

**TRAVELERS AID OF METROPOLITAN ATLANTA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**With Independent Auditor's Report Thereon**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Travelers Aid of Metropolitan Atlanta, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Travelers Aid of Metropolitan Atlanta, Inc. (d/b/a "HOPE Atlanta"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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. Those standards require that we plan and perform the audits 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 HOPE Atlanta as of June 30, 2020 and 2019, 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022 on our consideration of HOPE Atlanta'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 HOPE Atlanta's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HOPE Atlanta's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Just of K... LLC".

Morrow, Georgia  
January 11, 2022

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019

ASSETS		
	2020	2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 829,451	\$ 339,111
Investments	24,098	2,380
Governmental and other accounts receivable	2,792,190	2,240,557
Prepaid expenses	<u>18,421</u>	<u>15,205</u>
<b>TOTAL CURRENT ASSETS</b>	<b>3,664,160</b>	<b>2,597,253</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	10,000	10,000
Buildings and improvements	117,834	117,834
Furniture and equipment	77,611	77,611
Vehicle	75,946	75,946
Leasehold improvements	<u>55,460</u>	<u>47,707</u>
Total property and equipment	336,851	329,098
Less accumulated depreciation	<u>(244,001)</u>	<u>(201,408)</u>
<b>TOTAL PROPERTY AND EQUIPMENT, NET</b>	<b>92,850</b>	<b>127,690</b>
<b>DEPOSITS</b>	<u>22,880</u>	<u>17,334</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,779,890</u></b>	<b>\$ <u>2,742,277</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 934,407	\$ 690,168
Deferred revenue	707,742	10,225
Deferred revenue – PPP	280,420	-
Line of Credit	<u>999,055</u>	<u>847,623</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,921,624</b>	<b>1,548,016</b>
<b>LONG TERM LIABILITIES</b>		
Accrued rent expense	<u>30,752</u>	<u>36,155</u>
<b>TOTAL LONG TERM LIABILITIES</b>	<b><u>30,752</u></b>	<b><u>36,155</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>2,952,376</u></b>	<b><u>1,584,171</u></b>
<b>NET ASSETS</b>		
Without donor restrictions	<u>827,514</u>	<u>1,158,106</u>
<b>TOTAL NET ASSETS</b>	<b><u>827,514</u></b>	<b><u>1,158,106</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,779,890</u></b>	<b>\$ <u>2,742,277</u></b>

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

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Government grants and contracts	\$ 9,860,698	\$ -	\$ 9,860,698
Other grants and contracts	857,559	-	857,559
Special events revenue	564,404	-	564,404
Less: direct benefit to donors	(60,281)	-	(60,281)
Contributions	532,524	-	532,524
Program service fees	189,980	-	189,980
Other income	14,204	-	14,204
In-kind contributions	1,050	-	1,050
Total revenue, gains, and other support	11,960,138	-	11,960,138
Expenses:			
Program services	11,103,699	-	11,103,699
Supporting services:			
Management and general	778,918	-	778,918
Fundraising	408,113	-	408,113
Total supporting services	1,187,031	-	1,187,031
Total expenses	12,290,730	-	12,290,730
Change in net assets	(330,592)	-	(330,592)
Net assets at beginning of year	1,158,106	-	1,158,106
Net assets at end of year	\$ 827,514	\$ -	\$ 827,514

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

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Government grants and contracts	\$ 9,158,466	\$ -	\$ 9,158,466
Other grants and contracts	1,174,394	-	1,174,394
Special events revenue	364,133	-	364,133
Less: direct benefit to donors	(51,893)	-	(51,893)
Contributions	171,138	-	171,138
Program service fees	263,353	-	263,353
Gain from sale of fixed assets	92,129	-	92,129
Other income	32,858	-	32,858
In-kind contributions	<u>9,625</u>	<u>-</u>	<u>9,625</u>
Revenue, gains, and other support	11,214,203	-	11,214,203
Net assets released from restrictions	<u>106,218</u>	<u>(106,218)</u>	<u>-</u>
Total revenue, gains, and other support	<u>11,320,421</u>	<u>(106,218)</u>	<u>11,214,203</u>
Expenses:			
Program services	9,508,977	-	9,508,977
Supporting services:			
Management and general	919,818	-	919,818
Fundraising	<u>158,516</u>	<u>-</u>	<u>158,516</u>
Total supporting services	<u>1,078,334</u>	<u>-</u>	<u>1,078,334</u>
Total expenses	<u>10,587,311</u>	<u>-</u>	<u>10,587,311</u>
Change in net assets	733,110	(106,218)	626,892
Net assets at beginning of year	<u>424,996</u>	<u>106,218</u>	<u>531,214</u>
Net assets at end of year	<u>\$ 1,158,106</u>	<u>\$ -</u>	<u>\$ 1,158,106</u>

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

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Program activities		Management and general		Fundraising		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
Salaries and wages	\$ 3,316,929	\$ 2,823,757	\$ 367,365	\$ 490,653	\$ 218,041	\$ 97,999	\$ 3,902,335	\$ 3,412,409
Employee benefits	393,671	416,028	51,304	44,222	24,508	4,120	469,483	464,370
Payroll taxes	<u>252,654</u>	<u>213,627</u>	<u>27,983</u>	<u>37,120</u>	<u>16,608</u>	<u>7,413</u>	<u>297,245</u>	<u>258,160</u>
Total salaries and benefits	3,963,254	3,453,412	446,652	571,995	259,157	109,532	4,669,063	4,134,939
Interventive assistance	6,367,767	5,353,996	-	-	-	-	6,367,767	5,353,996
Professional fees	111,965	23,380	99,951	233,799	69,446	35,070	281,362	292,249
Occupancy	190,755	194,935	25,895	25,620	-	-	216,650	220,555
Equipment and maintenance	112,478	101,098	33,672	2,441	4,221	448	150,371	103,987
Travel	113,749	102,244	32,550	17,156	417	660	146,716	120,060
Telephone	99,488	96,346	7,575	-	399	-	107,462	96,346
Other expense	35,308	58,638	35,681	20,796	10,663	8,306	81,652	87,740
Insurance	38,780	53,490	24,401	6,796	-	-	63,181	60,286
Marketing	-	1,507	788	241	59,692	246	60,480	1,994
Supplies	35,441	34,058	18,234	5,018	1,914	702	55,589	39,778
Interest expense	10	520	37,642	23,773	-	1,031	37,652	25,324
Dues and subscriptions	<u>552</u>	<u>361</u>	<u>9,630</u>	<u>5,782</u>	<u>955</u>	<u>1,241</u>	<u>11,137</u>	<u>7,384</u>
Total expense before depreciation	11,069,547	9,473,985	772,671	913,417	406,864	157,236	12,249,082	10,544,638
Depreciation	<u>34,152</u>	<u>34,992</u>	<u>6,247</u>	<u>6,401</u>	<u>1,249</u>	<u>1,280</u>	<u>41,648</u>	<u>42,673</u>
<b>TOTAL EXPENSES</b>	<u>\$11,103,699</u>	<u>\$ 9,508,977</u>	<u>\$ 778,918</u>	<u>\$ 919,818</u>	<u>\$ 408,113</u>	<u>\$ 158,516</u>	<u>\$ 12,290,730</u>	<u>\$ 10,587,311</u>

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

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (330,592)	\$ 626,892
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	41,648	42,673
Gain on sale of property and equipment		(92,129)
Unrealized loss (gain)	(1,119)	1,210
Contribution of stock	(20,599)	(2,302)
(Increase) decrease in operating assets		
Governmental and other accounts receivable	(551,633)	(1,515,793)
Unconditional promises to give	-	26,116
Prepaid expenses	(3,216)	8,412
Deposits	(5,546)	(982)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued expenses	237,533	414,878
Deferred rent	1,303	1,303
Deferred revenue	697,517	(454,761)
Deferred revenue – PPP	<u>280,420</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	345,716	(944,483)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	(6,808)	(17,643)
Proceeds from sale of property and equipment	-	110,486
Proceeds from investments	<u>-</u>	<u>2,549</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(6,808)	95,392
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from line of credit	634,055	847,807
Repayments of debt	<u>(482,623)</u>	<u>(84,119)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>151,432</u>	<u>763,688</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	490,340	(85,403)
CASH AT THE BEGINNING OF THE YEARS	<u>339,111</u>	<u>424,514</u>
CASH AT THE END OF THE YEARS	<u>\$ 829,451</u>	<u>\$ 339,111</u>
Supplemental disclosure		
Cash paid for interest	<u>\$ 36,380</u>	<u>\$ 20,606</u>

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



TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**1. ORGANIZATION**

Travelers Aid of Metropolitan Atlanta, Inc. (d/b/a “HOPE Atlanta”) is a voluntary health and welfare agency. HOPE Atlanta has been in operation for over 100 years as a social service agency offering H.O.P.E. to individuals and families in crisis by providing Housing, Outreach, Prevention and Emergency Services. HOPE Atlanta is supported primarily through government grants, the United Way of Metropolitan Atlanta, and donor contributions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**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 (“GAAP”).

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

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of HOPE Atlanta’s management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When donor restrictions are met within the year of donation, the amount is recognized directly in as donations received without donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without 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.

**Cash and cash equivalents**

HOPE Atlanta considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. For the years ended June 30, 2020 and 2019, HOPE Atlanta had cash equivalents of \$0 and \$3,843 respectively.

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial instruments**

The financial instruments shown as assets and liabilities in the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

**Concentration of credit risk**

HOPE Atlanta maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. HOPE Atlanta has not experienced any losses in such accounts and management does not believe HOPE Atlanta is exposed to any significant credit risk on cash.

**Investments**

Investments in equity securities are reported at fair value with realized and unrealized gains and losses included in the statement of activities.

**Fair value measurements**

HOPE Atlanta believes the carrying amount of its financial instruments approximates fair value because of the short-term maturity of those instruments. These financial instruments consist of equities which are measured at level 1 of the fair value framework.

**Revenue recognition**

HOPE Atlanta records unconditional promises to give and contributions received as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized as contributions without donor restrictions once the conditions of the promise or grant have been substantially met. If conditions are met in the same year as the conditional promise, the revenue is recognized directly in the without donor restriction category.

*Federal, state, and local grants*

A portion of the HOPE Atlanta's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when HOPE Atlanta has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. HOPE Atlanta received advance payments recognized as deferred revenue for the years ended June 30, 2020 and 2019 of 707,742 and 10,225, respectively.

Governmental accounts receivable consist of amounts due to HOPE Atlanta in connection with various governmental grants and contracts. Management believes that the governmental receivables are completely collectible; therefore, no allowance for doubtful accounts has been recorded.

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Special event*

Special event consists primarily of ticket sales and sponsorships. HOPE Atlanta records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Performance obligations related to special events are transferred to the customer at a point in time, and is recognized at the conclusion of the event. Special event contributions are conditional promises to give and are not recognized as revenue in the financial statements until the event takes place.

**Property and equipment**

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation. Repairs and maintenance are charged to expense as incurred and renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$2,000 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$41,648 and \$42,673 for 2020 and 2019, respectively.

**Estimates**

Management of HOPE Atlanta makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

**Functional allocation of expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of HOPE Atlanta. Those expenses including salaries and wages, payroll taxes, office expenses, accounting fees, postage, insurance, which are allocated on the basis of estimates of time and effort. Depreciation is allocated based on usage.

**Contributed goods and services**

The value of significant donated goods and services and free use of long-lived assets is reflected as contributions in the accompanying financial statements at the estimated fair value of such goods and services at the date of contribution. Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

During the years ended June 30, 2020 and 2019, HOPE Atlanta received contributed software, equipment and professional services. Total in-kind contributed goods and services received and included in the accompanying statements of activities amounted to \$1,050 and \$9,625 for the years ended June 30, 2020 and 2019, respectively.

**Income taxes**

HOPE Atlanta is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC is subject to federal income tax. HOPE Atlanta has no unrelated business income in 2020 and 2019 and no provision for income taxes has been made.

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income taxes - Continued**

HOPE Atlanta's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes HOPE Atlanta has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit status. HOPE Atlanta would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. HOPE Atlanta is no longer subject to examination by federal, state, or local tax authorities for periods before 2017.

**Adopted accounting pronouncement**

In June 2018, the FASB issued ASU 2018-08, Nonprofit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than nonprofits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018. The Organization adopted the ASU for the year ended June 30, 2020. The adoption did not have a material impact on the financial statements.

**Upcoming accounting pronouncements**

In May 2014, the Financial Accounting Standards Board Issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replace most existing revenue recognition guidance in U.S. GAAP. The ASU may change amounts recognized as revenue when compared to prior revenue recognition guidance. The ASU also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization will adopt the revenue recognition standard on July 1, 2020, in accordance with ASU 2020-05, *Revenue with Contracts with Customers* (Topic 606).

FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU No. 2020-05 delayed the application of the new leases standard for one year. As a result, the leases standard is effective for HOPE Atlanta's fiscal year ended June 30, 2023. Early application is permitted.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures for Contributed Nonfinancial Assets*. This ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. This ASU is effective for HOPE Atlanta's fiscal year ended June 30, 2023. Retrospective basis is used for implementation.

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Upcoming accounting pronouncements - Continued**

HOPE Atlanta is currently evaluating the impact of the adoptions for these standards on the financial statements.

**Subsequent events**

HOPE Atlanta has evaluated subsequent events through January 11, 2022, the date which the financial statements were available to be issued.

**3. AVAILABILITY AND LIQUIDITY**

The following represents HOPE Atlanta's financial assets at June 30, 2020, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:

Cash and cash equivalents	\$ 829,451
Investments	24,098
Governmental and other accounts receivable	<u>2,792,190</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,645,739</u>
---	---------------------

HOPE Atlanta does not have any additional available funds on their committed line of credit which could be drawn upon in the event of an unanticipated need.

**4. LINE OF CREDIT**

In March 2019, HOPE Atlanta consolidated its debt into a variable rate nondisclosable revolving line of credit whereby HOPE Atlanta may borrow up to \$1,000,000. The agreement is collateralized by various assets of HOPE Atlanta. On January 26, 2021 the line of credit was extended through January 25, 2022. The outstanding balance on this loan at June 30, 2020 is \$999,055.

**5. ACCRUED VACATION**

The HOPE Atlanta provides vacation and sick pay for its employees. The accrued vacation hours were 5,070 and 3,242 representing \$127,208 and \$75,585 in vacation liabilities at June 30, 2020 and 2019. These amounts are included in accounts payable and accrued expenses in the statement of financial position.

**6. CONTINGENCIES**

**Federal Grants**

Certain federal grants which HOPE Atlanta administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**6. CONTINGENCIES - Continued**

**Federal Grants - Continued**

by the grantor, if any, cannot be determined at this time, although HOPE Atlanta expects such amounts, if any, would not have a significant impact of the financial position of HOPE Atlanta.

**7. CONCENTRATION OF CREDIT RISK**

**Concentration of Revenues**

HOPE Atlanta received approximately 78% and 81% of its total support and revenue for the years ended June 30, 2020 and 2019, respectively, from government grants. The amount of grant revenue has grown tremendously over the past few years. The loss of such funds would have a significant impact on HOPE Atlanta.

**Concentration of Cash Balances**

HOPE Atlanta maintains its funds with a financial institution that insures cash balances up to \$250,000 as of June 30, 2020 and 2019, through the Federal Deposit Insurance Corporation. HOPE Atlanta maintains cash balances that may exceed insured limits as of June 30, 2020 and 2019. HOPE Atlanta performs on-going evaluations of the financial institution to limit its concentration of credit risk exposure. HOPE Atlanta has not experienced any losses in such accounts and management believes HOPE Atlanta is not exposed to any significant credit risk related to cash.

**Concentration of Grants Receivable**

The financial instruments which potentially subject HOPE Atlanta to credit risk are primarily grants receivables. The primary grants receivable balance outstanding at June 30, 2020 and 2019 consists of government contracts receivable due from other nonprofit, state and federal granting agencies. Concentration of credit risks with respect to these receivables is limited, as the majority of HOPE Atlanta's receivable consist of earned fees from contract programs granted by governmental agencies.

**8. OPERATING LEASES**

HOPE Atlanta moved to new office space on September 28, 2015. The lease is for a term of 86 months and expires in 2022. The apartment locations are leased month-to-month or the leases have less than one year remaining. Lease expense totaled \$313,318 and \$306,135 for 2020 and 2019, respectively.

Future minimum rental payments for all operating leases are as follows:

Year	Amount
2021	\$ 282,678
2022	222,771
2023	120,475
2024	56,652
2025	<u>40,129</u>
	<u>\$ 722,705</u>

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**9. NET ASSETS**

Net assets with donor restrictions released from restrictions were as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of restrictions:		
Workforce Development	\$ -	\$ 33,846
UW HPRP and permanent housing	-	26,116
Emergency services	-	25,000
IT Project	-	10,000
Veterans program	-	6,256
Data Reporting on Housing Placements	-	5,000
Total net assets released from restrictions	<u>\$ -</u>	<u>\$ 106,218</u>

**10. PAYCHECK PROTECTION PROGRAM LOAN**

In March 2020, the President of the United States signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides Payroll Protection Program (PPP) loans to small businesses facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. Paycheck Protection Program loans provide a direct incentive for nonprofits to keep their workers on the payroll and to maintain their operations. On April 28, 2020, HOPE Atlanta was granted a loan of \$802,400 from the U.S. Government’s Payroll Protection Program (PPP). The loan is uncollateralized and is fully guaranteed by the Federal government. HOPE Atlanta initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The organization is using ASC 958-605 to recognize the PPP loan as a conditional grant. HOPE Atlanta has recognized \$521,980 in revenue for the year ended June 30, 2020. The revenue is included as Government grants and contracts in the statement of activities.

**11. COMMITMENT AND CONTINGENCY**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. HOPE Atlanta is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on HOPE Atlanta’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on HOPE Atlanta’s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact HOPE Atlanta’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**12. SUBSEQUENT EVENT – COMBINATION**

Action Ministries formed a strategic combination with Travelers Aid of Metropolitan Atlanta d/b/a HOPE Atlanta on March 22, 2021. With similar missions and visions, combining together allows both organizations to meet their missions better - now as one unified organization. Eliminating duplication and management costs will allow for more services to be provided to more families and individuals in need in more efficient ways. It will also allow the unified organization to build its resilience and capacity to meet expected increases in need across metro Atlanta and throughout Georgia. The unified organization will continue to leverage faith-based, civic and corporate groups to complete its mission fighting homelessness and hunger.