

NEEDLINK NASHVILLE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2020

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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, 2020, 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, 2020, 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
August 7, 2020

NEEDLINK NASHVILLE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents – operating	\$ 8,709
Cash and cash equivalents – money market	<u>679,689</u>
Total cash and cash equivalents	688,398

Grants receivable, net	8,000
Other current assets	<u>5,399</u>
Total current assets	<u>741,797</u>

Fixed Assets:

Furniture	1,465
Less: accumulated depreciation	<u>(419)</u>
Total fixed assets, net	<u>1,046</u>

Total assets	<u>\$ 742,843</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

PPP Loan	\$ 30,600
Accrued expenses	<u>26,001</u>
Total current liabilities	<u>56,601</u>

Total liabilities	<u>56,601</u>
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Net Assets:

Without donor restrictions	315,712
With donor restrictions	<u>370,530</u>
Total net assets	<u>686,242</u>

Total liabilities and net assets	<u>\$ 742,483</u>
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The accompanying notes are an integral part of these financial statements.

NEEDLINK NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Grants and awards	\$ 170,450	\$ 70,449	\$ 240,899
Project Help contributions.....	-	176,774	176,774
Community Enhancement Fund.....	-	14,230	14,230
United Way	-	48,000	48,000
Pandemic assistance	-	302,500	302,500
Tornado assistance	-	237,750	237,750
Donations	85,767	-	85,767
Fundraising event, net of direct expenses of \$27,693	26,895	-	26,895
Interest income	1,670	-	1,670
Net assets released from restrictions ..	<u>607,462</u>	<u>(607,462)</u>	<u>-</u>
Total revenues	<u>892,244</u>	<u>242,241</u>	<u>1,134,485</u>
Expenses			
Program services	804,049	-	804,049
Fundraising.....	32,781	-	32,781
General and administrative.....	26,690	-	26,690
Total expenses	<u>863,520</u>	<u>-</u>	<u>863,520</u>
Change in net assets	28,724	242,241	270,965
Net assets - beginning.....	<u>286,988</u>	<u>128,289</u>	<u>415,277</u>
Net assets - ending.....	<u>\$ 315,712</u>	<u>\$ 370,530</u>	<u>\$ 686,242</u>

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

NEEDLINK NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses				
Pandemic assistance	\$ 205,976	\$ -	\$ -	\$ 205,976
Tornado assistance	81,252	-	-	81,252
Project Help (utilities assistance)	191,321	-	-	191,321
Other utility assistance	44,497	-	-	44,497
Other housing assistance	50,143	-	-	50,143
Food assistance	11,171	-	-	11,171
Financial counseling	2,893	-	-	2,893
Other assistance	165	-	-	165
Bank fees	687	63	39	789
Payroll expense	155,599	14,308	8,942	178,849
Employee benefits	9,634	886	554	11,074
Professional fees	8,159	12,819	10,659	31,637
Office supplies	4,380	403	252	5,035
Office maintenance	2,123	195	122	2,440
Marketing	626	58	36	720
Development	-	-	4,063	4,063
Printing	1,017	94	58	1,169
Postage	1,718	158	99	1,975
Dues	1,031	95	59	1,185
Gifts	81	7	5	93
Licenses and fees	244	22	14	280
Information technology	12,549	1,153	721	14,423
Occupancy: rent	13,689	1,259	787	15,735
Occupancy: utilities	3,470	319	199	3,988
Depreciation	210	-	-	210
Insurance	1,414	130	81	1,625
Other fundraising expenses	-	812	-	812
Total expenses	\$ 804,049	\$ 32,781	\$ 26,690	\$ 863,520

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

NEEDLINK NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Increase in net assets	\$ 270,965
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	210
Decrease in grants receivable	10,925
Increase in other assets	(2,264)
Increase in accounts payable and accrued expenses	<u>12,533</u>
Net cash provided by operating activities	<u>292,369</u>
 Cash flows from investing activities:	
Net cash provided by (used in) investing activities	<u>-</u>
 Cash flows from financing activities:	
Proceeds from loan	<u>30,600</u>
Net cash provided by financing activities	<u>30,600</u>
Net increase in cash and cash equivalents	322,969
Cash and cash equivalents – beginning of the period	<u>365,429</u>
Cash and cash equivalents – ending of the period	<u>\$ 688,398</u>
 Cash paid for interest	 <u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>

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

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 net assets with donor restrictions. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions 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.

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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.

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 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor 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 deemed to be uncollectible. In management's opinion, no allowance for uncollectible pledges was necessary as of June 30, 2020.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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. The statement of activities and statement of functional expenses report certain expenses as being attributable to multiple functions. Accordingly, certain costs have been allocated among the program and supporting services benefited based on estimates of time and effort.

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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.

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, 2020.

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)(v1). 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.

NEEDLINK NASHVILLE
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, including interim periods within those fiscal years. The adoption of ASU 2016-02 is not expected to have an impact on the Organization’s 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, 2020, the Organization did not have any deposits exceeding the FDIC deposit insurance coverage.

3. PPP LOAN

On April 24, 2020, the Organization was granted a loan (the “Loan”) from INS Bank. in the aggregate amount of \$30,600, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a note dated April 24, 2020 issued to the Organization, matures on April 24, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on October 24, 2020. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to use the entire Loan amount for qualifying expenses and expects the entire Loan to be forgiven. Accordingly, the Loan is presented as a current liability in the June 30, 2020 financial statements.

4. ACCRUED EXPENSES

Accrued expenses at June 30, 2020 consisted of the following:

Payroll liabilities payable.....	\$	18,464
Other accrued expenses.....		7,537
Total accrued expenses	\$	26,001

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

5. NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions for the year ended June 30, 2019 were as follows:

	<u>Beginning of Year</u>	<u>Restricted Contributions</u>	<u>Released from Restriction</u>	<u>End of Year</u>
Utilities, rent or food..	\$ 123,289	\$ 302,853	\$ (315,234)	\$ 110,908
Pandemic assistance.....	-	302,500	(205,976)	96,524
Tornado assistance.....	-	237,750	(81,252)	156,498
Other	5,000	6,600	(5,000)	6,600
	<u>\$ 128,289</u>	<u>\$ 849,703</u>	<u>\$ (607,462)</u>	<u>\$ 370,530</u>

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. 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, 2020, the Organization received \$14,000 to cover the costs of administering the program.

For the year ended June 30, 2020, the Organization, as administrator of Project Help, collected and distributed the following amounts:

Revenues: Donations through Nashville Electric Service	\$176,774
Expenses: Disbursements for electricity	<u>189,764</u>
Net decrease	(12,990)
Net assets with donor restrictions as of June 30, 2019	<u>41,255</u>
Net assets with donor restrictions as of June 30, 2020	<u>\$ 28,265</u>

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 Footnote 5.

8. OPERATING LEASES

The Organization has entered into an operating lease for office space through December 2020. 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:

2021	\$ 7,800
2022	-
2023	-
2024	-
2025	-
Thereafter.....	-
	\$ 7,800

Rent expense was \$15,735 for the year ended June 30, 2020.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of June 30, 2020, 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	\$ 688,398
Financial assets available to meet cash needs for general expenditures within one year.....	\$ 688,398

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.

10. UNCERTAINTIES

In March 2020, the novel coronavirus (or “COVID-19”) was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in a significant change in the operation of many businesses, including having directly impacted operations of the Company. The implications of COVID-19 to the Company’s operations are still being evaluated and the duration and intensity of its impact is uncertain.

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

11. DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated all events or transactions that occurred after June 30, 2020, through August 7, 2020, 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, 2020 financial statements.
