HANDS ON NASHVILLE, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Cherry Bekaert LLP
CPAs & Advisors

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, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements as of December 31, 2016 were audited by other auditors whose report dated June 2, 2017 expressed an unmodified opinion on those statements.

Cherry Bekaert LLP

Nashville, Tennessee
July 31, 2018

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 303,801	$ 219,180
Investments	-	447
Accounts receivable	68,794	57,125
Grants receivable	57,954	42,651
Prepaid expenses	17,993	8,121
Total Current Assets	448,542	327,524
Equipment and leasehold improvements, net of accumulated depreciation	50,225	67,038
Total Assets	$ 498,767	$ 394,562
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 52,358	$ 76,426
Deferred revenue	20,964	55,092
Total Current Liabilities	73,322	131,518
Net Assets:		
Unrestricted	417,445	218,044
Temporarily restricted	8,000	45,000
Total Net Assets	425,445	263,044
Total Liabilities and Net Assets	$ 498,767	$ 394,562

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, 2017 AND 2016

	2017			2016		
	Unrestricted	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
Revenue:						
Contributions and grants	$ 809,145	$ 8,000	$ 817,145	$ 709,954	$ 45,000	$ 754,954
Program fees	584,541	-	584,541	522,661	-	522,661
Special events, net of direct costs of $47,878 and $46,076, respectively	87,983	-	87,983	155,202	-	155,202
Rent revenue	23,069	-	23,069	5,113	-	5,113
Interest	59	-	59	849	-	849
Realized (unrealized) loss on investments	-	-	-	(7,428)	-	(7,428)
Releases of temporarily restricted net assets	45,000	(45,000)	-	65,000	(65,000)	-
Total Revenue	1,549,797	(37,000)	1,512,797	1,451,351	(20,000)	1,431,351
Expenses:						
Program services	720,007	-	720,007	889,761	-	889,761
Management and general	249,499	-	249,499	534,933	-	534,933
Fundraising	380,890	-	380,890	198,370	-	198,370
Total Expenses	1,350,396	-	1,350,396	1,623,064	-	1,623,064
Change in net assets	199,401	(37,000)	162,401	(171,713)	(20,000)	(191,713)
Net assets, beginning of year	218,044	45,000	263,044	389,757	65,000	454,757
Net assets, end of year	$ 417,445	$ 8,000	$ 425,445	$ 218,044	$ 45,000	$ 263,044

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, 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
Professional fees	35,003	6,796	6,348	48,147
Technology	16,961	5,506	9,908	32,375
Travel	20,788	2,790	274	23,852
Depreciation	10,089	10,089	-	20,178
Meals and entertainment	14,594	870	490	15,954
Repairs and maintenance	9,301	4,451	790	14,542
Insurance	36	8,947	-	8,983
Dues and licenses	5,353	1,882	-	7,235
Telephone	2,808	2,808	1,404	7,020
Financial transaction fees	387	5,587	922	6,896
Supplies and other	3,152	-	903	4,055
Marketing	245	120	2,699	3,064
Bad debts	2,670	-	-	2,670
Conferences and meetings	914	1,508	175	2,597
Total Expenses	$ 720,007	$ 249,499	$ 380,890	$ 1,350,396

HANDS ON NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 419,007	$ 339,512	$ 91,441	$ 849,960
Program expenses (including in-kind goods and services of $54,839)	276,013	52,108	54,212	382,333
Rent and utilities	58,770	27,984	27,555	114,309
Payroll taxes	30,850	23,486	5,869	60,205
Professional fees	28,144	11,340	11,110	50,594
Technology	6,911	34,254	2,324	43,489
Travel	27,904	2,518	142	30,564
Meals and entertainment	17,438	2,886	617	20,941
Depreciation	6,028	6,274	-	12,302
Financial transaction fees	-	10,826	23	10,849
Dues and licenses	6,358	3,732	150	10,240
Repairs and maintenance	1,509	7,815	-	9,324
Telephone	3,322	3,345	1,620	8,287
Conferences and meetings	4,662	2,374	445	7,481
Bad debts	2,498	-	1,400	3,898
Supplies	268	3,139	343	3,750
Insurance	-	2,172	-	2,172
Printing	77	1,043	298	1,418
Marketing	2	6	546	554
Postage	-	119	275	394
Total Expenses	$ 889,761	$ 534,933	$ 198,370	$ 1,623,064

HANDS ON NASHVILLE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 162,401	$ (191,713)
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation	20,178	12,302
Realized (unrealized) losses on investments	-	7,428
Donated equipment	-	(1,200)
Change in operating assets and liabilities:		
Accounts receivable	(11,669)	10,546
Grants receivable	(15,303)	68,305
Prepaid expenses	(9,872)	15,420
Accounts payable and accrued expenses	(24,068)	21,020
Deferred revenue	(34,128)	25,202
Net cash provided by (used in) operating activities	87,539	(32,690)
Cash flows from investing activities:		
Purchase of equipment	(3,365)	(3,900)
Purchase of investments	-	(1,752)
Proceeds from sale of investments	447	204,650
Net cash (used in) provided by investing activities	(2,918)	198,998
Net increase in cash and cash equivalents	84,621	166,308
Cash and cash equivalents, beginning of year	219,180	52,872
Cash and cash equivalents, end of year	$ 303,801	$ 219,180
Supplemental disclosure of noncash investing and financing activities:		
Donated equipment	$ -	$ 1,200

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 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 statements of activities as net assets released from restrictions.
>
> *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they 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 at December 31, 2017 and 2016.

The Organization accounts for contributions in accordance with the FASB ASC, which requires contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support, 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 the unrestricted net assets 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 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.

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.

Investments – Investments are valued at their fair market values in the statements of financial position. Unrealized gains and losses as well are reflected in the accompanying statements of activities.

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, 2017 and 2016, 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 2017 and 2016 were $40,214 and $47,463, 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, 2017 and 2016, the Organization coordinated efforts of over 284,000 and 335,000 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 functional expenses. 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.

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, 2017 and 2016. 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.

Accounting Pronouncement – In August 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the statements of operations and changes in net assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Organization's financial statements, it is not expected to alter the Organization's reported financial position. The Organization has elected to defer implementation until the applicable required date.

Note 2—Grants receivable

As of December 31, 2017 and 2016, 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 3—Equipment and leasehold improvements

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

	2017	2016
Computer and office equipment	$ 171,994	$ 168,629
Leasehold improvements	80,246	80,246
Vehicles	57,259	57,259
Less accumulated depreciation	(259,274)	(239,096)
	$ 50,225	$ 67,038

Note 4—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 $3,591 and $3,602 for the years ended December 31, 2017 and 2016, respectively.

Note 5—Temporarily restricted net assets

Temporarily restricted net assets are restricted for the following purposes and/or time periods at December 31:

	2017	2016
Home Energy Savings Program in coming year	$ 8,000	$ 44,000
Strobel Awards 2017	-	1,000
	$ 8,000	$ 45,000

Note 6—Operating leases

The Organization has an operating lease for office space that expires February 28, 2022. Rent expense was $106,373 and $104,278, for the years ended December 31, 2017 and 2016, respectively.

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

2018	$ 108,966
2019	111,636
2020	114,387
2021	117,220
2022	15,528
Thereafter	-
	$ 467,737

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 $23,068 and $5,113 for the years ended December 31, 2017 and 2016, respectively.

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

2018	$ 21,599
2019	22,110
2020	22,638
2021	20,262
2022	-
Thereafter	-
	$ 86,609

Note 7—Subsequent events

The Organization evaluated subsequent events through July 31, 2018, when these financial statements were available to be issued. Management of the Organization is not aware of any significant events that occurred subsequent to the statements of financial position date but prior to the filing of this report that would have a material impact on the financial statements.