

**NEEDLINK NASHVILLE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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**NEEDLINK NASHVILLE  
FINANCIAL STATEMENTS  
JUNE 30, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
NeedLink Nashville  
Nashville, Tennessee

We have audited the accompanying statement of financial position of NeedLink Nashville (formerly Big Brothers of Nashville) (a nonprofit organization) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NeedLink Nashville as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Joe Osterfeld**  
**CPA**

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Joe Osterfeld, CPA  
Columbia, Tennessee  
November 7, 2012

**NEEDLINK NASHVILLE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 100,456
Cash and cash equivalents, restricted for Project Help	2,288
Cash and cash equivalents, restricted for Castastrophic Fund	150,141
Certificates of deposit	125,523
Total Cash and Cash Equivalents	<u>378,408</u>
 Grant receivable	 14,620
Property and Equipment	
Computers	20,901
Leasehold improvements	5,193
Furniture and fixtures	2,609
	<u>28,703</u>
Less: accumulated depreciation	28,011
Total Property and Equipment	<u>692</u>
 Total Assets	 <u><u>\$ 393,720</u></u>

LIABLITIES AND NET ASSETS

Current Liabilities	
Payroll taxes payable	\$ 1,950
Total Current Liabilities	<u>1,950</u>
 Total Liabilities	 1,950
Net Assets	
Unrestricted	113,048
Board designated	275,664
Total Unrestricted	<u>388,712</u>
Temporarily Restricted	3,058
Total Net Assets	<u>391,770</u>
 Total Liabilities and Net Assets	 <u><u>\$ 393,720</u></u>

See accompanying notes to the financial statements.

**NEEDLINK NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Grants and awards	\$ 17,000	\$ 272,000	\$ 289,000
Project Help contributions	-	157,246	157,246
Project Help administration	-	12,500	12,500
Nashville Electric Service Watt Ads	-	30,500	30,500
Donations	111,437	-	111,437
Fundraising events	65,442	-	65,442
Interest income	5,890	-	5,890
Net assets released from restrictions	470,274	(470,274)	-
Total Revenues	<u>670,043</u>	<u>1,972</u>	<u>672,015</u>
Expenses			
Program services	578,993	-	578,993
General and administrative	24,502	-	24,502
Fundraising	48,309	-	48,309
Total Expenses	<u>651,804</u>	<u>-</u>	<u>651,804</u>
Increase (decrease) in net assets	18,239	1,972	20,211
Net assets - beginning	<u>370,473</u>	<u>1,086</u>	<u>371,559</u>
Net assets - ending	<u><u>\$ 388,712</u></u>	<u><u>\$ 3,058</u></u>	<u><u>\$ 391,770</u></u>

See accompanying notes to the financial statements.

NEEDLINK NASHVILLE  
STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2012

	Project Help Assistance			Program Services	Community Enhancement	Program Totals	Fundraising	General and Administrative	Total					
Expenses	\$	155,253	\$	82,935	\$	90,293	\$	328,481	\$	328,481				
Utilities assistance														
Housing assistance		-		154,747		1,907		156,654		156,654				
Food baskets assistance		-		24,625		-		24,625		24,625				
Food certificates assistance		-		410		-		410		410				
Salary and wages		11,442		25,525		7,041		44,009	13,224	70,068				
Payroll taxes		876		1,955		539		3,370	1,013	5,366				
Employee benefits		548		1,221		337		2,106	640	3,367				
Management fees		-		-		-		7,804	-	7,804				
Accounting fees		-		-		-		-	5,092	5,092				
Other non-employee services		-		-		-		-	558	558				
Office expenses		1,662		3,707		1,023		6,391	1,310	8,245				
Information technology		1,155		2,576		711		4,442	1,034	6,869				
Occupancy: Rent		2,637		3,801		1,319		7,756	1,488	10,625				
Insurance		194		434		120		748	144	1,025				
Event expenses		-		-		-		17,220	-	17,220				
Other fund raising expenses		-		-		-		5,395	-	5,395				
Total Expenses	\$	173,767	\$	301,936	\$	103,289	\$	578,993	\$	48,309	\$	24,502	\$	651,804

See accompanying notes to the financial statements.

**NEEDLINK NASHVILLE**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2012**

Cash Flows from Operating Activities:	
Increase (decrease) in net assets	\$ 20,211
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	-
(Increase) decrease in operating assets	
Accounts receivable	(14,620)
Deposits	2,000
Increase (decrease) in operating liabilities	
Accounts payable	(6,945)
Accrued expenses	1,411
Cash Flows provided (used) by Operating Activities	<u>2,057</u>
 Increase (decrease) in cash	 2,057
 Cash and cash equivalents - beginning	 <u>376,351</u>
 Cash and cash equivalents - ending	 <u><u>\$ 378,408</u></u>

See accompanying notes to the financial statements.

**NEEDLINK NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

NeedLink Nashville (formerly Big Brothers of Nashville) was founded in 1912 to provide “last resort” emergency needs to indigent families and individuals in the Nashville area. Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to the organization’s existence. A board of directors governs the organization.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using US generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Donation of Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. It is the organization’s policy to imply a time restriction, based on the assets’ estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property and equipment.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance a non-financial asset or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

NeedLink Nashville receives a significant amount of contributed time from unpaid volunteers who assist in fundraising and special projects that does not meet the recognition criteria described above. Accordingly, the value of the contributed time has not been determined and is not reflected in the accompanying financial statements.



**NEEDLINK NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Values of Financial Instruments

Financial instruments of NeedLink Nashville include cash, short-term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year end does not differ materially from the carrying values of the financial instruments recorded in the accompanying statement of financial position.

Financial Statement Presentation

NeedLink Nashville 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. At June 30, 2012, the organization had no permanently restricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

NeedLink Nashville is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, no provision for income taxes has been made.

Property and Equipment

Purchased property and equipment are capitalized at cost. Expenditures for ordinary maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method over the useful life of the asset and is reflected as an expense in the Statement of Functional Expenses.

**NEEDLINK NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

Contributions

The majority of NeedLink Nashville's support is derived from contributions by the general public, other civic or religious organizations, and other NeedLink partners. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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 purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the Statement of Activities as net assets released from restrictions.

**NOTE 2 – CASH AND CREDIT RISK**

All cash and certificate of deposits of NeedLink Nashville is deposited in FDIC insured banks. At June 30, 2012, the organization did not have any deposits exceeding the FDIC deposit insurance coverage.

**NOTE 3 – NET ASSETS**

By prior resolution of the Board of Directors, a portion of the net assets were designated as a disaster reserve. The Board reserves the right to assign amounts between the emergency assistance and community service programs on an as needed basis.

**NOTE 4 – OPERATING LEASES**

NeedLink Nashville has entered into an operating lease for office space through November 2014. The following is a summary of future minimum lease payments due:

Year Ending	
<u>June 30</u>	
2013	11,875
2014	5,000

If the organization remains in the property after the end of the lease, they become a month-to-month tenant and will be required to pay 150% of the rent (\$1,500)/month. Rent expense was \$11,866 for the year ended June 30, 2012.

**NEEDLINK NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 5 – PROJECT HELP**

NeedLink Nashville has an agreement with Nashville Electric Service and whereby NeedLink Nashville assumes the responsibility for administering Project Help, an energy assistance program to provide eligible individuals with assistance during the period from November 1 through October 31 each year. The agreement may be terminated with thirty days advance notice. For the year ended June 30, 2012, the organization received \$12,500 to cover the costs of administering the program. Effective November 1, 2010, the organization renewed their contract with Nashville Electric Service for a three-year period.

For the year ended June 30, 2012, the organization, as administrator of Project Help, collected and distributed the following amounts:

Revenues: Donations through Nashville Electric Service	\$ 157,246
Expenses: Disbursements for electricity	<u>155,253</u>
Net increase (decrease)	1,993
Cash balance – beginning of year	<u>295</u>
Cash balance – end of year	<u>\$ 2,288</u>

**NOTE 6 - FINANCIAL DEPENDENCE**

NeedLink Nashville is substantially funded by contributions through Nashville Electric Service for Project Help, Metropolitan Government of Nashville and Davidson County, and various Foundations. A significant reduction in the level of this support, if this were to occur, may have an effect in the programs and activities that are administered by the organization.

**NOTE 7 – DATE OF MANAGEMENT’S REVIEW**

Management has evaluated subsequent events through November 7, 2012, which is the date the financial statements were available to be issued. No subsequent events were required to be reported.