

HANDS ON NASHVILLE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

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, 2014 and 2013, 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.

Auditors' 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, 2014 and 2013, 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.

May 18, 2015

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	\$ 72,404	\$ 291,922
Investments	647,327	764,808
Unconditional promises to give	<u>76,290</u>	<u>73,642</u>
Total Current Assets	796,021	1,130,372
Equipment and leasehold improvements net of accumulated depreciation	<u>89,403</u>	<u>102,408</u>
Total Assets	<u><u>\$ 885,424</u></u>	<u><u>\$ 1,232,780</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 19,373	\$ 21,491
Deferred revenues	<u>7,100</u>	<u>-</u>
Total Current Liabilities	<u>26,473</u>	<u>21,491</u>
Net Assets		
Unrestricted	858,951	1,211,289
Temporarily restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>858,951</u>	<u>1,211,289</u>
Total Liabilities and Net Assets	<u><u>\$ 885,424</u></u>	<u><u>\$ 1,232,780</u></u>

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grants	\$ -	\$ -	\$ -	\$ 331,986	\$ -	\$ 331,986
Contributions	663,091	-	663,091	629,213	-	629,213
Special events, net of direct costs	95,034	-	95,034	170,764	-	170,764
Program fees	307,570	-	307,570	414,227	-	414,227
Interest	21,187	-	21,187	13,515	-	13,515
Realized/Unrealized Gain on Investments	51,442	-	51,442	74,119	-	74,119
Net Assets released from restrictions	-	-	-	310,850	(310,850)	-
Total Revenue	\$ 1,138,324	\$ -	\$ 1,138,324	\$ 1,944,674	\$(310,850)	\$ 1,633,824
EXPENSES						
Program services	1,244,752	-	1,244,752	1,707,154	-	1,707,154
Management and general	146,277	-	146,277	187,162	-	187,162
Fundraising	99,633	-	99,633	123,177	-	123,177
Total Expenses	1,490,662	-	1,490,662	2,017,493	-	2,017,493
CHANGE IN NET ASSETS	(352,338)	-	(352,338)	(72,819)	(310,850)	(383,669)
Net Assets, beginning of year	1,211,289	-	1,211,289	1,284,108	310,850	1,594,958
Net Assets, end of year	\$ 858,951	\$ -	\$ 858,951	\$ 1,211,289	\$ -	\$ 1,211,289

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 636,827	\$ 79,603	\$ 79,603	\$ 796,033
Payroll taxes	50,804	6,351	6,351	63,506
Rent	72,216	8,496	4,248	84,960
Postage	1,268	149	75	1,492
Supplies	3,965	1,057	264	5,286
Financial transaction fees	10,385	3,462	-	13,847
Printing	869	102	51	1,022
Program supplies	253,394	-	-	253,394
Travel	9,188	-	-	9,188
Telephone	7,315	1,372	457	9,144
Depreciation	19,883	-	4,971	24,854
Professional fees	77,123	33,053	-	110,176
Dues and licenses	4,427	1,180	295	5,902
Insurance	7,973	420	-	8,393
Conferences and meetings	17,215	906	-	18,121
Technology	32,692	3,846	1,923	38,461
Meals and entertainment	13,331	702	-	14,033
Utilities	20,922	5,578	1,395	27,895
Other	4,955	-	-	4,955
Total Functional Expenses	<u>\$ 1,244,752</u>	<u>\$ 146,277</u>	<u>\$ 99,633</u>	<u>\$1,490,662</u>

accompanying notes and independent auditors' report are an integral part of these statements

HANDS ON NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program Services</u>		Total	Management		
	<u>Other Programs</u>	<u>Flood Relief</u>	<u>Program Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 814,691	\$ -	\$ 814,691	\$ 101,836	\$101,834	\$1,018,361
Payroll taxes	60,785	-	60,785	7,598	7,598	75,981
Rent	57,924	-	57,924	6,815	3,407	68,146
Postage	1,695	-	1,695	199	100	1,994
Supplies	9,206	-	9,206	2,455	614	12,275
Financial transaction fees	5,717	-	5,717	1,906	-	7,623
Printing	1,098	-	1,098	129	65	1,292
Program supplies	455,679	-	455,679	-	-	455,679
Travel	12,607	-	12,607	-	-	12,607
Telephone	4,938	-	4,938	926	309	6,173
Depreciation	23,458	-	23,458	-	5,865	29,323
Professional fees	122,198	30,733	152,931	52,371	-	205,302
Dues and licenses	7,613	-	7,613	2,030	508	10,151
Insurance	7,115	-	7,115	374	-	7,489
Conferences and meetings	24,449	-	24,449	1,287	-	25,736
Technology	25,772	-	25,772	3,032	1,516	30,320
Meals and entertainment	14,450	-	14,450	761	-	15,211
Utilities	20,411	-	20,411	5,443	1,361	27,215
Other	6,615	-	6,615	-	-	6,615
Total Functional Expenses	<u>\$ 1,676,421</u>	<u>\$ 30,733</u>	<u>\$ 1,707,154</u>	<u>\$ 187,162</u>	<u>\$123,177</u>	<u>\$2,017,493</u>

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2014</u>	<u>2013</u>
Change in Net Assets	\$ (352,338)	\$ (383,669)
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	24,854	29,323
Realized/Unrealized gains on investments	(51,442)	(74,119)
(Increase) Decrease in:		
Unconditional promises to give	(2,648)	(7,045)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(2,118)	5,385
Deferred revenue	<u>7,100</u>	<u>-</u>
Net Cash Used by Operating Activities	<u>(376,592)</u>	<u>(430,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and improvements	(11,849)	(10,697)
Purchase of investments	(170,986)	(278,891)
Transfer/Sale of investments	<u>339,909</u>	<u>29,656</u>
Net Cash Provided by (Used by) Investing Activities	<u>157,074</u>	<u>(259,932)</u>
NET DECREASE IN CASH	(219,518)	(690,057)
Cash balance, beginning of year	<u>291,922</u>	<u>981,979</u>
Cash balance, end of year	<u><u>\$ 72,404</u></u>	<u><u>\$ 291,922</u></u>

The accompanying notes and independent auditors' report are an integral part of these statements.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Hands on Nashville, Inc. is a not-for-profit organization located in Nashville, Tennessee. The Organization's mission is to be recognized leaders of programs, partnerships and services that maximize volunteer impact in the greater Nashville community.

Basis of Presentation:

The financial statements of the Organization are presented on the accrual basis of accounting.

Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, 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 statement of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets for the years ended December 31, 2014 and 2013.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally donors of these assets permit the Association to use all or part of the income earned for general or specific purposes. The Organization had no permanently restricted net assets for the years ending December 31, 2014 and 2013.

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

1. 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 the unrestricted net assets if the restrictions expire 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.

No allowance for uncollectible unconditional promises to give is considered necessary, as all amounts are considered collectible.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Restricted cash represents funds held for an outside party, for which a corresponding liability has been recorded. These amounts are included as cash and cash equivalents in the statements of cash flows.

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 other accelerated methods over the estimated useful lives of 3-5 years for computer and office equipment and 10 years for leasehold improvements.

Donated Services:

No amounts have been reflected in the financial statements for donated services as no objective basis is available to measure the value of such services. The Organization pays for most services requiring specific expertise. However, the Organization coordinates many individuals who volunteer their time and perform a variety of tasks throughout the Nashville community. During the year ended December 31, 2014, the Organization coordinated efforts of over 389,772 volunteers. This was much higher than previous years due to the flood relief.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Income Taxes:

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions. The Organization files Form 990 - Return of Organization Exempt from Income Taxes. The Organization's returns for the years prior to calendar year 2011 are no longer open for examination.

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.

Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash on deposit and unconditional promises to give. The Organization's cash deposits, in a commercial bank located in Nashville, exceeded federally insured amounts. Concentrations of credit risk with respect to unconditional promises to give are limited to corporate donors and foundations in the Nashville area.

Concentration of Revenues and Support:

Substantially all of the Organization's revenues are donations and special events which are dependent on fundraising efforts.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

2. INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

	<u>December 31, 2014</u>	
	<u>Cost</u>	<u>Market</u>
Mutual Equity Funds	\$ 242,356	\$ 261,842
Mutual Bond Funds	293,104	385,485
Total Investments	<u>\$ 535,460</u>	<u>\$ 647,327</u>

Realized and unrealized gains on investments were \$51,442 for the year ended December 31, 2014.

3. FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position.

Fair Value Measurements at December 31, 2014 Using:

		Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
	<u>Fair Value</u>							
Mutual Equity Funds	\$ 261,842	\$ 261,842	\$	-	\$	-	\$	-
Mutual Bond Funds	385,485	-		385,485		-		-
	<u>\$ 647,327</u>	<u>\$ 261,842</u>	<u>\$</u>	<u>385,485</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted process for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

	<u>2014</u>	<u>2013</u>
Computer and office equipment	\$ 158,198	\$ 146,349
Leasehold Improvements	78,490	78,490
Less: Accumulated depreciation	<u>(147,285)</u>	<u>(122,431)</u>
	<u>\$ 89,403</u>	<u>\$ 102,408</u>

Depreciation expense was \$24,854 and \$29,323 for the years ended December 31, 2014 and 2013, respectively.

5. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2014, the Organization has unconditional promises to give from corporate and government donors. Unconditional promises to give are expected to be received within the next fiscal year.

6. OPERATING LEASES

The Organization has an operating lease for office space that expires February 1, 2022. They also lease office equipment that expires February 2016. Future minimum rentals under the leases are as follows:

Year Ending	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2015	81,560	2,533	84,093
2016	84,007	422	84,429
2017	86,526	-	86,526
2018	89,122	-	89,122
2019	91,796	-	91,796
Thereafter	200,071	-	200,071
	<u>\$ 633,082</u>	<u>\$ 2,955</u>	<u>\$ 636,037</u>

Rent expense was \$84,960 and \$68,146 for the years ended December 31, 2014 and 2013, respectively.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

8. 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 \$7,629 and \$10,154 for the years ending December 31, 2014 and 2013, respectively.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 18, 2015 which is the date the financial statements were available to be issued.