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August 15, 2014

To Whom It May Concern:

The financial health of Hands On Nashville is strong. Its 2013 year-end balance for total net assets was over \$1.2 million.

For fiscal year 2013, however, the agency reported a modest negative change in net assets of \$72,819. In May 2010, several counties in Tennessee were affected by flooding and declared to be disaster areas by the federal government. Hands On Nashville received significant donations during 2012 and continued to be the primary volunteer coordinator for relief efforts. The agency spent all flood relief donations as of December 31, 2013 and has incurred a loss for the year mostly due to spending all of the temporarily restricted funds.

Looking toward the future, Hands On Nashville's 2014 fiscal year will come to an end December 31, 2014. Financial performance for 2014 is on track, with expenses matching revenues. Change in net assets will be \$0 at year-end.

Should you have any questions or concerns, please feel free to contact me at (615) 298-1108 ext. 402 or brian@hon.org.

Sincerely,

Brian N. Williams
President and CEO

HANDS ON NASHVILLE, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2013 AND 2012

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BELLENFANT + MILES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Hands on Nashville, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hands on Nashville, Inc. as of December 31, 2013 and 2012, 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.

Bellenfant & Miles, PLLC

June 16, 2014

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets		
Cash	\$ 291,922	\$ 981,979
Investments	764,808	441,454
Unconditional promises to give	<u>73,642</u>	<u>66,597</u>
Total Current Assets	1,130,372	1,490,030
Equipment and leasehold improvements net of accumulated depreciation	<u>102,408</u>	<u>121,034</u>
Total Assets	<u><u>\$ 1,232,780</u></u>	<u><u>\$ 1,611,064</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 21,491</u>	<u>\$ 16,106</u>
Total Current Liabilities	<u>21,491</u>	<u>16,106</u>
Net Assets		
Unrestricted	1,211,289	1,284,108
Temporarily restricted	<u>-</u>	<u>310,850</u>
Total Net Assets	<u>1,211,289</u>	<u>1,594,958</u>
Total Liabilities and Net Assets	<u><u>\$ 1,232,780</u></u>	<u><u>\$ 1,611,064</u></u>

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grants	\$ 331,986	\$ -	\$ 331,986	\$ 49,952	\$ -	\$ 49,952
Contributions	629,213	-	629,213	2,311,422	-	2,311,422
Special events, net of direct costs	170,764	-	170,764	152,819	-	152,819
Program fees	414,227	-	414,227	265,907	-	265,907
Interest	13,515	-	13,515	11,755	-	11,755
Realized/Unrealized Gain on Investments	74,119	-	74,119	37,249	-	37,249
Net Assets released from restrictions	310,850	(310,850)	-	15,104	(15,104)	-
Total Revenue	\$ 1,944,674	\$ (310,850)	\$ 1,633,824	\$ 2,844,208	\$ (15,104)	\$ 2,829,104
EXPENSES						
Program services	1,707,154	-	1,707,154	2,287,883	-	2,287,883
Management and general	187,162	-	187,162	215,579	-	215,579
Fundraising	123,177	-	123,177	130,077	-	130,077
Total Expenses	2,017,493	-	2,017,493	2,633,539	-	2,633,539
CHANGE IN NET ASSETS	(72,819)	(310,850)	(383,669)	210,669	(15,104)	195,565
Net Assets, beginning of year	1,284,108	310,850	1,594,958	1,073,439	325,954	1,399,393
Net Assets, end of year	\$ 1,211,289	\$ -	\$ 1,211,289	\$ 1,284,108	\$ 310,850	\$ 1,594,958

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program Services</u>		Total	Management		
	<u>Other Programs</u>	<u>Flood Relief</u>	<u>Program Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 814,691	\$ -	\$ 814,691	\$ 101,836	\$101,834	\$1,018,361
Payroll taxes	60,785	-	60,785	7,598	7,598	75,981
Rent	57,924	-	57,924	6,815	3,407	68,146
Postage	1,695	-	1,695	199	100	1,994
Supplies	9,206	-	9,206	2,455	614	12,275
Financial transaction fees	5,717	-	5,717	1,906	-	7,623
Printing	1,098	-	1,098	129	65	1,292
Program supplies	455,679	-	455,679	-	-	455,679
Travel	12,607	-	12,607	-	-	12,607
Telephone	4,938	-	4,938	926	309	6,173
Depreciation	23,458	-	23,458	-	5,865	29,323
Professional fees	122,198	30,733	152,931	52,371	-	205,302
Dues and licenses	7,613	-	7,613	2,030	508	10,151
Insurance	7,115	-	7,115	374	-	7,489
Conferences and meetings	24,449	-	24,449	1,287	-	25,736
Technology	25,772	-	25,772	3,032	1,516	30,320
Meals and entertainment	14,450	-	14,450	761	-	15,211
Utilities	20,411	-	20,411	5,443	1,361	27,215
Other	6,615	-	6,615	-	-	6,615
Total Functional Expenses	<u>\$ 1,676,421</u>	<u>\$ 30,733</u>	<u>\$ 1,707,154</u>	<u>\$ 187,162</u>	<u>\$123,177</u>	<u>\$2,017,493</u>

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>		<u>Total</u>	<u>Management</u>		
	<u>Other Programs</u>	<u>Flood Relief</u>	<u>Program Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 854,604	\$ -	\$ 854,604	\$ 106,826	\$ 106,826	\$ 1,068,256
Payroll taxes	61,638	-	61,638	7,705	7,705	77,048
Rent	94,821	-	94,821	11,155	5,578	111,554
Postage	2,040	-	2,040	240	120	2,400
Supplies	5,150	-	5,150	1,373	343	6,866
Moving	-	-	-	17,241	-	17,241
Printing	8,014	-	8,014	943	471	9,428
Program supplies	660,771	-	660,771	-	-	660,771
Travel	9,885	3,109	12,994	-	-	12,994
Telephone	10,466	-	10,466	1,962	654	13,082
Depreciation	25,677	-	25,677	-	6,419	32,096
Professional fees	-	72,019	72,019	58,571	-	130,590
Construction Services	-	172,464	172,464	-	-	172,464
Dues and licenses	6,220	-	6,220	1,659	415	8,294
Insurance	7,946	-	7,946	418	-	8,364
Conferences and meetings	22,293	-	22,293	1,173	-	23,466
Rebuilding together	-	214,825	214,825	-	-	214,825
Technology	21,576	-	21,576	2,538	1,269	25,383
Meals and entertainment	25,105	-	25,105	1,321	-	26,426
Utilities	4,160	-	4,160	1,109	277	5,546
Other	5,100	-	5,100	1,345	-	6,445
Total Functional Expenses	<u>\$ 1,825,466</u>	<u>\$ 462,417</u>	<u>\$ 2,287,883</u>	<u>\$ 215,579</u>	<u>\$ 130,077</u>	<u>\$ 2,633,539</u>

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2013</u>	<u>2012</u>
Change in Net Assets	\$ (383,669)	\$ 195,565
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	29,323	32,096
Realized/Unrealized gains on investments	(74,119)	(37,249)
(Increase) Decrease in:		
Unconditional promises to give	(7,045)	(33,928)
Increase (Decrease) in:		
Accounts payable and accrued expenses	<u>5,385</u>	<u>(720)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(430,125)</u>	<u>155,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and improvements	(10,697)	(84,023)
Purchase of investments	(278,891)	(93,618)
Transfer/Sale of investments	<u>29,656</u>	<u>76,772</u>
Net Cash Used by Investing Activities	<u>(259,932)</u>	<u>(100,869)</u>
NET INCREASE (DECREASE) IN CASH	(690,057)	54,895
Cash balance, beginning of year	<u>981,979</u>	<u>927,084</u>
Cash balance, end of year	<u><u>\$ 291,922</u></u>	<u><u>\$ 981,979</u></u>

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

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. The Organization's mission is to be recognized leaders of programs, partnerships and services that maximize volunteer impact in the greater Nashville community.

Basis of Presentation:

The financial statements of the Organization are presented on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, 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 statement of activities as net assets released from restrictions. The Organization had temporarily restricted net assets of \$0 and \$310,850 for the years ended December 31, 2013 and 2012, respectively.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may 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, 2013 and 2012, respectively.

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

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 expire 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.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

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 and office equipment and ten years for leasehold improvements.

Donated Services:

No amounts have been reflected in the financial statements for donated services as no objective basis is available to measure the value of such services. The Organization pays for most services requiring specific expertise. However, the Organization coordinates many individuals who volunteer their time and perform a variety of tasks throughout the Nashville community. During the year ended December 31, 2013, the Organization coordinated efforts of over 380,462 volunteers.

Fair Value:

Cash, investments, receivables, and payables: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Income Taxes:

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax*. The Organization's returns for the years prior to calendar year 2010 are no longer open for examination.

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.

Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash on deposit and unconditional promises to give. The Organization's cash deposits, in a commercial bank located in Nashville, exceeded federally insured amounts. Concentrations of credit risk with respect to unconditional promises to give are limited to corporate donors and foundations in the Nashville area. Cash exceeded \$22,383 over the federally insured amount (\$250,000 at December 31, 2013).

Concentration of Revenues and Support:

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

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

2. INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

	<u>December 31, 2013</u>	
	<u>Cost</u>	<u>Market</u>
Equities	\$ 247,668	\$ 251,418
Mutual Bond Funds	<u>390,880</u>	<u>513,390</u>
Total Investments	<u>\$ 638,548</u>	<u>\$ 764,808</u>

Realized and unrealized gains on investments were \$74,119 for the year ended December 31, 2013.

3. FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position.

Fair Value Measurements at December 31, 2013 Using:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
Equities	\$ 251,418	\$ 251,418	\$ -	\$ -
Mutual Bond Funds	<u>513,390</u>	<u>-</u>	<u>513,390</u>	<u>-</u>
	<u>\$ 764,808</u>	<u>\$ 251,418</u>	<u>\$ 513,390</u>	<u>\$ -</u>

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted process for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

	<u>2013</u>	<u>2012</u>
Computer and office equipment	\$ 146,349	\$ 135,655
Leasehold Improvements	78,490	78,490
Less: Accumulated depreciation	<u>(122,431)</u>	<u>(93,111)</u>
	<u>\$ 102,408</u>	<u>\$ 121,034</u>

Depreciation expense was \$29,323 and \$32,096 for the years ended December 31, 2013 and 2012, respectively.

5. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2013, the Organization had unconditional promises to give from corporate and government donors. Unconditional promises to give are expected to be received within the next fiscal year.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Donations for flood relief	<u>\$ -</u>	<u>\$ 310,850</u>

7. OPERATING LEASES

The Organization has an operating lease for office space that expires February 1, 2022. They also lease office equipment that expires between September 2014 and February 2016. Future minimum rentals under the leases are as follows:

Year Ending	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2014	79,183	3,055	82,238
2015	81,560	2,533	84,093
2016	84,007	422	84,429
2017	86,526	-	86,526
2018	89,122	-	89,122
Thereafter	291,867	-	291,867
	<u>\$ 712,265</u>	<u>\$ 6,010</u>	<u>\$ 718,275</u>

Rent expense was \$68,146 and \$111,554 for the years ended December 31, 2013 and 2012, respectively.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

8. 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 \$10,154 and \$9,619 for the years ending December 31, 2013 and 2012, respectively.

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended December 31, 2013.

10. FLOOD RELIEF

In May 2010, several counties in Tennessee were affected by flooding and declared to be disaster areas by the federal government. The Organization received significant donations during 2012 and continued to be the primary volunteer coordinator for relief efforts. The Organization spent all flood relief donations as of December 31, 2013 and has incurred a loss for the year mostly due to spending all of the temporarily restricted funds.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 16, 2014 which is the date the financial statements were available to be issued.