

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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 September 28, 2020 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.



Morrow, Georgia
September 28, 2020

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 339,111	\$ 424,514
Investments	2,380	3,837
Governmental and other accounts receivable	2,240,557	724,764
Unconditional promises to give	-	26,116
Prepaid expenses	<u>15,205</u>	<u>23,617</u>
TOTAL CURRENT ASSETS	2,597,253	1,202,848
PROPERTY AND EQUIPMENT		
Land	10,000	30,000
Buildings and improvements	117,834	216,896
Furniture and equipment	77,611	59,968
Vehicle	75,946	75,946
Leasehold improvements	<u>47,707</u>	<u>47,707</u>
Total property and equipment	329,098	430,517
Less accumulated depreciation	<u>(201,408)</u>	<u>(259,440)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	127,690	171,077
DEPOSITS	<u>17,334</u>	<u>16,352</u>
TOTAL ASSETS	\$ <u>2,742,277</u>	\$ <u>1,390,277</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 690,168	\$ 272,684
Unearned revenue	10,225	464,986
Line of Credit	847,623	-
Note payable	-	<u>20,031</u>
TOTAL CURRENT LIABILITIES	<u>1,548,016</u>	<u>757,701</u>
LONG TERM LIABILITIES		
Accrued rent expense	36,155	37,458
Note payable – non-current	-	<u>63,904</u>
TOTAL LONG TERM LIABILITIES	<u>36,155</u>	<u>101,362</u>
TOTAL LIABILITIES	<u>1,584,171</u>	<u>859,063</u>
NET ASSETS		
Without donor restrictions	1,158,106	424,996
With donor restrictions	-	<u>106,218</u>
TOTAL NET ASSETS	<u>1,158,106</u>	<u>531,214</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,742,277</u>	\$ <u>1,390,277</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains, and other support:			
Grants and contracts	\$ 10,332,860	\$ -	\$ 10,332,860
Special events revenue	364,133	-	364,133
Less: direct benefit to donors	(51,893)	-	(51,893)
Program service fees	263,353	-	263,353
Contributions	171,138	-	171,138
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>158,515</u>	<u>-</u>	<u>158,515</u>
Total supporting services	<u>1,078,333</u>	<u>-</u>	<u>1,078,333</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.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Grants and contracts	\$ 8,042,374	\$ -	\$ 8,042,374
Special events revenue	475,026	-	475,026
Less: direct benefit to donors	(54,932)	-	(54,932)
Program service fees	256,311	-	256,311
Contributions	92,133	81,116	173,249
Gain from sale of fixed assets	41,085	-	41,085
Other income	5,081	-	5,081
In-kind contributions	<u>86,134</u>	<u>-</u>	<u>86,134</u>
Revenue, gains, and other support	8,943,212	81,116	9,024,328
Net assets released from restrictions	<u>125,934</u>	<u>(125,934)</u>	<u>-</u>
Total revenue, gains, and other support	<u>9,069,146</u>	<u>(44,818)</u>	<u>9,024,328</u>
Expenses:			
Program services	7,813,454	-	7,813,454
Supporting services:			
Management and general	747,924	-	747,924
Fundraising	<u>270,895</u>	<u>-</u>	<u>270,895</u>
Total supporting services	<u>1,018,819</u>	<u>-</u>	<u>1,018,819</u>
Total expenses	<u>8,832,273</u>	<u>-</u>	<u>8,832,273</u>
Change in net assets	236,873	(44,818)	192,055
Net assets at beginning of year	<u>188,123</u>	<u>151,036</u>	<u>339,159</u>
Net assets at end of year	<u>\$ 424,996</u>	<u>\$ 106,218</u>	<u>\$ 531,214</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, 2019 AND 2018

	Program activities		Management and general		Fundraising		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018
Salaries and wages	\$ 2,823,757	\$ 2,522,572	\$ 490,653	\$ 456,896	\$ 97,999	\$ 84,648	\$ 3,412,409	\$ 3,064,116
Employee benefits	416,028	324,601	44,222	58,793	4,120	10,892	464,370	394,286
Payroll taxes	<u>213,627</u>	<u>195,585</u>	<u>37,120</u>	<u>35,425</u>	<u>7,413</u>	<u>6,563</u>	<u>258,160</u>	<u>237,573</u>
Total salaries and benefits	3,453,412	3,042,758	571,995	551,114	109,532	102,103	4,134,939	3,695,975
Interventive assistance	5,353,996	4,039,673	-	-	-	-	5,353,996	4,039,673
Professional fees	23,380	172,871	233,799	92,500	35,070	92,582	292,249	357,953
Occupancy	194,935	166,239	25,620	30,110	-	5,578	220,555	201,927
Travel	102,244	68,070	17,156	20,857	660	187	120,060	89,114
Equipment and maintenance	101,098	106,321	2,441	7,400	448	1,838	103,987	115,559
Telephone	96,346	83,640	-	2,495	-	240	96,346	86,375
Other expense	58,638	25,773	20,796	10,115	8,306	8,090	87,740	43,978
Insurance	53,490	41,461	6,796	7,509	-	1,391	60,286	50,361
Supplies	34,058	28,070	5,018	6,859	702	54,538	39,778	89,467
Interest expense	520	-	23,773	6,046	1,031	-	25,324	6,046
Dues and subscriptions	361	1,977	5,782	6,290	1,241	2,586	7,384	10,853
Marketing	<u>1,507</u>	<u>-</u>	<u>241</u>	<u>-</u>	<u>246</u>	<u>534</u>	<u>1,994</u>	<u>534</u>
Total expense before depreciation	9,473,985	7,776,853	913,417	741,295	157,236	269,667	10,544,638	8,787,815
Depreciation	<u>34,992</u>	<u>36,601</u>	<u>6,401</u>	<u>6,629</u>	<u>1,280</u>	<u>1,228</u>	<u>42,673</u>	<u>44,458</u>
TOTAL EXPENSES	<u>\$ 9,508,977</u>	<u>\$ 7,813,454</u>	<u>\$ 919,818</u>	<u>\$ 747,924</u>	<u>\$ 158,516</u>	<u>\$ 270,895</u>	<u>\$ 10,587,311</u>	<u>\$ 8,832,273</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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 626,892	\$ 192,055
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	42,673	44,458
Gain on sale of property and equipment	(92,129)	(41,085)
Unrealized loss (gain)	1,210	(293)
Contribution of stock	(2,302)	(2,370)
(Increase) decrease in operating assets		
Governmental and other accounts receivable	(1,515,793)	(93,585)
Unconditional promises to give	26,116	115,493
Prepaid expenses	8,412	4,733
Deposits	(982)	(1,544)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued expenses	414,878	(66,201)
Deferred rent	1,303	2,700
Unearned revenue	<u>(454,761)</u>	<u>(21,968)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(944,483)	132,393
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	110,486	56,777
Purchase of property and equipment	(17,643)	(34,996)
Proceeds from investments	2,549	-
Purchase of investments	<u>-</u>	<u>(112)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	95,392	21,669
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from line of credit	847,807	450,000
Repayments of debt	<u>(84,119)</u>	<u>(468,796)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>763,688</u>	<u>(18,796)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(85,403)	135,266
CASH AT THE BEGINNING OF THE YEARS	<u>424,514</u>	<u>289,248</u>
CASH AT THE END OF THE YEARS	<u>\$ 339,111</u>	<u>\$ 424,514</u>
Supplemental disclosure		
Cash paid for interest	<u>\$ 20,606</u>	<u>\$ 6,138</u>

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

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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.

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, 2019 and 2018, HOPE Atlanta had cash equivalents of \$3,843 and \$0 respectively.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Government grants

Grant revenue is deemed to be a fee-for-services transaction and is not considered contribution revenue. Therefore, grant revenue is recognized during the period in which the related grant expenses are incurred. Accordingly, grant revenue is accrued or deferred to match grant revenue with the related grant expenses.

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.

Deferred revenue

Grant revenue paid to HOPE Atlanta in advance is recorded as deferred revenue. Such revenue will be recognized in the period expenditures are incurred.

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 \$42,673 and \$44,458 for 2019 and 2018, 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, and depreciation, which are allocated on the basis of estimates of time and effort.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 and 2018, 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 \$9,625 and \$86,134 for the years ended June 30, 2019 and 2018, 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 2019 and 2018 and no provision for income taxes has been made.

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 2016.

New accounting pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. HOPE Atlanta has adjusted the presentation of these statements accordingly.

Subsequent events

HOPE Atlanta has evaluated subsequent events through September 28, 2020, the date which the financial statements were available to be issued.

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

3. AVAILABILITY AND LIQUIDITY

The following represents HOPE Atlanta’s financial assets at June 30, 2019, 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	\$ 339,111
Investments	2,380
Governmental and other accounts receivable	<u>2,240,557</u>

Financial assets available to meet cash needs for
general expenditures within one year \$ 2,582,048

HOPE Atlanta has an additional \$152,377 available on their committed line of credit which could be drawn upon in the event of an unanticipated need.

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of United Way services funding in the amount of \$0 and \$26,116 at June 30, 2019 and 2018. Although donor designations to the United Way may vary, differences between amounts allocated and collected from the United Way have been historically insignificant. Accordingly, no provision has been made for uncollectible amounts. All promises to give are anticipated to be received within the subsequent fiscal year.

5. 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. The line of credit was extended through September 30, 2020. The outstanding balance on this loan at June 30, 2019 is \$847,623.

6. ACCRUED VACATION

The HOPE Atlanta provides vacation and sick pay for its employees. The accrued vacation hours were 3,242 and 2,402 representing \$75,585 and \$61,967 in vacation liabilities at June 30, 2019 and 2018. These amounts are included in accounts payable and accrued expenses in the statement of financial position.

7. 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 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.

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

8. CONCENTRATION OF CREDIT RISK

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, 2019 and 2018, through the Federal Deposit Insurance Corporation. HOPE Atlanta maintains cash balances that may exceed insured limits as of June 30, 2019 and 2018. 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, 2019 and 2018 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.

Concentration of Revenues

HOPE Atlanta received approximately 81% and 82% of its total support and revenue for the years ended June 30, 2019 and 2018, 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.

9. 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 \$306,135 and \$283,355 for 2019 and 2018, respectively.

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

Year	Amount
2020	\$ 239,967
2021	218,211
2022	206,910
2023	120,475
2024	56,652
Thereafter	40,129
	<u>\$ 882,344</u>

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

10. NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditures for specific purpose:		
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 with donor restrictions	<u>\$ -</u>	<u>\$ 106,218</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to the passage of time	\$ -	\$ 33,064
Satisfaction of restrictions:		
Workforce Development	33,846	-
UW HPRP and permanent housing	26,116	64,698
Emergency services	25,000	-
IT Project	10,000	-
Veterans program	6,256	3,744
Data Reporting on Housing Placements	5,000	15,000
Relocation	-	9,428
Sub-total purpose	<u>106,218</u>	<u>92,870</u>
Total net assets released from restrictions	<u>\$ 106,218</u>	<u>\$ 125,934</u>

11. SUBSEQUENT EVENT

On April 28, 2020, the Company received loan proceeds in the amount of \$802,400 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight- or twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1 percent, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, no assurances can be provided.

As of the issuance date of these financial statements, the coronavirus pandemic is having serious economic implications throughout the world. The long-term economic consequences remain unknown. An estimate of the financial statement effect of this pandemic on HOPE Atlanta cannot be made at this time.

INDEPENDENT AUDITOR'S 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

To the Board of Directors and Officers of
Travelers Aid of Metropolitan 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 Travelers Aid of Metropolitan Atlanta, Inc. (d/b/a "HOPE Atlanta") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HOPE Atlanta's internal control over financial reporting (internal control) to determine the 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 HOPE Atlanta'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 HOPE Atlanta'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HOPE Atlanta'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 determination of financial statement amounts. 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*.

HOPE Atlanta's Response to Finding

HOPE Atlanta's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. HOPE Atlanta's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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.



Morrow, Georgia
September 28, 2020

TRAVELERS AID OF METROPOLITAN ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Financial Statement Findings

Finding 2019-001: Schedule of Expenditures of Federal Awards

Internal Control Impact: Significant Deficiency

Condition: The Schedule of Expenditures of Federal and State Awards (SEFA) prepared by HOPE Atlanta contained errors in classification. These errors were corrected during the course of the audit. However, the occurrence of these errors indicate a lack of internal controls over the preparation of a complete and accurate SEFA.

Criteria: 2 CFR 200.510(b) – Schedule of expenditures of Federal awards – The auditee must prepare a SEFA for the period covered by the auditee’s financial statements. The SEFA must list individual Federal programs by Federal agency, include the total amount provided to subrecipients from each Federal program, and include notes that describe the significant accounting policies used in preparing the schedule.

Questioned Costs: None

Effect: Absent effective procedures for reviewing the SEFA and notes to the SEFA, information may not be reported accurately and in accordance with Federal and other guidelines.

Recommendation: We recommend that HOPE Atlanta enhance review procedures to ensure that the amounts and information reported on the SEFA and notes to the SEFA are completed, accurate and presented in accordance with Federal and other guidelines.

**Views of Responsible
Officials and Corrective**

Actions: HOPE Atlanta agrees with this finding. Please refer to the Corrective Action Plan.



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Hope Atlanta
Corrective Action Plan
For the Year Ended June 30, 2019 programs of [travelers aid of metro atlanta](#)

Finding 2019-001

Condition

The Schedule of Expenditures of Federal and State Awards (SEFA) prepared by Hope Atlanta contained errors in classification. These errors were corrected during the course of the audit. However, the occurrence of these errors indicate a lack of internal controls over the preparation of a complete and accurate SEFA.

Corrective Action Plan

Corrective Action Planned: HOPE Atlanta will ensure stronger reviews over the preparation of the year end Schedule of Expenditures of Federal and State Awards. This includes implementing a two step review process and designating one employee to review and classify grants upon receipt. The CFO will then review the assigned classification to ensure it is correct prior to it being added to the Accounting System.

Name(s) of Contact Person(s) Responsible for Corrective Action: Barbara Bond-Gentry, CFO

Anticipated Completion Date: {9/30/2020}