HANDS ON NASHVILLE, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2019 and 2018

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

HANDS ON NASHVILLE, INC.

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Report of Independent Auditor

To 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, 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. 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, 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.

Emphasis of Matter

As discussed in Note 8, towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Organization's operations. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction of contributions could negatively impact the Organization's operations for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Nashville, Tennessee
June 16, 2020

HANDS ON NASHVILLE, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 411,706	$ 418,747
Accounts receivable	102,869	37,171
Grants receivable	72,222	66,610
Prepaid expenses	18,858	27,302
Total Current Assets	605,655	549,830
Equipment and leasehold improvements, net of accumulated depreciation	34,144	49,456
Total Assets	$ 639,799	$ 599,286
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 85,979	$ 49,945
Deferred revenue	152,477	25,750
Total Current Liabilities	238,456	75,695
Net Assets:		
Without donor restrictions	317,325	375,288
With donor restrictions	84,018	148,303
Total Net Assets	401,343	523,591
Total Liabilities and Net Assets	$ 639,799	$ 599,286

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

HANDS ON NASHVILLE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenue:						
Contributions and grants	$ 605,942	$ 100,000	$ 705,942	$ 567,181	$ 148,303	$ 715,484
Program fees	732,357	-	732,357	974,619	-	974,619
Special events, net of direct costs of $49,683 and $84,215, respectively	75,448	-	75,448	88,028	-	88,028
Rent revenue	22,373	-	22,373	21,891	-	21,891
Interest	5,883	-	5,883	1,442	-	1,442
Releases of net assets with donor restrictions	164,285	(164,285)	-	8,000	(8,000)	-
Total Revenue	1,606,288	(64,285)	1,542,003	1,661,161	140,303	1,801,464
Expenses:						
Program services	959,992	-	959,992	1,033,800	-	1,033,800
Management and general	389,496	-	389,496	359,428	-	359,428
Fundraising	314,763	-	314,763	310,090	-	310,090
Total Expenses	1,664,251	-	1,664,251	1,703,318	-	1,703,318
Change in net assets	(57,963)	(64,285)	(122,248)	(42,157)	140,303	98,146
Net assets, beginning of year	375,288	148,303	523,591	417,445	8,000	425,445
Net assets, end of year	$ 317,325	$ 84,018	$ 401,343	$ 375,288	$ 148,303	$ 523,591

HANDS ON NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 576,054	$ 261,848	$ 222,731	$ 1,060,633
Program expenses (including in-kind goods and services of $43,866)	152,269	2,794	26,500	181,563
Rent and utilities	64,495	32,580	29,003	126,078
Payroll taxes	41,932	18,273	14,858	75,063
Technology	20,612	12,223	8,870	41,705
Repairs and maintenance	9,799	17,639	590	28,028
Travel	22,063	613	49	22,725
Conferences and meetings	20,568	1,705	20	22,293
Depreciation	10,364	10,364	-	20,728
Professional fees	13,824	2,079	3,437	19,340
Supplies and other	10,809	6,233	934	17,976
Insurance	1,036	12,214	-	13,250
Meals and entertainment	9,395	2,861	675	12,931
Financial transaction fees	-	7,299	1,763	9,062
Telephone	3,840	-	2,337	6,177
Dues and licenses	2,127	771	500	3,398
Marketing	355	-	2,496	2,851
Bad debts	450	-	-	450
Total Expenses	$ 959,992	$ 389,496	$ 314,763	$ 1,664,251

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	3,424	893	6,493
Telephone	2,445	-	2,603	5,048
Marketing	847	36	2,996	3,879
Total Expenses	$ 1,033,800	$ 359,428	$ 310,090	$ 1,703,318

HANDS ON NASHVILLE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (122,248)	$ 98,146
Adjustments to reconcile change in net assets		
to net cash (used in) provided by operating activities:		
Depreciation	20,728	18,202
Change in operating assets and liabilities:		
Accounts receivable	(65,698)	31,623
Grants receivable	(5,612)	(8,656)
Prepaid expenses	8,444	(9,309)
Accounts payable and accrued expenses	36,034	(2,413)
Deferred revenue	126,727	4,786
Net cash (used in) provided by operating activities	(1,625)	132,379
Cash flows from investing activities:		
Purchase of equipment	(5,416)	(17,433)
Net cash used in investing activities	(5,416)	(17,433)
Net change in cash and cash equivalents	(7,041)	114,946
Cash and cash equivalents, beginning of year	418,747	303,801
Cash and cash equivalents, end of year	$ 411,706	$ 418,747

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 primary 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 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.

Adoption of New Accounting Pronouncements – In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue in a way that depicts 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. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively "ASC 606"). The Organization adopted the provisions of ASU 2014-09 and the related ASUs as of January 1, 2019 using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of January 1, 2019. There was no change in the timing and amount of revenue recognition as a result of the adoption of these ASUs.

In June 2018, 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 was adopted for the fiscal year ending December 31, 2019. There was no change in the timing and amount of revenue recognition as a result of the adoption of this ASU.

Revenue Recognition, Accounts Receivable, Allowance for Doubtful Accounts, and Deferred Revenue – See Note 2.

Note 1—Nature of operations and 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 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.

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 2019 and 2018 were $28,716 and $26,983, 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, 2019 and 2018, the Organization coordinated efforts of over 24,000 and 72,000 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, 2019 and 2018. 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.

Accounting Policies for Future Pronouncements – In February 2016, 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 statement of financial position 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 statement of activities. This standard will be effective for the fiscal year ending December 31, 2022. 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 16, 2020, when these financial statements were available to be issued. See Note 8 for further subsequent event discussion.

Note 2—Revenue

On January 1, 2019, the Organization adopted ASC 606 using the modified retrospective approach. The Organization determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of January 1, 2019. Under ASC 606, revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Performance Obligations and Revenue Recognition – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The contract performance obligation for corporate projects is performed over the period from the date secured through the date of the event. Revenues recognized under these corporate projects totaled $505,532 and $871,144, respectively, for the years ending December 31, 2019 and 2018 and are included in program fees on the statements of activities. The contract performance obligation for memberships and sponsorship agreements is performed over the membership or contract period. Such amounts recognized during 2019 and 2018 totaled approximately $140,900 and $97,500, respectively. Memberships are reflected in program fees in the statements of activities while the sponsorship revenues are reflected in special events.

Grants received from governmental agencies are generally recognized as related costs are incurred. Grant receivables represent amounts due from grants which have been earned but not received. All grant receivables are reported at estimated collectible amounts. Such receivables are expected to be received within the next fiscal year and as such are reflected as current assets.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying statements of financial position totaled $152,477 and $25,750 as of December 31, 2019 and 2018, respectively. Deferred revenue represents income from corporate projects, event sponsorships, and membership dues. Revenues received in advance are deferred and recognized in the period the related corporate project or event takes place. Membership dues are deferred when received and amortized over the term of the membership or contract period.

Note 2—Revenue (continued)

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2019:

	Corporate Projects	Membership Dues	Event Sponsorships and Other	Total
Deferred revenue, beginning of year	$ 12,000	$ 10,800	$ 2,950	$ 25,750
Revenue recognized that was included in deferred revenue at the beginning of the year	(12,000)	(10,800)	(2,950)	(25,750)
Increase in deferred revenue due to cash received during the year	69,287	8,650	74,540	152,477
Deferred revenue, end of year	$ 69,287	$ 8,650	$ 74,540	$ 152,477

An allowance for uncollectible accounts is provided based on past experience with collections and estimated collectability of current receivables. As of December 31, 2019 and 2018, management believes that all accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

Note 3—Liquidity and availability of resources

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:

	2019	2018
Financial assets:		
Cash and cash equivalents	$ 411,706	$ 418,747
Accounts receivable	102,869	37,171
Grants receivable	72,222	66,610
Less amounts not available to be used within one year:		
Net assets subject to donor restriction	(84,018)	(148,303)
Financial assets availble to meet cash needs for general expenditures within one year	$ 502,779	$ 374,225

Note 4—Equipment and leasehold improvements

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

	2019	2018
Computer and office equipment	$ 169,720	$ 170,496
Leasehold improvements	84,849	84,849
Vehicles	53,759	57,259
Less accumulated depreciation	(274,184)	(263,148)
	$ 34,144	$ 49,456

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 $3,753 and $4,118 for the years ended December 31, 2019 and 2018, 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:

	2019	2018
GeekCause program	$ 84,018	$ 94,981
Americorp program	-	45,812
Service enterprise	-	6,510
Strobel Awards in coming year	-	1,000
	$ 84,018	$ 148,303

Note 7—Operating leases

The Organization has an operating lease for office space that expires February 28, 2022. Rent expense was $111,636 and $108,966, for the years ended December 31, 2019 and 2018, respectively.

Future minimum rentals under the lease are as follows:

Years Ending December 31,	
2020	$ 114,387
2021	117,220
2022	15,528
	$ 247,135

Note 7—Operating leases (continued)

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 $22,373 and $21,891 for the years ended December 31, 2019 and 2018, respectively.

Future minimum rental revenues under the sublease are as follows:

Years Ending December 31,		
2020	$	22,638
2021		20,262
	$	42,900

Note 8—Subsequent events

In March 2020, the Organization began receiving significant contributions as the Organization mobilized to assist those in the Nashville area impacted by tornado damage. Amounts received related to this disaster recovery effort approximate $207,000 to date.

Late in December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen, which are likely to negatively impact the Organization’s activities, and could potentially impact revenue and operations for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. It is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact.

Subsequent to December 31, 2019, the Organization obtained a federal loan of approximately $146,000 under the Coronavirus Aid, Relief, and Economic Security Act Paycheck Protection Program. The Organization intends to transition such loan to a grant under the program’s loan forgiveness provisions.