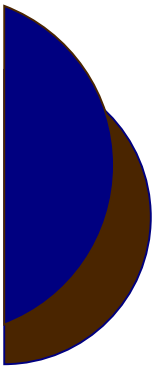


NEEDLINK NASHVILLE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2016

NEEDLINK NASHVILLE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2016

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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 (formerly Big Brothers of Nashville) (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2016, 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, 2016, 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
November 11, 2016

NEEDLINK NASHVILLE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

ASSETS

Current Assets:

| | |
|---|-------------------|
| Cash and cash equivalents – operating | \$ 154,274 |
| Cash and cash equivalents – internally restricted by Board resolution | 92,040 |
| Certificates of deposit– internally restricted by Board resolution | <u>195,299</u> |
| Total cash and cash equivalents | 441,613 |
| | |
| Grants receivable, net | 81,763 |
| Other current assets | <u>1,231</u> |
| | |
| Total current assets | <u>524,607</u> |
| | |
| Total assets | <u>\$ 524,607</u> |

LIABILITIES AND NET ASSETS

Current Liabilities:

| | |
|---------------------------|---------------|
| Accrued expenses | \$ 11,139 |
| Total current liabilities | <u>11,139</u> |
| | |
| Total liabilities | <u>11,139</u> |

Net Assets:

| | |
|----------------------------------|-------------------|
| Unrestricted | 392,586 |
| Temporarily restricted | <u>120,882</u> |
| Total net assets | <u>513,468</u> |
| | |
| Total liabilities and net assets | <u>\$ 524,607</u> |

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

NEEDLINK NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-------------------|
| Revenues | | | |
| Grants and awards | \$ - | \$ 133,200 | \$ 133,200 |
| Project Help contributions..... | - | 136,827 | 136,827 |
| Community Enhancement Fund..... | - | 61,900 | 61,900 |
| United Way | - | 43,945 | 43,945 |
| Donations | 106,026 | - | 106,026 |
| Fundraising event | 61,442 | - | 61,442 |
| In-kind donations..... | 11,898 | - | 11,898 |
| Interest income | 3,169 | - | 3,169 |
| Net assets released from restrictions | 376,665 | (376,665) | - |
| Total revenues | <u>559,200</u> | <u>(793)</u> | <u>558,407</u> |
| Expenses | | | |
| Program services | 465,947 | - | 465,947 |
| General and administrative..... | 25,346 | - | 25,346 |
| Fundraising..... | 67,310 | - | 67,310 |
| Total expenses | <u>558,603</u> | <u>-</u> | <u>558,603</u> |
| Change in net assets..... | 597 | (793) | (196) |
| Net assets - beginning..... | <u>391,989</u> | <u>121,675</u> | <u>513,664</u> |
| Net assets - ending..... | <u>\$ 392,586</u> | <u>\$ 120,882</u> | <u>\$ 513,468</u> |

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

NEEDLINK NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>Program Services</u> | <u>Fundraising</u> | <u>General and Administrative</u> | <u>Total</u> |
|--------------------------------------|-------------------------|--------------------|---------------------------------------|-------------------|
| Expenses | | | | |
| Project Help (utilities assistance) | \$ 123,193 | \$ - | \$ - | \$ 123,193 |
| CEF (utility and housing assistance) | 60,000 | - | - | 60,000 |
| Other utility assistance | 123,099 | - | - | 123,099 |
| Other housing assistance | 34,285 | - | - | 34,285 |
| Food assistance | 22,282 | - | - | 22,282 |
| Other assistance | 1,442 | - | - | 1,442 |
| Payroll expense | 72,641 | 36,747 | 18,180 | 127,568 |
| Accounting fees | - | - | 3,153 | 3,153 |
| Office supplies | 1,410 | 127 | 69 | 1,606 |
| Telephone | 804 | 361 | 186 | 1,351 |
| Training | 371 | 45 | 69 | 485 |
| Planning | 268 | 120 | 86 | 474 |
| Printing | 1,928 | 411 | 243 | 2,582 |
| Postage | 1,526 | 431 | 130 | 2,087 |
| Other | 78 | 72 | 283 | 433 |
| Dues | 298 | 134 | 69 | 501 |
| Gifts | - | - | 279 | 279 |
| Licenses and fees | 70 | - | 262 | 332 |
| Information technology | 2,690 | 1,091 | 559 | 4,340 |
| Occupancy: rent | 6,384 | 2,865 | 1,481 | 10,730 |
| Insurance | 1,280 | 574 | 297 | 2,151 |
| In-kind donation expenses | 11,898 | - | - | 11,898 |
| Event expenses | - | 21,962 | - | 21,962 |
| Other fund raising expenses | - | 2,370 | - | 2,370 |
| Total expenses | \$ 465,947 | \$ 67,310 | \$ 25,346 | \$ 558,603 |

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

NEEDLINK NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Decrease in net assets | \$ (196) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | |
| Increase in grants receivable | (44,617) |
| Increase in other assets | (1,031) |
| Increase in accrued expenses | <u>9,172</u> |
| Net cash used in operating activities | <u>(36,672)</u> |
| Net decrease in cash and cash equivalents | (36,672) |
| Cash and cash equivalents – beginning of the period | <u>478,285</u> |
| Cash and cash equivalents – ending of the period | <u>\$ 441,613</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, 2016

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 fund raising, 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.

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, 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)(vi). Accordingly, no provision for income taxes has been made.

NEEDLINK NASHVILLE
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Contributions

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

Contributions 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.

2. CASH AND CREDIT RISK

All cash and certificate of deposits of the Organization is deposited in FDIC insured banks. At June 30, 2016, 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, 2016 were as follows:

| | <u>Beginning of Year</u> | <u>Restricted Contributions</u> | <u>Released from Restriction</u> | <u>End of Year</u> |
|------------------------------|------------------------------|-------------------------------------|--|--------------------|
| Technology ... | \$ 2,200 | \$ - | \$ (2,200) | \$ - |
| Other | - | 10,500 | (10,271) | 229 |
| Utilities, rent or food.. | 119,475 | 365,372 | (364,194) | 120,653 |
| | <u>\$ 121,675</u> | <u>\$ 375,872</u> | <u>\$ (376,665)</u> | <u>\$ 120,882</u> |

Additionally, by prior resolution of the Board of Directors, a portion of the net assets were designated as a disaster reserve. As of June 30, 2016 the disaster reserve was \$287,339. The Board of Directors reserves the right to assign amounts as needed.

NEEDLINK NASHVILLE
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

4. OPERATING LEASES

The Organization has entered into an operating lease for office space through December 2016. 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 following is a summary of future minimum lease payments due for the year ended June 30:

| | |
|-----------------|----------|
| 2017 | \$ 6,438 |
| 2018 | - |
| 2019 | - |
| 2020 | - |
| 2021 | - |
| Thereafter..... | - |
| | \$ 6,438 |

Rent expense was \$10,730 for the year ended June 30, 2016.

5. PROJECT HELP

The Organization has an agreement with Nashville Electric Service (“NES”) and whereby the Organization assumes the responsibility for administering Project Help, an energy assistance program to provide eligible individuals with assistance. The agreement could have been terminated with 30-days advance notice. For the year ended June 30, 2016, the Organization received \$12,500 to cover the costs of administering the program. Effective November 1, 2013, the Organization renewed their agreement with Nashville Electric Service for a three-year period. The agreement ended on October 31, 2016. While the agreement ended, the Organization continues to receive payments as part of Project Help. The Organization’s management is currently working to renew the agreement with NES.

For the year ended June 30, 2016, the Organization, as administrator of Project Help, collected and distributed the following amounts:

| | |
|--|------------------|
| Revenues: Donations through Nashville Electric Service | \$136,827 |
| Expenses: Disbursements for electricity | <u>127,990</u> |
| Net increase | 8,837 |
| Temporarily restricted net assets as of June 30, 2015 | <u>7,987</u> |
| Temporarily restricted net assets as of June 30, 2016 | <u>\$ 16,824</u> |

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

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, through November 11, 2016, 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, 2016 financial statements.
