	4,813,371	300,343	458,314	5,572,028
Food and containers	1,217,433	3,170,339	203,842	4,591,614	-	-	4,591,614
Occupancy	121,324	319,849	99,155	540,328	10,689	9,211	560,228
Depreciation and amortization	114,667	302,301	35,482	452,450	10,102	8,706	471,258
Professional fees	86,202	282,982	23,134	392,318	23,817	12,273	428,408
Advertising and auxiliary expense	23,886	149,348	50,646	223,880	30,938	40,965	295,783
Delivery expenses	65,939	178,280	4,825	249,044	-	-	249,044
Interest expense	52,531	144,360	10,651	207,542	-	-	207,542
Special events	-	-	-	-	-	203,188	203,188
Insurance	51,235	125,416	11,733	188,384	4,319	9,730	202,433
Building repairs and maintenance	41,886	110,406	11,475	163,767	3,702	3,183	170,652
Travel and mileage reimbursement	39,928	114,566	4,426	158,920	7,135	2,939	168,994
Campus relocation	38,880	102,498	10,646	152,024	3,425	2,952	158,401
Computer supplies and maintenance	24,228	47,747	16,771	88,746	16,209	13,239	118,194
Dues and subscriptions	19,864	52,149	4,203	76,216	5,426	26,582	108,224
Bank and credit card fees	-	-	26,653	26,653	13,475	37,204	77,332
Office expense	10,557	23,495	4,744	38,796	3,982	2,226	45,004
Website and marketing	-	-	43,285	43,285	-	-	43,285
Equipment repairs and maintenance	9,082	27,812	1,758	38,652	248	-	38,900
Other	8,706	11,233	10,787	30,726	4,013	4,060	38,799
Development expense	-	-	-	-	-	40,191	40,191
Payroll processing fees	5,732	15,806	906	22,444	2,523	2,587	27,554
Telephone	4,861	8,907	810	14,578	543	213	15,334
Bad debt expense	2,786	7,534	-	10,320	-	-	10,320
Total	\$ 3,307,416	\$ 8,190,864	\$ 1,025,778	\$ 12,524,058	\$ 440,889	\$ 877,763	\$ 13,842,710

The accompanying notes are an integral part of these financial statements.

Open Hand Atlanta, Inc.
Statement of Functional Expenses (Continued)

For the year ended December 31, 2021

	Program Services				Supporting Services		Total
	Prepared Meal Services	Senior Nutrition Services	Good Measure Meals	Programs Subtotal	General and Administrative	Fundraising	
Salaries and wages	\$ 1,082,816	\$ 2,269,147	\$ 349,635	\$ 3,701,598	\$ 255,365	\$ 472,265	\$ 4,429,228
Employee benefits	111,980	223,697	21,501	357,178	22,067	46,427	425,672
Payroll taxes	89,115	189,862	18,745	297,722	19,048	34,405	351,175
Total compensation and benefits	1,283,911	2,682,706	389,881	4,356,498	296,480	553,097	5,206,075
Food and containers	1,040,331	2,684,820	149,043	3,874,194	-	-	3,874,194
Professional fees	135,601	397,971	28,873	562,445	25,834	7,273	595,552
Occupancy	107,705	276,876	82,863	467,444	9,201	7,929	484,574
Depreciation and amortization	75,696	194,590	20,787	291,073	6,466	5,573	303,112
Delivery expenses	75,275	203,522	15,254	294,051	-	-	294,051
Insurance	67,147	155,076	14,780	237,003	6,060	15,789	258,852
Campus relocation	54,704	140,626	12,071	207,401	4,673	4,027	216,101
Building repairs and maintenance	45,291	116,096	10,108	171,495	4,098	3,382	178,975
Travel and mileage reimbursement	41,964	126,352	2,134	170,450	2,938	1,249	174,637
Advertising and auxiliary expense	13,774	110,563	9,808	134,145	8,274	11,035	153,454
Equipment repairs and maintenance	28,009	76,634	4,288	108,931	194	-	109,125
Dues and subscriptions	20,604	44,598	4,734	69,936	6,649	27,359	103,944
Computer supplies and maintenance	21,835	37,051	12,318	71,204	12,601	5,515	89,320
Special events	-	-	-	-	-	68,897	68,897
Bank and credit card fees	-	-	19,417	19,417	8,905	34,458	62,780
Other	11,636	21,244	1,090	33,970	7,131	6,144	47,245
Office expense	11,070	21,370	4,129	36,569	3,994	2,745	43,308
Website and marketing	-	-	37,677	37,677	-	-	37,677
Development expense	-	-	-	-	-	37,165	37,165
Payroll processing fees	5,665	15,249	807	21,721	2,234	2,482	26,437
Telephone	7,200	12,849	2,072	22,121	2,571	727	25,419
Bad debt expense	6,145	16,613	-	22,758	-	-	22,758
Total	\$ 3,053,563	\$ 7,334,806	\$ 822,134	\$ 11,210,503	\$ 408,303	\$ 794,846	\$ 12,413,652

The accompanying notes are an integral part of these financial statements.

Open Hand Atlanta, Inc.
Statements of Cash Flows

<i>For the years ended December 31,</i>	2022	2021
Operating Activities		
Change in net assets	\$ 2,503,409	\$ 3,218,268
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	471,258	303,112
Amortization of right-of-use assets	310,248	-
Bad debt expense	10,320	22,758
Contributions for capital additions	-	(1,210,000)
Unrealized and realized loss (gain) on investments	64,708	(38,021)
Forgiveness of Paycheck Protection Program Loan	-	(1,126,500)
Changes in operating assets and liabilities:		
Certificates of deposit	(500,125)	-
Accounts receivable	167,676	54,493
Promises to give	(2,207,985)	67,385
Inventory	(32,455)	75,437
Prepaid expenses	74,795	(36,133)
Accounts payable	138,959	(41,573)
Accrued liabilities	(13,945)	38,770
Agency funds	95,000	-
Contract liabilities	2,643	(509)
Operating lease liabilities	(306,218)	-
Conditional advance	-	(1,000,000)
Net cash provided by (used in) operating activities	778,288	327,487
Investing Activities		
Purchase of property and equipment	(685,086)	(2,099,267)
Purchase of investments	(173,769)	(118,661)
Proceeds from sale of investments	154,621	109,501
Change in beneficial interest	171,668	(101,332)
Net cash provided by (used in) investing activities	(532,566)	(2,209,759)
Financing Activities		
Cash collected for capital additions	-	1,210,000
Principal payments on note payable	(108,855)	(11,832)
Net cash provided by (used in) financing activities	(108,855)	1,198,168
Net change in cash, cash equivalents and restricted cash	136,867	(684,104)
Cash and cash equivalents at beginning of year	3,594,080	4,278,184
Cash and cash equivalents at end of year	\$ 3,730,947	\$ 3,594,080

(Continued)

The accompanying notes are an integral part of these financial statements.

Open Hand Atlanta, Inc.
Statements of Cash Flows (Continued)

For the years ended December 31, **2022** 2021

Presented on Statement of Financial Position as:

Cash and cash equivalents	\$	1,112,248	\$	3,435,426
Restricted cash		2,618,699		158,654

<u>Cash and cash equivalents at end of year</u>	<u>\$</u>	<u>3,730,947</u>	<u>\$</u>	<u>3,594,080</u>
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Schedule of Certain Cash Flow Information

<u>Cash paid for interest</u>	<u>\$</u>	<u>207,542</u>	<u>\$</u>	<u>16,069</u>
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Schedule of Noncash Transactions

During the year ended December 31, 2021, the Organization financed the purchase of property and equipment for \$6,870,582.

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

Open Hand Atlanta, Inc. (the Organization) is a nonprofit corporation that was incorporated in September 1988 under the Georgia Nonprofit Corporation Act. The Organization's mission is to help people prevent or better manage chronic disease through comprehensive nutrition care, which combines medically tailored home-delivered and congregate meals, and nutrition education as a means to reinforce the connection between informed food choices and improved quality of life. This innovative combination of healthy, home-delivered and congregate meals, and nutrition education, counseling, and therapy is provided to older adults, homebound older adults, and individuals struggling with a chronic, critical, or terminal illness. The Organization is supported primarily through donor contributions, program service fees and government grants and contracts.

In April 2022, the Organization launched a fundraising capital campaign, a \$16.5 million initiative that will fund the Organization's new campus facility near the Grove Park neighborhood and new City of Atlanta Westside Park providing a stable future for the Organization. The capital campaign will also fund several other important initiatives including a workforce development program. The relocation to a larger, better-equipped facility will position the Organization for the next era of service. Several capital campaign contributions were received prior to the official launch of the campaign in April 2022. As of December 31, 2022, the Organization raised approximately \$4.3 million towards the campaign goal.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the valuation of investments, the useful lives of property and equipment, the estimates for amortization of right-of-use assets, the discount rate for right-of-use assets and lease liabilities, and the allocation of functional expenses.

Program Services

The Organization's program services consist of the following:

Prepared meal services – The prepared meal services provides for one, two or three freshly cooked therapeutic, medically tailored meals, combined with healthy snacks or supplements, to meet the daily nutrition needs of primarily low-income men, women and children who are dealing with a critical, chronic, or terminal disease, or who are dealing with food insecurity concerns. Other qualifying individuals may include dependent children of any Open Hand client, regardless of their health status.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (continued)

Senior nutrition services – The senior nutrition services provides several freshly cooked health-promoting meals, combined with snacks or supplements, to meet the daily nutrition needs of homebound older adult clients and older adults in congregate settings. The Organization also provides nutrition education services to its clients and customers.

Good Measure Meals program – The Good Measure Meals program is a fee-for-service social enterprise that offers nutritious, gourmet-quality meal plans to people who wish to manage chronic illnesses such as diabetes, hypertension or obesity, and people looking to improve or maintain a healthy lifestyle through better nutrition. This program extends Open Hand’s mission across the full socio-economic spectrum making an even greater impact on the community.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Amounts included in restricted cash represent those amounts required to be set aside by donors or designated by the Board for specific purposes. Restricted cash is designated for the future site of the new campus headquarters funded through capital campaign, equipment, building improvements, future operations and agency funds.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

The Organization provides for doubtful receivables equal to the estimated collection losses that will be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of all receivables. Management considers all outstanding accounts receivable to be fully collectible at December 31, 2022 and 2021.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Statements of Activities in the period in which it occurs.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Costs for repairs and maintenance are expensed as incurred. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the Statements of Financial Position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit interest rate, the Organization uses the risk free discount rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets may be further adjusted to include any lease payments made, exclude lease incentives, and include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise its lease options. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Beneficial Interest in Assets held at Community Foundation

The Organization reports the fair value of the assets held and owned by a local Community Foundation as a Beneficial Interest in Assets Held at Community Foundation in the Statements of Financial Position and reports distributions received as investment income. Changes in the value of the assets are reported as gains and losses in the Statements of Activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing Board has designated, from net assets without donor restrictions, net assets for future operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Revenue from program service fees and payments under various contracts is recognized as revenue when performance obligations under the terms of the contracts with clients and customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the Statements of Financial Position.

A significant portion of the Organization's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to the commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are satisfied in the same year in which the contributions are received are classified as net assets without donor restrictions.

Revenue from rental income is accounted for in accordance with the provisions of ASC Topic 842, *Leases* (ASC 842).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Material and Services

Donated services are recorded as contributions 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 by the Organization. No donations for services were recorded in the financial statements. Volunteers provided meal preparation services throughout each year that are not recorded as contributions in the financial statements since the criteria for recording were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and wages, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to occupancy, maintenance and depreciation and amortization are allocated based on the usage of space. Office, insurance and other administrative expenses are allocated across functional areas based on a fixed percentage.

Advertising

The Organization uses advertising to promote its programs and services among the constituents it serves. The production costs of advertising are expensed as incurred. During the years ended December 2022 and 2021, advertising costs totaled approximately \$284,000 and \$130,000, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2022 and 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with the current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 8, 2023. See Note 21 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued new accounting guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the Statement of Financial Position. Most prominent among the changes in this new accounting standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under this standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted this standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made in accordance with the prior lease guidance provided in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 (beginning of the year of adoption) a lease liability of \$627,467, which represents the present value of the remaining operating lease payments, discounted using a weighted average risk free discount rate of .99%, and a right-of-use asset of \$627,467.

Adopting the new lease accounting standard had a material impact on the Organization's Statement of Financial Position, but did not have an impact on the Statements of Activities, nor the Statements of Cash Flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

In September 2020, the FASB issued an authoritative pronouncement ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This change in accounting principal did not have a material impact on the financial statements.

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents and accounts receivable to provide liquidity to ensure funds are available as the Organization's expenditures come due for payment. The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use within one year of the Statement of Financial Position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2022	2021
Total assets at year end	\$ 20,845,323	\$ 17,906,863
Less non-financial assets		
Inventory	(243,924)	(211,469)
Prepaid expenses	(64,437)	(139,232)
Property and equipment, net	(10,646,764)	(10,428,853)
Intangible assets, net	(43,500)	(47,583)
Operating lease right-of-use assets, net	(317,219)	-
Financial assets at year-end	9,529,479	7,079,726
Less those not available for general expenditures within one year due to contractual or donor-imposed restrictions		
Restricted cash - agency funds	(95,000)	-
Restricted by donors with purpose and perpetual restrictions	(5,235,801)	(2,117,092)
Board designations	(1,819,723)	(411,582)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,378,955	\$ 4,551,052

The Organization is principally supported by donor contributions, program services fees and government grants and contracts. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses. In the event of unanticipated liquidity needs, the Organization has a line of credit with available borrowing capacity of \$1,000,000 (See Note 11).

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE

Accounts receivable consist of the following:

<i>December 31,</i>	2022	2021
Various government contracts, awards and support	\$ 1,807,703	\$ 1,999,400
Various meal delivery service contracts and program fees	82,567	68,866
Total accounts receivable	\$ 1,890,270	\$ 2,068,266

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE (Continued)

Promises to give consist of the following:

<i>December 31,</i>	2022	2021
Receivable within one year	\$ 1,353,916	\$ 67,130
Receivable in one to five years	921,199	-
Promises to give, net	\$ 2,275,115	\$ 67,130

Bad debts expense totaled approximately \$10,000 and \$23,000 for 2022 and 2021, respectively.

Note 5: INVENTORY

Inventory consists of the following:

<i>December 31,</i>	2022	2021
Raw materials	\$ 59,025	\$ 57,516
Finished goods	184,899	153,953
Total inventory	\$ 243,924	\$ 211,469

Note 6: INVESTMENTS

Investments in marketable securities consist of the following:

<i>December 31, 2022</i>	Cost	Market Value
Equity mutual funds and EFTs	\$ 331,373	\$ 333,280
Total investments in marketable securities	\$ 331,373	\$ 333,280
<i>December 31, 2021</i>	Cost	Market Value
Equity mutual funds and EFTs	\$ 311,602	\$ 378,840
Total investments in marketable securities	\$ 311,602	\$ 378,840

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2022 and 2021 are as follows:

	Estimated Useful Lives (in years)	2022	2021
Building and related improvements	30	\$ 6,728,220	\$ 6,651,200
Kitchen equipment	3-7	2,738,466	2,470,700
Computer equipment and software	3	901,075	844,546
Furniture, fixtures and equipment	3-7	392,092	392,092
Vehicles	3-5	684,054	400,283
Total depreciable property and equipment, net		11,443,907	10,758,821
Less accumulated depreciation		(4,304,143)	(3,836,968)
Total depreciable property and equipment, net		7,139,764	6,921,853
Land		3,507,000	3,507,000
Property and equipment, net		\$ 10,646,764	\$ 10,428,853

Depreciation expense for the years ended December 31, 2022 and 2021, amounted to approximately \$467,000 and \$299,000, respectively.

Note 8: INTANGIBLE ASSETS

The components of intangible assets at December 31, 2022 and 2021 are as follows:

<i>December 31,</i>	2022	2021
Trademarks	\$ 40,000	\$ 40,000
Company name	30,000	30,000
Customer lists	5,000	5,000
Website	25,000	25,000
Menus	15,000	15,000
Goodwill	22,000	22,000
Total	137,000	137,000
Less accumulated amortization	(93,500)	(89,417)
Intangible assets, net	\$ 43,500	\$ 47,583

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 8: INTANGIBLE ASSETS (Continued)

Amortization expense was approximately \$4,000 for the years ended December 31, 2022 and 2021. Estimated amortization expense for each of the five succeeding fiscal years is as follows:

For the years ending December 31,

2023	\$	4,100
2024		4,100
2025		1,300
2026		1,300
2027		1,300
Total	\$	12,100

Other assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Goodwill, which the Organization elected not to amortize, is tested for impairment at least annually. There was no impairment loss for the years ended December 31, 2022 and 2021.

Note 9: LEASES

The Organization has operating leases for office space and equipment. The leases have remaining lease terms of less than two years. The Organization's leases have options to extend or terminate these leases which are excluded as the Organization is not reasonably certain to exercise these options. Operating lease costs for the year ended December 31, 2022 totaled approximately \$310,000.

Weighted average remaining lease term and discount rates consist of the following:

<i>For the year ended December 31,</i>	2022
Weighted average remaining lease term	
Operating leases	1.35 years
Weighted average discount rate	
Operating leases	0.99%

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 9: LEASES (Continued)

Future minimum lease payments under non-cancellable leases as of December 31, 2022, were as follows:

<i>For the years ending December 31,</i>	Operating Leases
2023	\$ 227,645
2024	95,970
Total future minimum lease payments	323,615
Less imputed interest	(2,366)
Present value of lease liabilities	321,249
Less current portion of operating lease liabilities	(225,611)
Long-term operating lease liabilities, less current portion	\$ 95,638

Leases before Adoption of ASC 842

The Organization lease certain buildings, office equipment, and vehicles accounted for as operating leases. The leases expire in various years through 2024.

Minimum lease payments under non-cancellable operating leases as of December 31, 2021, for future years are as follows:

<i>For the years ending December 31,</i>	
2022	\$ 314,947
2023	227,791
2024	95,970
Total	\$ 638,708

Rent expense for the year ended December 31, 2021, was approximately \$306,000.

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 10: LONG-TERM DEBT

Long-term debt at December 31, 2022 and 2021, consists of the following:

<i>December 31,</i>	2022	2021
Note payable to a 501(c)(3) public charitable organization in the original amount of \$265,000, bearing interest of 3% per annum, with quarterly principal and interest payments of \$12,106 due beginning December 2021 and maturing September 2027. This note is unsecured.	\$ 213,634	\$ 254,876
Property acquisition and construction loan from a financial institution with credit availability of \$11,000,000, bearing interest of 3.15% per annum, with monthly interest payments due beginning February 2022 with a balloon payment due December 2026. Collateralized by real property and assets of the Organization.	6,720,000	6,720,000
Equipment loan from a financial institution in the original amount of \$150,582, bearing interest of 3.3% per annum, with monthly principal and interest payments of \$6,507 due beginning February 2022 and maturing January 2024. Collateralized by equipment.	82,969	150,582
Long-term debt	7,016,603	7,125,458
Less current portion	(118,972)	(108,857)
Long-term debt, less current portion	\$ 6,897,631	\$ 7,016,601

Interest expense related to the notes payable was approximately \$208,000 and \$16,000 for the years ended December 31, 2022 and 2021, respectively.

The note payable agreements with the Organization's banks contain certain financial covenants to include compliance with a debt service coverage ratio and providing audited financial statements to the lender by a certain date after year-end. The Organization was in compliance with these covenants.

Maturities of long-term debt subsequent to December 31, 2022, are as follows:

<i>For the years ending December 31,</i>	
2023	\$ 118,972
2024	50,259
2025	45,111
2026	6,766,479
2027	35,782
Total	\$ 7,016,603

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 11: LINE OF CREDIT

The Organization maintained a line of credit agreement with a financial institution at December 31, 2021. Available borrowings related to the agreement were \$800,000, with an interest rate of 2.50%, secured by accounts receivable of the Organization. The line of credit matured in March 2022 and was not renewed. The outstanding balance as of December 31, 2021 was \$-0-.

In December 2021, the Organization entered into a revolving loan agreement with a different financial institution that serves as a line of credit. Available borrowings related to the agreement are \$1,000,000, with an interest rate equal to the Prime Rate minus one-quarter percent (.25%), secured by accounts receivable of the Organization. The credit line matured in December 2022 and renews annually. The outstanding balance as of December 31, 2022 and 2021 was \$-0- for each date.

Note 12: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>December 31,</i>	2022	2021
Undesignated	\$ 1,990,176	\$ 4,340,383
Board designated for future operations	1,819,723	411,582
Net expended for property and equipment	3,630,161	3,303,395
Total net assets without donor restrictions	\$ 7,440,060	\$ 8,055,360

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	2022	2021
Purpose restricted		
Equipment	\$ 130,783	\$ 124,290
Client and nutrition services	1,078,629	915,600
Staff professional development	85,309	94,171
Capital campaign	3,098,817	10,000
Capital improvements	42,521	1,621
Perpetual in nature: beneficial interest in assets held at Community Foundation	799,742	971,410
Total net assets with donor restrictions	\$ 5,235,801	\$ 2,117,092

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 12: NET ASSETS (Continued)

A summary of the release of donor restrictions follows:

<i>For the years ended December 31,</i>	2022	2021
Purpose restrictions		
Equipment	\$ 103,507	\$ 125,818
Client and nutrition services	216,970	143,962
Staff professional development	74,636	27,829
Capital additions/improvements	-	1,200,000
Total net assets released from restrictions	\$ 395,113	\$ 1,497,609

Note 13: REVENUE

The Organization recognizes revenue at a point in time for program service fees.

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

<i>December 31,</i>	2022	2021
Contract assets		
Accounts receivable, beginning of year	\$ 68,866	\$ 22,832
Accounts receivable, end of year	\$ 82,567	\$ 68,866
Contract liabilities		
Performance obligation liabilities, beginning of year	\$ 1,431	\$ 1,940
Performance obligation liabilities, end of year	\$ 4,074	\$ 1,431

Note 14: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

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.

Open Hand Atlanta, Inc.
Notes to Financial Statements

Note 14: FAIR VALUE MEASUREMENTS (Continued)

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Mutual funds and ETFs: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial interest in assets held at the Community Foundation: The fair value of the beneficial interest in assets held at the Community Foundation is based upon the net present value of expected future cash flows. The Organization does not have the ability to redeem this beneficial interest and withdrawals are limited to the terms of the Organization's agreement with the Community Foundation.

The preceding methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended December 31, 2022 and 2021:

<i>December 31, 2022</i>	Level 1	Level 2	Level 3	Total
Equity mutual funds and EFTs	\$ 333,280	\$ -	\$ -	\$ 333,280
Beneficial interest in assets held at the Community Foundation	-	-	799,742	799,742
Total assets measured at fair value	\$ 333,280	\$ -	\$ 799,742	\$ 1,133,022
<i>December 31, 2021</i>	Level 1	Level 2	Level 3	Total
Equity mutual funds and EFTs	\$ 378,840	\$ -	\$ -	\$ 378,840
Beneficial interest in assets held at the Community Foundation	-	-	971,410	971,410
Total assets measured at fair value	\$ 378,840	\$ -	\$ 971,410	\$ 1,350,250

Note 14: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

The following table represents a reconciliation of the activities for Level 3 financial instruments:

Balance at December 31, 2021	\$ 971,410
Share of appreciation (depreciation) of fund	(133,696)
Distributions received	(37,972)
<hr/>	
Balance at December 31, 2022	\$ 799,742
<hr/>	
Balance at December 31, 2020	\$ 870,078
Share of appreciation of fund	134,730
Distributions received	(33,398)
<hr/>	
Balance at December 31, 2021	\$ 971,410
<hr/>	

Note 15: BENEFICIAL INTEREST

In 1996 a donor and in 2011 a different donor, contributed funds to the Community Foundation for Greater Atlanta (the Community Foundation) which is holding them as endowed component funds (the Funds) for the benefit of the Organization. The Organization has granted the Community Foundation variance power which gives the Community Foundation's Board the power to use the Funds for other purposes in certain circumstances. The Funds are subject to the Community Foundation's investment and spending policies which currently result in a distribution to the Organization of approximately 5 percent of the previous year's balance. The net asset values are classified as perpetual in nature because the terms of the trust agreement closely resemble a donor-restricted perpetual endowment.

Note 16: CONCENTRATIONS

The Organization maintains cash deposits with financial institutions at December 31, 2022 and 2021 in excess of federally insured limits of \$2,444,744 and \$3,080,715, respectively. Management believes the risk of having cash balances at any particular financial institution in excess of federal insurance limits is a low and acceptable risk because of the strong financial position of the financial institutions being utilized.

Note 16: CONCENTRATIONS (Continued)

The investments held by the Organization are insured by the Securities Investor Protection Corporation (SIPC). The SIPC insures up to \$500,000 in each institution. There were no uninsured investment balances in excess of the SIPC limit at December 31, 2022 and 2021.

For the years ended December 31, 2022 and 2021, the Organization received approximately 53% and 56%, respectively, of its total revenue through various government agencies.

Note 17: DEFINED CONTRIBUTION PLAN

The Organization sponsors a 403(b) salary reduction plan (the Plan) covering all employees that meet minimum service requirements. Employees fully vest in the plan after five years of service. The Organization contributes an amount, not in excess of 2.5% of the eligible employee's compensation, as an employer matching contribution for the Plan participants. Total Plan expense for the years ended December 31, 2022 and 2021 was \$67,408 and \$64,078, respectively.

Note 18: PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$1,126,500 loan through the federal Paycheck Protection Program (PPP) under the CARES Act. The Organization recorded the proceeds as debt at December 31, 2020. In 2021, the Organization applied for and received forgiveness of the full amount of the loan and related interest from the federal government. Management recorded a PPP loan forgiveness revenue amount of \$1,126,500 in the accompanying Statement of Activities for the year ended December 31, 2021.

Note 19: OPERATING LEASE AS LESSOR

The Organization is the lessor of certain building space under an operating lease, as defined by FASB ASC 842, Leases, which expires in June 2023. Total revenue recognized for this lease amounted to \$211,680 for the year ended December 31, 2022. The building space being leased is the Organization's future campus facility. The renovation of this future campus headquarters facility is expected to begin in 2023.

Under the terms of this noncancelable operating lease, the Organization is scheduled to receive approximately \$97,000 in future minimum rental payments during the year ended December 31, 2023.

Note 20: OTHER MATTERS

The Organization benefited from a significant increase in revenue and resulting surpluses in 2021 as shown in the 2021 financial statement. The strong, positive financial results for 2021 are largely due to an unprecedented amount of federal emergency funds awarded to the Organization to help address the extraordinary challenges our country faced because of the COVID-19 pandemic. Not only was there increased federal funding during this year due to the pandemic, but the level of community support provided to the Organization through generous philanthropic giving increased significantly as well.

Note 20: OTHER MATTERS (Continued)

Now that the pandemic has reached a tolerable level, Management does not expect this same high level of pandemic based federal funding or community support to be received in 2022 or future years. The Organization will continue to rely on its more customary level of federal fund and community support through philanthropic giving in order to sustain its operations in a positive financial manner.

Note 21: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2022 through September 8, 2023, the date the Organization's financial statements were available to be issued. As discussed in Note 19, the renovation of the future campus headquarters facility is expected to begin in 2023.



SINGLE AUDIT SECTION





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors of
Open Hand Atlanta, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Open Hand Atlanta, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
September 8, 2023



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors of
Open Hand Atlanta, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Open Hand Atlanta, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

Carr, Riggs & Ingram, L.L.C.
CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
September 8, 2023

Open Hand Atlanta, Inc.
Schedule of Expenditures of Federal Awards

For the year ended December 31, 2022

	Federal Assistance Listing Number	Contract Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Fulton County:			
The Ryan White Comprehensive AIDS Resource Emergency Act Title I Grant	93.914	FY 20 - 21	\$ 207,917
The Ryan White Comprehensive AIDS Resource Emergency Act Title I Grant	93.914	FY 21 - 22	1,012,772
Total Ryan White Comprehensive AIDS			1,220,689
Passed through Administration for Community Living:			
Special Programs for Aging Title IV and Title II Discretionary Project	93.048	90CSSG0018-01	27,718
Special Programs for Aging Title IV and Title II Discretionary Project	93.048	90INNU0019-01-00	156,906
Total Special Programs for Aging			184,624
U.S. Department of Health and Human Services Total			1,405,313
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through the City of Atlanta			
Housing Opportunities for Persons with AIDS Program (HOPWA)	14.241	HP 2019 - 300120	123,196
Housing Opportunities for Persons with AIDS Program (HOPWA)	14.241	FY 21 -22	106,497
COVID-19 Housing Opportunities for Persons with AIDS Program (HOPWA)	14.241	FY 21 -22	105,102
U.S. Department of Housing and Urban Development Total			334,795
U.S. Department of Homeland Security:			
<u>Emergency Food and Shelter Program:</u>			
Passed through Fulton/DeKalb County			
COVID-19 Fulton/DeKalb Jurisdiction - Phase 39	97.024	Phase 39	10,625
COVID-19 Fulton/DeKalb Jurisdiction - ARPA	97.024	ARPA	50,000
U.S. Department of Homeland Security Total			60,625
<u>U.S. Department of Agriculture:</u>			
Passed through Georgia Department of Human Services:			
Supplemental Nutritional Assistance Program (SNAP)	10.561	42700-040-0000097064	476,634
Supplemental Nutritional Assistance Program (SNAP)	10.561	42700-040-0000103637	38,711
Total Supplemental Nutritional Assistance SNAP Cluster			515,345
Passed through Fulton County Human Services Department Office of Aging:			
COVID-19 Child and Adult Care Food Program	10.558	Aging ARC - ARPA Grant Funded	99,573
COVID-19 Child and Adult Care Food Program	10.558	Aging ARPA - Adult Day	85,289
COVID-19 Child and Adult Care Food Program	10.558	Fulton County - Aging ARPA	118,710
Total Fulton County Human Services Department Office of Aging			303,572
Passed through Fulton County Human Services Department			
COVID-19 Child and Adult Care Food Program	10.558		2,134,696
Total Child and Adult Care Food Program			2,438,268
U.S. Department of Agriculture Total			2,953,613
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,754,346

Open Hand Atlanta, Inc.
Notes to Schedule of Expenditures of Federal Awards

Note 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Open Hand Atlanta, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to the amount of the reimbursement. Pass-through identifying numbers are presented where available.

Note 3: CONTINGENCIES

Grant monies received and disbursed are for specific purposes and are subject to review by the grantor agencies. Such audits may result in certain requests for reimbursement not being paid due to disallowed expenditures. Management does not believe that such disallowance, if any, would have a material effect on its financial position. As of December 31, 2022, there were no material questioned or disallowed costs as a result of the grant audits in process or completed.

Note 4: INDIRECT COST

Open Hand Atlanta, Inc. has elected not to use the 10% de minimis indirect cost rate.

Note 5: OTHER INFORMATION

There were no subsidized insurance paid by the federal government, noncash assistance nor loan balances or guarantee programs for the year ended December 31, 2022.

Open Hand Atlanta, Inc.
Schedule of Findings and Questioned Costs

For the year ended December 31, 2022

SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued Unmodified
2. Internal control over financial reporting:
- A. Material weakness(es) identified _____ Yes _____ X _____ No
- B. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes _____ X _____ None noted
3. Noncompliance material to financial statements noted? _____ Yes _____ X _____ No

Federal Awards

4. Internal control over major programs:
- A. Material weakness(es) identified? _____ Yes _____ X _____ No
- B. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes _____ X _____ None noted
5. Type of auditors' report issued on compliance for major programs Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes _____ X _____ None noted
7. There were no questioned costs that are required to be reported under the Uniform Guidance.
8. The programs tested as major programs included:
- | <u>Assistance Listing Number</u> | <u>Program Name</u> |
|----------------------------------|-----------------------------------|
| 10.558 | Child and Adult Care Food Program |
9. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
10. The auditee does not qualify as a low-risk auditee.

Open Hand Atlanta, Inc.
Schedule of Findings and Questioned Costs (Continued)

SECTION I – FINANCIAL STATEMENT FINDINGS

None reported for the year ended December 31, 2022

SECTION II – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported for the year ended December 31, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIOR YEAR AUDITS

None reported for the year ended December 31, 2021.

Open Hand Atlanta, Inc.
Schedule of State Awards Expended

For the year ended December 31, 2022

	Contract Number	Earned Revenues	Receipts	Due From (To) State Agency
Department of Human Services				
Supplemental Nutritional Assistance Program	42700-040-0000097064	\$ 476,634	\$ 476,634	\$ -
Supplemental Nutritional Assistance Program	42700-040-00000103637	38,711	-	38,711
Total		\$ 515,345	\$ 476,634	\$ 38,711