NEEDLINK NASHVILLE

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2018

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CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
NeedLink Nashville
Nashville, Tennessee

We have audited the accompanying financial statements of NeedLink Nashville (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2018, 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.

Auditors' 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 the Organization as of June 30, 2018, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brown & Maguire CPAs, PLLC

Brown & Maguire CPAs, PLLC
Nashville, Tennessee
September 17, 2018

NEEDLINK NASHVILLE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018

ASSETS

Current Assets:		
Cash and cash equivalents – operating	$	128,450
Cash and cash equivalents – internally restricted by Board resolution		105,096
Certificates of deposit– internally restricted by Board resolution		138,218
Total cash and cash equivalents		371,764
Grants receivable, net		48,000
Other current assets		4,139
Total current assets		423,903
Total assets	$	423,903

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accrued expenses	$	10,631
Total current liabilities		10,631
Total liabilities		10,631
Net Assets:		
Unrestricted		284,825
Temporarily restricted		128,447
Total net assets		413,272
Total liabilities and net assets	$	423,903

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

NEEDLINK NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues			
Grants and awards	$ -	$ 132,351	$ 132,351
Project Help contributions	-	153,720	153,720
Community Enhancement Fund	-	42,800	42,800
United Way	-	48,000	48,000
EFSP Grant	16,690	-	16,690
Donations	82,276	-	82,276
Fundraising event, net of direct expenses of $10,821	50,954	-	50,954
In-kind donations	1,492	-	1,492
Interest income	4,224	-	4,224
Net assets released from restrictions	437,641	(437,641)	-
Total revenues	593,277	(60,770)	532,507
Expenses			
Program services	529,677	-	529,677
Fundraising	54,255	-	54,255
General and administrative	29,872	-	29,872
Total expenses	613,804	-	613,804
Change in net assets	(20,527)	(60,770)	(81,297)
Net assets - beginning	305,352	189,217	494,569
Net assets - ending	$ 284,825	$ 128,447	$ 413,272

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

NEEDLINK NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Fundraising	General and Administrative	Total
Expenses				
Project Help (utilities assistance)	$ 145,520	$ -	$ -	$ 145,520
CEF (utility and housing assistance)	40,000	-	-	40,000
Other utility assistance	132,064	-	-	132,064
Other housing assistance	61,978	-	-	61,978
Food assistance	6,158	-	-	6,158
Other assistance	356	-	-	356
Bank fees	229	21	38	288
Payroll expense	105,991	32,609	24,458	163,058
Professional fees	2,540	234	3,119	5,893
Office supplies	934	86	54	1,074
Office maintenance	2,346	216	135	2,697
Marketing	-	1,260	-	1,260
Development	562	52	32	646
Printing	4,366	402	251	5,019
Postage	2,183	201	125	2,509
Dues	1,257	116	72	1,445
Gifts	-	-	79	79
Licenses and fees	-	-	261	261
Information technology	4,258	392	245	4,895
Occupancy: rent	12,451	1,145	716	14,312
Occupancy: utilities	3,094	284	178	3,556
Insurance	1,898	175	109	2,182
In-kind donation expenses	1,492	-	-	1,492
Event expenses	-	14,881	-	14,881
Other fundraising expenses	-	2,181	-	2,181
Total expenses	$ 529,677	$ 54,255	$ 29,872	$ 613,804

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

NEEDLINK NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:	
Decrease in net assets	$ (81,297)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Decrease in grants receivable	12,667
Increase in other assets	(2,864)
Decrease in accrued expenses	(1,591)
Net cash used in operating activities	(73,085)
Cash flows from investing activities:	
Net cash provided by (used in) investing activities	-
Cash flows from financing activities:	
Net cash provided by (used in) financing activities	-
Net decrease in cash and cash equivalents	(73,085)
Cash and cash equivalents – beginning of the period	444,849
Cash and cash equivalents – ending of the period	$ 371,764
Cash paid for interest	$ -
Cash paid for taxes	$ -

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

NeedLink Nashville (formerly Big Brothers of Nashville) (the “Organization”) was founded in 1912 to provide "last resort" emergency needs to indigent families and individuals in the Nashville area. Supportive services include fundraising, 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.

The Organization 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.

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 the Organization 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 financial statement of financial position.

Financial Statement Presentation

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. At June 30, 2018, 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

The Organization 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)(vl). Accordingly, no provision for income taxes has been made.

The Organization files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization’s income tax returns to determine whether the income tax positions meet a “more likely than not” standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the “more likely than not” standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Contributions

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

Contributions and grants 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. The allowance for uncollectible contributions and grants is provided based on management's estimate of uncollectible pledges. Contributions and grants receivable are written off when deem to be uncollectible. In management's opinion, no allowance for uncollectible pledges was necessary as of June 30, 2018.

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update ("ASU") supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

2. CASH AND CREDIT RISK

All cash and certificate of deposits of the Organization are deposited in FDIC insured banks. At June 30, 2018, the Organization did not have any deposits exceeding the FDIC deposit insurance coverage.

3. TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets for the year ended June 30, 2018 were as follows:

	Beginning of Year	**Restricted Contributions**	**Released from Restriction**	**End of Year**
Utilities, rent or food..	**$ 143,092**	**$ 326,871**	**$ (390,611)**	**$ 79,352**
General support.........	**46,025**	**50,000**	**(46,930)**	**49,095**
Other	**100**	**-**	**(100)**	**-**
	$ 189,217	**$ 376,871**	**$ (437,641)**	**$ 128,447**

Additionally, by prior resolution of the Board of Directors, a portion of the net assets were designated as a board-designated reserve. As of June 30, 2018, the board-designated reserve was $243,314. The Board of Directors reserves the right to assign amounts as needed.

4. OPERATING LEASES

The Organization has entered into an operating lease for office space through December 2018. The lease automatically renews for one year in December of each year unless either party to the lease provides 30-days written notice of termination. Additionally, the Organization leases a copier/printer. The following is a summary of future minimum lease payments due for the year ended June 30:

2019	**$ 7,868**
2020	**-**
2021	**-**
2022	**-**
2023	**-**
Thereafter.........................	**-**
	$ 7,868

Rent expense was $14,312 for the year ended June 30, 2018.

5. PROJECT HELP

The Organization has an agreement (the "Agreement") with Nashville Electric Service ("NES") whereby the Organization assumes the responsibility for administering Project Help, an energy assistance program to provide eligible individuals with assistance. The Agreement expires on October 31, 2018. However, the Agreement can be terminated with 30-days advance notice. For the year ended June 30, 2018, the Organization received $12,500 to cover the costs of administering the program.

For the year ended June 30, 2018, the Organization, as administrator of Project Help, collected and distributed the following amounts:

Revenues: Donations through Nashville Electric Service	$153,720
Expenses: Disbursements for electricity	144,183
Net increase	9,537
Temporarily restricted net assets as of June 30, 2017	18,313
Temporarily restricted net assets as of June 30, 2018	$ 27,850

The temporarily restricted net assets to be utilized for Project Help were included in temporarily restricted net assets labeled as utilities, rent or food in Footnote 3.

6. FINANCIAL INDEPENDENCE

The Organization is substantially funded by contributions through Nashville Electric Service for Project Help, Metropolitan Government of Nashville and Davidson County, United Way, 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.

7. DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated all events or transactions that occurred after June 30, 2018, through September 17, 2018, the date these financial statements were issued. During this period the Organization did not have any material recognizable events that required recognition in the disclosures to the June 30, 2018 financial statements.

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