

NEEDLINK NASHVILLE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
NeedLink Nashville
Nashville, Tennessee

Opinion

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, 2022 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

(Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown & Maguire CPAs, PLLC
Nashville, Tennessee
November 18, 2022

NEEDLINK NASHVILLE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents – operating	\$ 85,286
Cash and cash equivalents – money market	<u>1,474,813</u>
Total cash and cash equivalents	1,560,099

Grants receivable, net	75,888
Other current assets	<u>20,643</u>
Total current assets	<u>1,656,630</u>

Fixed Assets:

Furniture	1,465
Less: accumulated depreciation	<u>(838)</u>
Total fixed assets, net	<u>627</u>

Total assets	<u>\$ 1,657,257</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 1,798
Accrued expenses	<u>7,796</u>
Total current liabilities	<u>9,594</u>

Total liabilities	<u>9,594</u>
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Net Assets:

Without donor restrictions	1,167,586
With donor restrictions	<u>480,077</u>
Total net assets	<u>1,647,663</u>

Total liabilities and net assets	<u>\$ 1,657,257</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Grants and awards	\$ 236,521	\$ 119,245	\$ 355,766
Project Help contributions.....	-	180,015	180,015
United Way	-	96,000	96,000
Pandemic assistance	-	925,000	925,000
Donations	94,612	-	94,612
Fundraising event, net of direct expenses of \$35,491	17,089	-	17,089
Interest income	1,897	-	1,897
Net assets released from restrictions ..	1,842,706	(1,842,706)	-
Total revenues	<u>2,192,825</u>	<u>(522,446)</u>	<u>1,670,379</u>
Expenses			
Program services	2,150,222	-	2,150,222
Fundraising.....	32,423	-	32,423
General and administrative.....	19,111	-	19,111
Total expenses	<u>2,201,756</u>	<u>-</u>	<u>2,201,756</u>
Change in net assets	(8,931)	(522,446)	(531,377)
Net assets - beginning.....	<u>1,176,517</u>	<u>1,002,523</u>	<u>2,179,040</u>
Net assets - ending.....	<u>\$ 1,167,586</u>	<u>\$ 480,077</u>	<u>\$ 1,647,663</u>

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

NEEDLINK NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses				
Pandemic assistance	\$ 1,550,542	\$ -	\$ -	\$ 1,550,542
Project Help (utilities assistance)	128,929	-	-	128,929
Other utility assistance	98,094	-	-	98,094
Other housing assistance	49,958	-	-	49,958
Other assistance	1,598	-	-	1,598
Bank fees	439	40	25	504
Payroll expense	240,803	22,143	13,838	276,784
Employee benefits	10,588	974	608	12,170
Professional fees	25,922	2,384	1,490	29,796
Office supplies	1,831	168	105	2,104
Office maintenance	2,480	228	143	2,851
Marketing	1,039	96	60	1,195
Development	-	-	669	669
Printing	567	52	33	652
Postage	1,481	136	85	1,702
Dues	1,079	99	62	1,240
Gifts	623	57	36	716
Licenses and fees	43	4	3	50
Information technology	13,113	1,206	754	15,073
Occupancy: rent	13,736	1,263	789	15,788
Occupancy: utilities	5,137	472	295	5,904
Depreciation	210	-	-	210
Insurance	2,010	185	116	2,311
Other fundraising expenses	-	2,916	-	2,916
Total expenses	\$ 2,150,222	\$ 32,423	\$ 19,111	\$ 2,201,756

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

NEEDLINK NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:	
Decrease in net assets	\$ (531,377)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	210
Increase in grants receivable	(61,888)
Increase in other current assets	(15,993)
Decrease in accounts payable and accrued expenses	<u>(78,789)</u>
Net cash used in operating activities	<u>(687,837)</u>
 Cash flows from investing activities:	
Net cash provided by (used in) investing activities	<u> -</u>
 Cash flows from financing activities:	
Net cash provided by (used in) investing activities	<u> -</u>
 Net decrease in cash and cash equivalents	(687,837)
 Cash and cash equivalents – beginning of the period	<u>2,247,936</u>
 Cash and cash equivalents – ending of the period	<u>\$ 1,560,099</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, 2022

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, 2022

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, 2022.

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—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.

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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.

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 \$1,068 of advertising costs incurred during the year ended June 30, 2022.

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. Accordingly, no provision for income taxes has been made.

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, 2022

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 June 30, 2022. The Organization is currently evaluating the impact the pending adoption of ASU 2016-02 will have 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. The Organization’s cash balances may, at times, exceed statutory limits. The Organization has no 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 in the programs and activities that are administered by the Organization.

3. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2022 consisted of the following:

Payroll liabilities payable.....	\$ 6,691
Other accrued expenses.....	<u>1,105</u>
Total accrued expenses	<u>\$ 7,796</u>

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

4. NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions for the year ended June 30, 2022 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Utilities, rent or food..	\$ 376,980	\$ 395,260	\$ (292,163)	\$ 480,077
Pandemic assistance.....	625,543	925,000	(1,550,543)	-
	\$ 1,002,523	\$ 1,320,260	\$ (1,842,706)	\$ 480,077

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, 2022, the Organization received \$14,000 to cover the costs of administering the program.

For the year ended June 30, 2022, the Organization, as administrator of Project Help, collected and distributed the following amounts:

Revenues: Donations through Nashville Electric Service	\$166,015
Expenses: Disbursements for electricity	<u>128,929</u>
Net increase	37,086
Net assets with donor restrictions as of June 30, 2021	<u>137,774</u>
Net assets with donor restrictions as of June 30, 2022	<u>\$174,860</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 Footnote 4.

NEEDLINK NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

6. OPERATING LEASES

The Organization has entered into an operating lease for office space through December 2022. The lease automatically renewed for one year in December of each year unless either party to the lease provided 30-days written notice of termination. The Organization has been notified of the termination of the lease and will vacate its current offices before December 31, 2022. The Organization has secured new office space and expects to take occupancy in the spring of 2023. The following is a summary of future minimum lease payments due for the year ended June 30:

2023	\$ 7,800
2024	-
2025	-
2026	-
2027	-
Thereafter.....	-
	\$ 7,800

Rent expense was \$15,788 for the year ended June 30, 2022.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of June 30, 2022, 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 assets.....	\$ 1,560,099
Grants receivable assets.....	75,888
Total financial assets	1,635,987
Less: Amounts reserved for direct	
assistance.....	(480,077)
Financial assets available to meet	
cash needs for general	
expenditures within one year	\$ 1,155,910

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 THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

8. 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 the potential to directly impact operations of the Organization.

9. DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated all events or transactions that occurred after June 30, 2022, through November 18, 2022, 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, 2022 financial statements.
