

NEEDLINK NASHVILLE
NASHVILLE, TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2021

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INDEPENDENT AUDITOR'S 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, 2021, 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 RESPONSIBILITIES 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 RESPONSIBILITIES

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, 2021, 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.

Kraft CPAs PLLC

Nashville, Tennessee
November 5, 2021

NEEDLINK NASHVILLE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 2,247,936
Grants receivable	14,000
Other current assets	<u>4,650</u>

TOTAL CURRENT ASSETS 2,266,586

FIXED ASSETS

Building	1,465
Less: accumulated depreciation	<u>(628)</u>

FIXED ASSETS, NET 837

TOTAL ASSETS \$ 2,267,423

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>88,383</u>
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TOTAL LIABILITIES 88,383

NET ASSETS

Without donor restrictions	1,176,517
With donor restrictions	<u>1,002,523</u>

TOTAL NET ASSETS 2,179,040

TOTAL LIABILITIES AND NET ASSETS \$ 2,267,423

See accompanying notes to financial statements.

NEEDLINK NASHVILLE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Grants and awards:			
Project Help contributions	\$ 14,000	\$ 183,934	\$ 197,934
Community Enhancement Fund	-	45,500	45,500
United Way	21,250	225,000	246,250
Pandemic assistance	762,250	6,507,750	7,270,000
Other	270,350	314,487	584,837
Paycheck Protection Loan forgiveness	30,600	-	30,600
Contributions	94,366	-	94,366
Fundraising event, net of direct expenses of \$311	24,466	-	24,466
Interest income	5,239	-	5,239
Net assets released from restrictions	6,644,678	(6,644,678)	-
		-	
TOTAL REVENUES	<u>7,867,199</u>	<u>631,993</u>	<u>8,499,192</u>
EXPENSES			
Program services	6,939,022	-	6,939,022
Supporting services:			
General and administrative	34,025	-	34,025
Fundraising	33,347	-	33,347
TOTAL EXPENSES	<u>7,006,394</u>	<u>-</u>	<u>7,006,394</u>
CHANGE IN NET ASSETS	860,805	631,993	1,492,798
NET ASSETS - BEGINNING OF YEAR	<u>315,712</u>	<u>370,530</u>	<u>686,242</u>
NET ASSETS - END OF YEAR	<u>\$ 1,176,517</u>	<u>\$ 1,002,523</u>	<u>\$ 2,179,040</u>

See accompanying notes to financial statements.

NEEDLINK NASHVILLE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,492,798
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	210
Paycheck Protection Program loan forgiveness	(30,600)
Changes in assets and liabilities:	
Decrease in grants receivable	34,000
Decrease in other current assets	748
Increase in accounts payable and accrued expenses	<u>62,382</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,559,538</u>
NET INCREASE IN CASH	1,559,538
CASH - BEGINNING OF YEAR	<u>688,398</u>
CASH - END OF YEAR	<u>\$ 2,247,936</u>

See accompanying notes to financial statements.

NEEDLINK NASHVILLE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Pandemic assistance	\$ 6,203,732	\$ -	\$ -	\$ 6,203,732
Payroll expense	284,881	16,373	26,195	327,449
Tornado assistance	130,498	-	-	130,498
Project Help (utilities assistance)	74,425	-	-	74,425
Other utility assistance	86,709	-	-	86,709
Other housing assistance	38,299	-	-	38,299
Bombing assistance	34,460	-	-	34,460
Bank fees	1,065	61	98	1,224
Employee benefits	9,102	523	837	10,462
Professional fees	8,049	10,669	-	18,718
Office supplies	6,185	356	569	7,110
Office maintenance	3,204	184	295	3,683
Advertising	626	36	58	720
Development	-	1,826	-	1,826
Printing	1,407	81	129	1,617
Postage	2,555	147	235	2,937
Dues	509	29	47	585
Licenses and fees	226	13	21	260
Information technology	33,917	1,949	3,119	38,985
Rent	13,701	787	1,260	15,748
Utilities	3,193	184	294	3,671
Depreciation	210	-	-	210
Insurance	2,069	119	190	2,378
Other expense	-	688	-	688
TOTAL EXPENSES	\$ 6,939,022	\$ 34,025	\$ 33,347	\$ 7,006,394

See accompanying notes to financial statements.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - GENERAL

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of NeedLink Nashville have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues and Support

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation of transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor restrictions.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Support (Continued)

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. There are no significant benefits or duties associated with membership contributions. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as donor-restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Special events revenue is generated from sponsorships, ticket sales and sales of items at events held during the period and revenues are recognized when the events occur, which is the completion of the Organization's performance obligation. Some of these revenues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the amount paid and the exchange element. The Organization records fundraising income equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Contributions Receivable

Unconditional promises and bequests to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed at a risk-free interest rate applicable to the year in which the promise is received. In 2021, management considered this amount to be immaterial, and it was not recorded. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible amounts has not been provided on contributions receivable since, in management's opinion, the receivable amounts are fully collectible, based on past history.

Fixed Assets

Fixed assets are reported at cost at the date of purchase or at estimated fair value at the date of the gift to the Organization. The Organization's policy is to capitalize purchases with a cost of \$1,000 or more and an estimated useful life greater than one year. Depreciation is recorded using the straight-line method over the assets' estimated useful lives, except for leasehold improvements, which are depreciated over the shorter of their estimated useful lives or the respective lease term.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

In-kind support is reported as revenue and expense in the statement of activities. This amount represents the estimated fair value of goods and services donated to the Organization that otherwise would have been purchased.

A number of volunteers donate time to the Organization without compensation. The fair value of these services is not reflected in the accompanying financial statements, since there is no objective basis on which to measure the value of such services.

Program and Supporting Services

The following program and supporting services were included in the accompanying financial statements:

Program Services - Includes activities carried out to fulfill the Organization's mission to provide "last resort" emergency needs to indigent families and individuals in the Nashville area. During 2020, the Organization received a significant amount of funding from Federal and local organizations for pandemic assistance to be provided directly to individuals.

Management and General - Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

Fundraising - Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

Advertising Costs

Advertising costs are expensed as incurred. There was \$720 of advertising costs incurred during the year ended June 30, 2021.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. The expenses that are allocated include bank fees, payroll expense, employee benefits, professional fees, office supplies, office maintenance, marketing, printing, postage, dues, licenses and fees, information technology, occupancy expenses and insurance which are allocated on the basis of estimates of time and effort.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization qualifies as a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

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.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") 2016-02, *Leases* (Topic 842). The guidance in this 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. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, *Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases* (Topic 842): Targeted Improvements, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, *Leases* (Topic 842) Codification Improvements, which exempts entities from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment.

The new standard provides a number of practical expedients. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements. The Organization currently expects that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized on the statement of financial position in an amount that will be material. The new standard is effective for the Organization on July 1, 2022.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and certain reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Events Occurring after Reporting Date

The Organization has evaluated events and transactions that occurred between June 30, 2021 and November 5, 2021, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2021, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets:	
Cash	\$ 2,247,936
Grants receivable	<u>14,000</u>
Total financial assets	2,261,936
 Less: amount reserved for direct assistance	 <u>(1,002,523)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,259,413</u>

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at reputable financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to statutory limits. The Organization’s cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

The Organization is substantially funded by contributions from governmental agencies and programs and various Foundations. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities that are administered by the Organization.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

	<u>Beginning of Year</u>	<u>Restricted Contributions</u>	<u>Released from Restriction</u>	<u>End of Year</u>
Utilities, rent or food	\$ 110,908	\$ 543,921	\$ (277,849)	\$ 376,980
Pandemic assistance	96,524	6,732,750	(6,203,731)	625,543
Tornado assistance	156,498	-	(156,498)	-
Other	<u>6,600</u>	<u>-</u>	<u>(6,600)</u>	<u>-</u>
Total	<u>\$ 370,530</u>	<u>\$ 7,276,671</u>	<u>\$ (6,644,678)</u>	<u>\$ 1,002,523</u>

NOTE 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, which expires on October 31, 2023, can be terminated with 30-days advance notice by either party. For the year ended June 30, 2021, the Organization recognized \$14,000 as grant revenue to cover the costs of administering the program.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 5 - PROJECT HELP (CONTINUED)

For the year ended June 30, 2021, the Organization, as administrator of Project Help, collected and distributed the following amounts:

Donations through Nashville Electric Service	\$ 197,934
Less:	
Amounts without donor restrictions	(14,000)
Disbursements for electricity	<u>(74,425)</u>
Net increase	109,509
Net assets with donor restrictions as of 2020	<u>28,265</u>
Net assets with donor restrictions as of 2021	<u>\$ 137,774</u>

The net assets with donor restrictions to be utilized for Project Help were included in net assets with donor restrictions labeled as utilities, rent or food in Note 4.

NOTE 6 - OPERATING LEASES

The Organization has entered into an operating lease for office space through December 2021. 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. The Organization has a total minimum lease commitment of \$7,800 for the year ended June 30, 2022

Rent expense was \$15,748 for the year ended June 30, 2021.

NOTE 7 - COVID-19 & PAYCHECK PROTECTION PROGRAM

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization’s leadership team is evaluating the evolving situation and will implement appropriate countermeasures as needed.

NEEDLINK NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 - COVID-19 & PAYCHECK PROTECTION PROGRAM (CONTINUED)

In response to the COVID-19 pandemic, the Paycheck Protection Program (“PPP”) was established under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and administered by the Small Business Administration (“SBA”). Companies who met the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds were fully utilized to pay qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, would qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Organization. In April 2020, the Organization received a loan totaling \$30,600 under the PPP. The loan bore interest at 1.0%. In February 2021, the Organization received notification that the full balance of the PPP loan had been forgiven. As such, the Organization recognized \$30,600 of loan forgiveness on the statement of activities and recorded no interest expense relating to this loan.