HANDS ON NASHVILLE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2015 and 2014

HANDS ON NASHVILLE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hands on Nashville, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of Hands on Nashville, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2015 financial statements referred to above present fairly, in all material respects, the financial position of Hands on Nashville, Inc. as of December 31, 2015, 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.

Prior Period Financial Statements

The financial statements of Hands on Nashville, Inc. as of December 31, 2014, were audited by other auditors whose report dated May 18, 2015, expressed an unmodified opinion on those statements.

Frasier, Dean & Howard, PLLC

August 11, 2016
Nashville, Tennessee

HANDS ON NASHVILLE, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2015 and 2014

Assets

	2015	2014
Current assets:		
Cash and cash equivalents	$ 52,872	$ 72,404
Investments	210,773	647,327
Accounts receivable	67,671	76,290
Grants receivable	110,956	-
Prepaid expenses	23,541	-
Total current assets	465,813	796,021
Equipment and leasehold improvements, net of accumulated depreciation	74,240	89,403
Total assets	$ 540,053	$ 885,424

Liabilities and Net Assets

	2015	2014
Current liabilities:		
Accounts payable and accrued expenses	$ 55,406	$ 19,373
Deferred revenues	29,890	7,100
Total current liabilities	85,296	26,473
Net assets:		
Unrestricted	389,757	858,951
Temporarily restricted	65,000	-
Total net assets	454,757	858,951
Total liabilities and net assets	$ 540,053	$ 885,424

See accompanying notes.

HANDS ON NASHVILLE, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Contributions and grants	$ 818,399	$ 65,000	$ 883,399	$ 663,091	$ -	$ 663,091
Special events, net of direct costs of $109,378 and $65,925, respectively	67,940	-	67,940	95,034	-	95,034
Program fees	488,045	-	488,045	307,570	-	307,570
Interest	7,431	-	7,431	21,187	-	21,187
Realized/unrealized gain/loss on investments	(12,355)	-	(12,355)	51,442	-	51,442
Total revenue	1,369,460	65,000	1,434,460	1,138,324	-	1,138,324
Expenses						
Program services	1,073,625	-	1,073,625	1,244,752	-	1,244,752
Management and general	529,362	-	529,362	146,277	-	146,277
Fundraising	235,667	-	235,667	99,633	-	99,633
Total expenses	1,838,654	-	1,838,654	1,490,662	-	1,490,662
Change in net assets	(469,194)	65,000	(404,194)	(352,338)	-	(352,338)
Net assets, beginning of year	858,951	-	858,951	1,211,289	-	1,211,289
Net assets, end of year	$ 389,757	$ 65,000	$ 454,757	$ 858,951	$ -	$ 858,951

See accompanying notes.

HANDS ON NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2015

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 460,775	$ 340,064	$ 186,195	$ 987,034
Program and fundraising supplies	274,285	-	1,162	275,447
Professional fees	176,110	15,279	70	191,459
Rent	39,489	27,798	15,534	82,821
Payroll taxes	35,223	25,481	14,239	74,943
Technology	223	56,876	129	57,228
Depreciation	26,052	13,638	-	39,690
Utilities	13,939	10,083	5,635	29,657
Conferences and meetings	14,473	5,067	284	19,824
Repairs and maintenance	6,607	4,780	2,671	14,058
Meals and entertainment	7,421	4,200	951	12,572
Dues and licenses	3,314	6,751	180	10,245
Insurance	4,689	3,392	1,895	9,976
Travel	6,860	179	51	7,090
Telephone	3,278	2,372	1,325	6,975
Other	-	831	5,000	5,831
Marketing	-	5,027	40	5,067
Financial transaction fees	-	4,030	-	4,030
Supplies	336	2,814	277	3,427
Postage	-	621	29	650
Printing	551	79	-	630
Total expenses	$ 1,073,625	$ 529,362	$ 235,667	$ 1,838,654

See accompanying notes.

HANDS ON NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2014

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 636,827	$ 79,603	$ 79,603	$ 796,033
Program supplies	253,394	-	-	253,394
Professional fees	77,123	33,053	-	110,176
Rent	72,216	8,496	4,248	84,960
Payroll taxes	50,804	6,351	6,351	63,506
Technology	32,692	3,846	1,923	38,461
Utilities	20,922	5,578	1,395	27,895
Depreciation	19,883	-	4,971	24,854
Conferences and meetings	17,215	906	-	18,121
Meals and entertainment	13,331	702	-	14,033
Financial transaction fees	10,385	3,462	-	13,847
Travel	9,188	-	-	9,188
Telephone	7,315	1,372	457	9,144
Insurance	7,973	420	-	8,393
Dues and licenses	4,427	1,180	295	5,902
Supplies	3,965	1,057	264	5,286
Other	4,955	-	-	4,955
Postage	1,268	149	75	1,492
Printing	869	102	51	1,022
Total expenses	$ 1,244,752	$ 146,277	$ 99,633	$ 1,490,662

See accompanying notes.

HANDS ON NASHVILLE, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (404,194)	$ (352,338)
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	39,690	24,854
Realized/unrealized (gains)/losses on investments	12,355	(51,442)
(Increase) decrease in:		
Accounts receivable	8,619	(2,648)
Grants receivable	(110,956)	-
Prepaid expenses	(23,541)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	36,033	(2,118)
Deferred revenue	22,790	7,100
Net cash used in operating activities	(419,204)	(376,592)
Cash flows from investing activities:		
Purchase of equipment and improvements	(24,527)	(11,849)
Purchase of investments	(70,781)	(170,986)
Proceeds from sale of investments	494,980	339,909
Net cash provided by investing activities	399,672	157,074
Net decrease in cash and cash equivalents	(19,532)	(219,518)
Cash and cash equivalents, beginning of year	72,404	291,922
Cash and cash equivalents, end of year	$ 52,872	$ 72,404

See accompanying notes.

HANDS ON NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose

Hands on Nashville, Inc. (the "Organization") is a not-for-profit organization located in Nashville, Tennessee that works to address critical issues facing the Middle Tennessee community through volunteer-centric programming. Annually, the Organization connects thousands of volunteers to service opportunities supporting area nonprofits as well as its programs in urban agriculture, home energy savings, youth leadership development and support of public education. The Organization receives support from state and federal agencies, individual donors and foundations, and through fund-raising events. Revenues are earned from program fees for corporate project management and nonprofit partner fees.

Basis of Presentation

The financial statements of the Organization are presented on the accrual basis of accounting.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"). Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets:

> *Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.
>
> *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
>
> *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no permanently restricted net assets for the years ending December 31, 2015 and 2014.

The Organization accounts for contributions in accordance with the FASB ASC, which requires contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

No allowance for uncollectible unconditional promises to give is considered necessary, as all amounts are considered collectible at December 31, 2015 and 2014.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents.

Investments

Investments are valued at their fair market values in the statements of financial position. Unrealized gains and losses as well as appreciation or depreciation in market value are reflected in the accompanying statements of activities.

Accounts and Grants Receivable

Accounts receivable represents program services fees that have been billed but not collected as of the date of the accompanying financial statements. Grant revenues are recognized when qualified reimbursable expenses are incurred or when services are performed. Grant funds received in advance are recognized as deferred grant revenue until earned. Grant receivables represent amounts due from grants which have been earned but not received. All grant receivables are reported at estimated collectible amounts.

As of December 31, 2015 and 2014, management believes that all accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Equipment and Leasehold Improvements

The Organization's policy is to record purchased and contributed fixed assets at cost and fair value, respectively. The cost of equipment is depreciated using the straight line method over the estimated useful lives of 3-5 years for computer, office equipment and vehicles, and 10-15 years for leasehold improvements.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. Donated services are recognized as revenues at their estimated fair value only when they create or enhance nonfinancial assets or they require specialized skill which would need to be purchased if they were not donated. The total amount of donated services recognized in 2015 and 2014 were $21,750 and $0, respectively. The Organization coordinates many individuals who volunteer their time and perform a variety of tasks throughout the Nashville community. During the years ended December 31, 2015 and 2014, the Organization coordinated efforts of over 397,671 and 389,772 volunteer hours, respectively.

Allocated Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on estimates by management. During 2015, management reevaluated its allocation of costs for reporting functional expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made.

The Organization follows guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Income Taxes (Continued)

meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization does not believe there are any uncertain tax positions at December 31, 2015 and 2014. Additionally, the Organization has not recognized any tax related interest and penalties in the accompanying financial statements. Federal tax years that remain open for examination include the years ended December 31, 2012 through December 31, 2015.

Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash on deposit and accounts and grants receivable. Cash and cash equivalents are primarily held in bank accounts that, at times, exceed federally-insured amounts. Concentrations of credit risk with respect to accounts and grant receivables are limited to corporate donors and foundations in the Nashville area.

Substantially all of the Organization's revenue are donations and special events which are dependent on fundraising efforts.

NOTE 2 – INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investments in equity securities at December 31, 2015 and 2014 are as follows:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Mutual equity funds (Level 1)	$ 60,135	$ 62,623	$ 242,356	$ 261,842
Mutual bond funds (Level 1)	124,880	148,150	293,104	385,485
Total investments	$ 185,015	$ 210,773	$ 535,460	$ 647,327

Realized and unrealized gains / (losses) on investments were ($12,355) and $51,442 for the years ended December 31, 2015 and 2014, respectively.

NOTE 2 – INVESTMENTS (Continued)

The Organization's investments are reported at fair value in the accompanying statements of financial position. Such investments are considered to be Level 1 investments as the fair value is based on quoted prices in active markets for identical assets, as measured on a recurring basis.

Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

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

Level 3 Inputs to the valuation methodology are unobservable and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

An asset's 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments in securities - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and certain other products, such as mutual funds. If quoted market prices

NOTE 2 – INVESTMENTS (Continued)

are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodologies have been made during the period from January 1, 2014 through December 31, 2015; however, the presentation of mutual bond funds has been changed to Level 1 for 2015 as the bond funds are publicly traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with that of 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.

NOTE 3 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following at December 31:

	2015	2014
Computer and office equipment	$ 167,258	$ 158,198
Leasehold improvements	80,246	78,490
Vehicles	57,259	-
Less: Accumulated depreciation	(230,523)	(147,285)
	$ 74,240	$ 89,403

Depreciation expense was $39,690 and $24,854 for the years ended December 31, 2015 and 2014, respectively.

NOTE 4 – GRANTS RECEIVABLE

As of December 31, 2015, the Organization has receivables from corporate and government donors. Such receivables are expected to be received within the next fiscal year and as such are reflected as current assets.

NOTE 5 – TAX DEFERRED ANNUITY PLAN

The Organization sponsors a tax deferred annuity plan qualified under section 403(b) of the Internal Revenue Code. The Plan covers full-time employees of the Organization. Contributions to the plan were made in the amount of $7,326 and $7,629 for the years ending December 31, 2015 and 2014, respectively.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes and/or time periods at December 31:

	2015	2014
Operational support in 2016	$ 40,000	$ -
Home Energy Savings program in 2016	15,000	-
Crop City program in 2016	10,000	-
Total	$ 65,000	$ -

NOTE 7 – OPERATING LEASES

The Organization has an operating lease for office space that expires February 28, 2022, as well as a lease for office equipment that expires February 2016. Rent expense was $82,821 and $84,960, for the years ended December 31, 2015 and 2014, respectively.

Future minimum rentals under the leases are as follows for the years ending December 31:

2016	$ 84,326
2017	86,421
2018	89,014
2019	91,684
2020	94,435
Thereafter	109,470
	$ 555,350

NOTE 8 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through August 11, 2016, when these financial statements were available to be issued. Management of the Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.