HANDS ON NASHVILLE, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

HANDS ON NASHVILLE, INC.

TABLE OF CONTENTS

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Board of Directors
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, 2018 and 2017, 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. 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, 2018 and 2017, 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.

Changes in Financial Statement Presentation

As discussed in Note 1, Hands On Nashville, Inc. adopted Accounting Standards Update ("ASU") 2016-14, Not-*for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Nashville, Tennessee
June 18, 2019

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 418,747	$ 303,801
Accounts receivable	37,171	68,794
Grants receivable	66,610	57,954
Prepaid expenses	27,302	17,993
Total Current Assets	549,830	448,542
Equipment and leasehold improvements, net of accumulated depreciation	49,456	50,225
Total Assets	$ 599,286	$ 498,767
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 49,945	$ 52,358
Deferred revenue	25,750	20,964
Total Current Liabilities	75,695	73,322
Net Assets:		
Without donor restrictions	375,288	417,445
With donor restrictions	148,303	8,000
Total Net Assets	523,591	425,445
Total Liabilities and Net Assets	$ 599,286	$ 498,767

HANDS ON NASHVILLE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenue:						
Contributions and grants	$ 567,181	$ 148,303	$ 715,484	$ 809,145	$ 8,000	$ 817,145
Program fees	974,619	-	974,619	584,541	-	584,541
Special events, net of direct costs of $84,215 and $47,878, respectively	88,028	-	88,028	87,983	-	87,983
Rent revenue	21,891	-	21,891	23,069	-	23,069
Interest	1,442	-	1,442	59	-	59
Releases of net assets with donor restrictions	8,000	(8,000)	-	45,000	(45,000)	-
Total Revenue	1,661,161	140,303	1,801,464	1,549,797	(37,000)	1,512,797
Expenses:						
Program services	1,033,800	-	1,033,800	720,007	-	720,007
Management and general	359,429	-	359,429	249,499	-	249,499
Fundraising	310,090	-	310,090	380,890	-	380,890
Total Expenses	1,703,319	-	1,703,319	1,350,396	-	1,350,396
Change in net assets	(42,157)	140,303	98,146	199,401	(37,000)	162,401
Net assets, beginning of year	417,445	8,000	425,445	218,044	45,000	263,044
Net assets, end of year	$ 375,288	$ 148,303	$ 523,591	$ 417,445	$ 8,000	$ 425,445

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

HANDS ON NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 341,607	$ 254,654	$ 200,363	$ 796,624
Program expenses (including in-kind goods and services of $68,711)	427,743	2,482	26,057	456,282
Rent and utilities	68,672	19,894	37,023	125,589
Payroll taxes	24,045	19,563	13,945	57,553
Repairs and maintenance	32,995	11,550	642	45,187
Technology	27,001	9,494	7,222	43,717
Travel	39,936	384	259	40,579
Professional fees	20,531	5,937	11,702	38,170
Meals and entertainment	17,760	1,137	511	19,408
Depreciation	9,101	9,101	-	18,202
Insurance	-	14,821	-	14,821
Dues and licenses	6,958	1,315	1,875	10,148
Conferences and meetings	5,156	855	2,267	8,278
Bad debts	6,827	-	-	6,827
Financial transaction fees	-	4,781	1,732	6,513
Supplies and other	2,176	3,425	893	6,494
Telephone	2,445	-	2,603	5,048
Marketing	847	36	2,996	3,879
Total Expenses	$ 1,033,800	$ 359,429	$ 310,090	$ 1,703,319

HANDS ON NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 305,762	$ 171,941	$ 258,593	$ 736,296
Program expenses (including in-kind goods and services of $49,049)	196,840	4,145	44,443	245,428
Rent and utilities	74,018	10,342	35,058	119,418
Payroll taxes	21,086	11,717	18,883	51,686
Repairs and maintenance	9,301	4,451	790	14,542
Technology	16,961	5,506	9,908	32,375
Travel	20,788	2,790	274	23,852
Professional fees	35,003	6,796	6,348	48,147
Meals and entertainment	14,594	870	490	15,954
Depreciation	10,089	10,089	-	20,178
Insurance	36	8,947	-	8,983
Dues and licenses	5,353	1,882	-	7,235
Conferences and meetings	914	1,508	175	2,597
Bad debts	2,670	-	-	2,670
Financial transaction fees	387	5,587	922	6,896
Supplies and other	3,152	-	903	4,055
Telephone	2,808	2,808	1,404	7,020
Marketing	245	120	2,699	3,064
Total Expenses	$ 720,007	$ 249,499	$ 380,890	$ 1,350,396

HANDS ON NASHVILLE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 98,146	$ 162,401
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,202	20,178
Change in operating assets and liabilities:		
Accounts receivable	31,623	(11,669)
Grants receivable	(8,656)	(15,303)
Prepaid expenses	(9,309)	(9,872)
Accounts payable and accrued expenses	(2,413)	(24,068)
Deferred revenue	4,786	(34,128)
Net cash provided by operating activities	132,379	87,539
Cash flows from investing activities:		
Purchase of equipment	(17,433)	(3,365)
Proceeds from sale of investments	-	447
Net cash used in investing activities	(17,433)	(2,918)
Net increase in cash and cash equivalents	114,946	84,621
Cash and cash equivalents, beginning of year	303,801	219,180
Cash and cash equivalents, end of year	$ 418,747	$ 303,801

Note 1—Nature of operations and 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 not-for-profits, 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 fundraising events. Revenues are earned from program fees for corporate project management and not-for-profit 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 ("FASB") Accounting Standards Codification ("ASC"). Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

> *Net Assets without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primarily objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization accounts for contributions in accordance with the FASB ASC, which requires contributions received to be recorded as support with or without donor restrictions, depending on the existence or nature of any donor restrictions.

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 net assets without donor restriction 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 net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents – 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.

Note 1—Nature of operations and summary of significant accounting principles (continued)

Accounts and Grants Receivable – Accounts receivable represents program 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.

An allowance for uncollectible accounts is provided based on past experience with collections and estimated collectability of current receivables. As of December 31, 2018 and 2017, management believes that all accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

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 to 5 years for computers, office equipment, and vehicles, and 10 to 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 2018 and 2017 were $26,983 and $40,214, 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, 2018 and 2017, the Organization coordinated efforts of over 72,000 and 284,000 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 activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Certain salaries and wages have been allocated to program, management and general, and fundraising based on time and effort estimates made by management.

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 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, including 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 50% likely of being realized upon ultimate settlement. The Organization does not believe there are any uncertain tax positions at December 31, 2018 and 2017. Additionally, the Organization has not recognized any tax related interest and penalties in the accompanying financial statements.

Note 1—Nature of operations and summary of significant accounting principles (continued)

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 revenues are donations and special events which are dependent on fundraising efforts.

Change in Accounting Principle – In August 2016, the FASB issued Accounting Standards Update ("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. The ASU has been applied retrospectively to all periods presented.

Accounting Policies for Future Pronouncements – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization for the year ending December 31, 2019. The Organization is currently evaluating the effect of the implementation of this new standard.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending December 31, 2020. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The standard will be effective for the fiscal year ending December 31, 2019. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – The Organization evaluated subsequent events through June 18, 2019, when these financial statements were available to be issued. 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.

Note 2—Liquidity and availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2018	2017
Financial assets:		
Cash and cash equivalents	$ 418,747	$ 303,801
Accounts receivable	37,171	68,794
Grants receivable	66,610	57,954
Less amounts not available to be used within one year:		
Donor restricted cash and cash equivalents	(148,303)	(8,000)
Financial assets availble to meet cash needs for general expenditures within one year	$ 374,225	$ 422,549

Note 3—Grants receivable

As of December 31, 2018 and 2017, 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 4—Equipment and leasehold improvements

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

	2018	2017
Computer and office equipment	$ 170,496	$ 171,994
Leasehold improvements	84,849	80,246
Vehicles	57,259	57,259
Less accumulated depreciation	(263,148)	(259,274)
	$ 49,456	$ 50,225

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 $4,118 and $3,591 for the years ended December 31, 2018 and 2017, respectively.

Note 6—Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes and/or time periods at December 31:

	2018	2017
GeekCause program	$ 94,981	$ -
Americorp program	45,812	-
Service enterprise	6,510	-
Strobel Awards in coming year	1,000	-
Home Energy Savings Program	-	8,000
	$ 148,303	$ 8,000

Note 7—Operating leases

The Organization has an operating lease for office space that expires February 28, 2022. Rent expense was $108,966 and $106,373, for the years ended December 31, 2018 and 2017, respectively.

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

2019	$ 111,636
2020	114,387
2021	117,220
2022	15,528
	$ 358,771

During 2016, the Organization entered into an arrangement with a third party to sublease office space that expires November 14, 2021. Rent revenue under this agreement was $21,891 and $23,069 for the years ended December 31, 2018 and 2017, respectively.

Future minimum rental revenues under the sublease are as follows for the years ending December 31:

2019	$ 22,110
2020	22,638
2021	20,262
	$ 65,010