

**HARVEST HANDS COMMUNITY
DEVELOPMENT CORPORATION, INC.
FINANCIAL STATEMENTS
December 31, 2010**

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Harvest Hands Community Development Corporation, Inc.
Nashville, Tennessee

We have audited the accompanying statement of financial position of Harvest Hands Community Development Corporation, Inc. as of December 31, 2010. This financial statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial position is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because we were not engaged to audit the statements of activities, functional expenses and cash flows, we did not extend our auditing procedures to enable us to express an opinion on results of operations and cash flows for the year ended December 31, 2010. Accordingly, we express no opinion on them.

In our opinion, the statement of financial position referred to above presents fairly, in all material respects, the financial position of Harvest Hands Community Development Corporation, Inc. as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.



Nashville, Tennessee
October 26, 2011

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2010

(see accountants' report)

ASSETS	
Cash and cash equivalents	\$ 201,288
Promises to give	35,792
Payroll tax receivable	2,025
Property and equipment, net	<u>351,911</u>
TOTAL ASSETS	\$ <u>591,016</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 134
Accrued expenses	3,088
Long-term debt	<u>130,401</u>
Total liabilities	133,623
NET ASSETS	
Unrestricted	<u>457,393</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>591,016</u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

(unaudited - see accountants' report)

	Unrestricted
REVENUE	
Contributions	\$ 426,001
Contributions in-kind	218,500
Program revenues -	
Humphrey Street Coffee Company	54,146
WOW	10,504
Other programs	9,262
Investment income	<u>443</u>
Total revenue	<u>718,856</u>
EXPENSES	
Program services -	
Youth Afterschool and Mentoring	95,254
Children's' Afterschool Programs	84,665
Humphrey Street Coffee Company	59,974
WOW	22,159
Community Programs	4,649
Affordable Housing	13,324
emPower Sports	<u>35,348</u>
Total program services	<u>315,373</u>
Supporting services -	
General administration	65,686
Fundraising	<u>24,753</u>
Total supporting services	<u>90,439</u>
Total expenses	<u>405,812</u>
CHANGE IN NET ASSETS	313,044
NET ASSETS - beginning of year	<u>144,349</u>
NET ASSETS - end of year	<u>\$ 457,393</u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2010

(unaudited - see accountants' report)

	Program Services							Supporting Services		Total	
	Youth Afterschool and Mentoring	Children's' Afterschool Programs	Humphrey Street Company	Coffee WOW	Communit y Programs	Affordabl e Housing	emPower Sports	Total Program Services	General Administration	Fundraising	Expenses
Afterschool and summer programs	\$ 4,537	\$ 4,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,074	\$ -	\$ -	\$ 9,074
Cost of goods sold	-	-	22,876	2,059	-	-	-	24,935	-	-	24,935
Depreciation	-	-	3,371	-	-	-	-	3,371	-	-	3,371
Donor acquisition	354	353	-	-	-	-	707	-	4,500	-	5,207
Event expense	-	-	-	-	2,694	-	-	2,694	-	-	2,694
Housing and economic development	-	-	-	-	-	1,560	-	1,560	-	-	1,560
Human resources	6,586	3,037	-	-	-	-	9,623	5,572	-	-	15,195
Insurance	200	788	200	-	-	969	-	2,157	246	-	2,403
Interest	-	-	-	-	-	8,011	-	8,011	-	-	8,011
Payroll taxes	1,695	1,696	1,696	1,696	-	-	1,695	8,478	1,696	-	10,174
Postage	150	150	149	-	55	-	150	654	150	699	1,503
Power sports	-	-	-	-	-	-	17,605	17,605	-	-	17,605
Professional fees	-	-	-	-	-	-	-	-	1,464	-	1,464
Rent	1,365	1,366	1,241	1,241	-	42	42	5,297	1,366	-	6,663
Repairs and maintenance	2,921	2,921	2,155	1,077	-	-	1,500	10,574	3,577	-	14,151
Salaries	55,000	53,847	16,656	10,066	1,900	1,900	12,500	151,869	28,857	16,293	197,019
Supplies	10,000	9,800	7,920	3,000	-	-	-	30,720	7,920	960	39,600
Taxes and licenses	-	-	-	-	-	-	-	-	-	413	413
Telephone and internet	-	-	-	-	-	-	-	-	2,288	-	2,288
Travel	10,268	3,992	1,532	842	-	842	1,032	18,508	2,078	1,888	22,474
Tuition assistance	-	-	-	-	-	-	-	-	9,648	-	9,648
Utilities	2,178	2,178	2,178	2,178	-	-	824	9,536	824	-	10,360
	<u>\$ 95,254</u>	<u>\$ 84,665</u>	<u>\$ 59,974</u>	<u>\$ 22,159</u>	<u>\$ 4,649</u>	<u>\$ 13,324</u>	<u>\$ 35,348</u>	<u>\$ 315,373</u>	<u>\$ 65,686</u>	<u>\$ 24,753</u>	<u>\$ 405,812</u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

(unaudited - see accountants' report)

OPERATING ACTIVITIES

Change in net assets	\$ 313,044
Adjustments to reconcile change in net assets to net cash flows from operating activities -	
In-kind contributions of property	(174,500)
Depreciation	3,371
Changes in operating assets and liabilities -	
Pledges receivable	(35,792)
Payroll tax receivable	(2,025)
Accounts payable	134
Accrued expenses	<u>2,987</u>
Net cash flows from operating activities	107,219

INVESTING ACTIVITIES

Purchases of property and equipment	(44,167)
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FINANCING ACTIVITIES

Payments on long-term debt	<u>(1,867)</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

61,185

CASH AND CASH EQUIVALENTS - beginning of year

140,103

CASH AND CASH EQUIVALENTS - end of year

\$ 201,288

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(see accountants' report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and practices followed by the Organization are as follows:

ORGANIZATION - Harvest Hands Community Development Corporation, Inc. is a nonprofit Christian Community Development ministry in South Nashville. The Organization is committed to being good neighbors and also committed to the empowerment of children, youth and families so that they might become all that God has created them to be.

The Organization is committed to revitalization in our community and seeks to provide leadership development along with economic development in the Wedgewood Houston neighborhood as well as surrounding South Nashville neighborhoods such as Vine Hill and Chestnut Hill.

The Organization's focus is to facilitate mentoring, leadership development and healthy recreational opportunities for the children and youth in our neighborhood.

BASIS OF ACCOUNTING - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

FINANCIAL STATEMENT PRESENTATION - The Organization reports its net asset balances, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein, as applicable, are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied. All gifts, grants and bequests are considered unrestricted unless specifically restricted by the donor.

Temporarily restricted net assets - Net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose.

Permanently restricted net assets - Net assets that are subject to donor-imposed restrictions that they be maintained permanently by the Organization.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

CASH AND CASH EQUIVALENTS - The Organization considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains cash accounts which may exceed federally insured amounts at times and which may at times significantly exceed statement of financial position amounts due to outstanding checks.

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(see accountants' report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CONTRIBUTIONS AND PLEDGES RECEIVABLE - Contributions are recognized as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization considers all pledges receivable to be fully collectible as of December 31, 2010, and, therefore, did not provide an allowance for uncollectible pledges.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost less accumulated depreciation. Additions exceeding a minimum amount are recognized at cost or, in the case of donated property, at estimated fair value determined as of the date of receipt. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed as incurred. Depreciation is provided over the estimated useful lives of the related assets, ranging from five to thirty-nine years, using the straight-line method.

REVENUE RECOGNITION - The Organization recognizes contributions as revenue when received or unconditionally promised. Contributions are measured at the fair value of the assets or services received or promised. The fair value of contributions arising from unconditional promises to give cash or other assets in one or more future years is measured (discounted) using a risk-free rate of return appropriate for the expected term of the promise to give. Such discounts are amortized between the date the promise to give is initially recognized and the date the actual cash is expected to be collected. Revenues from program service fees and special events are recognized when received. Revenues are classified as restricted support if they are received with donor stipulations that limit the use of the contributions. When a donor restriction expires in the same period received, the contribution is recognized as unrestricted support.

TAX EXEMPTION - The Internal Revenue Service has classified the Organization as other than a private foundation, which is exempt from federal and state income taxes on its related purpose income under Section 501(c)(3) of the United States Internal Revenue Code and is similarly exempt from state taxes. Consequently, no federal or state income taxes have been provided for in these financial statements.

IN-KIND CONTRIBUTIONS - The Organization receives various types of in-kind contributions in the course of daily operations, including professional services, supplies and materials. Contributed professional services are recognized as in-kind contributions if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by contributions. Contributions of tangible assets are capitalized at fair value when received.

During the year ended December 31, 2010, a number of volunteers have contributed significant voluntary services to the Organization which do not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the financial statements.

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(see accountants' report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Organization recognized in-kind contributions as follows:

Land	\$ 165,000
Vehicle	9,500
Salaries	38,000
Rent	<u>6,000</u>
	<u>\$ 218,500</u>

FUNCTIONAL EXPENSES - Directly identifiable expenses are classified as program, fundraising and general administration. Expenses related to more than one function are charged to program, fundraising and general administration on the basis of management estimates. General administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

ESTIMATES AND UNCERTAINTIES - 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS - The Organization has evaluated subsequent events for potential recognition and disclosure through October 26, 2011, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following major classifications:

Land and improvements	\$ 225,952
Buildings and improvements	118,325
Furniture and fixtures	21,265
Automobiles and trucks	<u>9,500</u>
	375,042
Accumulated depreciation	<u>(23,131)</u>
	<u>\$ 351,911</u>

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(see accountants' report)

NOTE 3 - NOTES PAYABLE AND LONG-TERM DEBT

Long-term debt consists of the following:

Long-term note payable due in monthly installments totaling \$822, including interest at fixed rate (6% as of December 31, 2010) through November 28, 2012; secured by real property \$ 130,401

Aggregate maturities of long-term debt for the years subsequent to December 31, 2010, are as follows:

Years ending

December 31, 2011	\$ 2,150
December 31, 2012	<u>128,251</u>
	\$ <u>130,401</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

The Organization occupies a building controlled by Brentwood United Methodist Church (BUMC). BUMC does not charge rent to the Organization, therefore, the Organization has recognized an in-kind contribution of \$6,000 during 2010, which is the estimated rental value of the property for 2010. BUMC also paid the salary of the Organization's Executive Director for the year ended December 31, 2010, and that amount has been recognized as an in-kind contribution in the amount of \$38,000 for 2010.