

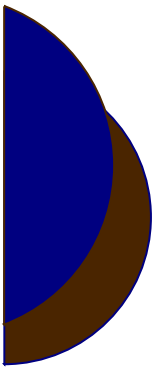
NEEDLINK NASHVILLE  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2017

NEEDLINK NASHVILLE  
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AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2017

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# BROWN & MAGUIRE CPAs, PLLC

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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, 2017, 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, 2017, 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  
October 11, 2017

NEEDLINK NASHVILLE  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2017

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ASSETS

**Current Assets:**

Cash and cash equivalents – operating	\$ 154,096
Cash and cash equivalents – internally restricted by Board resolution	90,141
Certificates of deposit– internally restricted by Board resolution	<u>200,612</u>
Total cash and cash equivalents	444,849
Grants receivable, net	60,667
Other current assets	<u>1,275</u>
Total current assets	<u>506,791</u>
Total assets	<u>\$ 506,791</u>

LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accrued expenses	\$ <u>12,222</u>
Total current liabilities	<u>12,222</u>
Total liabilities	<u>12,222</u>

**Net Assets:**

Unrestricted	305,352
Temporarily restricted	<u>189,217</u>
Total net assets	<u>494,569</u>
Total liabilities and net assets	<u>\$ 506,791</u>

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

NEEDLINK NASHVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Grants and awards .....	\$ -	\$ 137,938	\$ 137,938
Project Help contributions.....	-	138,056	138,056
Community Enhancement Fund.....	-	71,400	71,400
United Way .....	-	48,000	48,000
EFSP Grant.....	18,333	-	18,333
Donations .....	79,466	-	79,466
Fundraising event, net of direct expenses of \$16,125 .....	39,194	-	39,194
In-kind donations.....	2,900	-	2,900
Interest income .....	3,515	-	3,515
Net assets released from restrictions .....	327,059	(327,059)	-
<b>Total revenues</b>	<u>470,467</u>	<u>68,335</u>	<u>538,802</u>
<b>Expenses</b>			
Program services .....	484,569	-	484,569
Fundraising.....	42,557	-	42,557
General and administrative.....	30,575	-	30,575
<b>Total expenses</b> .....	<u>557,701</u>	<u>-</u>	<u>557,701</u>
Change in net assets.....	(87,234)	68,335	(18,899)
Net assets - beginning.....	<u>392,586</u>	<u>120,882</u>	<u>513,468</u>
<b>Net assets - ending</b> .....	<u>\$ 305,352</u>	<u>\$ 189,217</u>	<u>\$ 494,569</u>

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

NEEDLINK NASHVILLE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses				
Project Help (utilities assistance)	\$ 138,591	\$ -	\$ -	\$ 138,591
CEF (utility and housing assistance)	70,000	-	-	70,000
Other utility assistance	95,880	-	-	95,880
Other housing assistance	51,430	-	-	51,430
Food assistance	6,024	-	-	6,024
Other assistance	1,311	-	-	1,311
Bank fees	52	12	192	256
Payroll expense	97,718	29,439	21,620	148,777
Professional fees	250	250	3,209	3,709
Office supplies	510	64	108	682
Office maintenance	2,623	611	424	3,658
Meetings and agency events	141	131	79	351
Telephone	1,294	302	209	1,805
Printing	1,944	290	201	2,435
Postage	2,306	538	375	3,219
Dues	629	333	308	1,270
Gifts	29	-	165	194
Licenses and fees	-	-	331	331
Information technology	1,315	755	329	2,399
Occupancy: rent	9,232	2,150	1,494	12,876
Insurance	540	126	1,531	2,197
In-kind donation expenses	2,750	150	-	2,900
Event expenses	-	5,375	-	5,375
Other fundraising expenses	-	2,031	-	2,031
Total expenses	<u>\$ 484,569</u>	<u>\$ 42,557</u>	<u>\$ 30,575</u>	<u>\$ 557,701</u>

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

NEEDLINK NASHVILLE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017

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<b>Cash flows from operating activities:</b>	
Decrease in net assets	\$ (18,899)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in grants receivable	21,096
Increase in other assets	(44)
Increase in accrued expenses	<u>1,083</u>
Net cash provided by operating activities	<u>3,236</u>
<b>Cash flows from investing activities:</b>	
Net cash provided by (used in) investing activities	<u>-</u>
<b>Cash flows from financing activities:</b>	
Net cash provided by (used in) financing activities	<u>-</u>
Net increase in cash and cash equivalents	3,236
Cash and cash equivalents – beginning of the period	<u>441,613</u>
Cash and cash equivalents – ending of the period	<u>\$ 444,849</u>
<b>Cash paid for interest</b>	<u>\$ -</u>
<b>Cash paid for taxes</b>	<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, 2017

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**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.



NEEDLINK NASHVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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*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, 2017, 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)(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, 2017

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*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 deemed to be uncollectible. In management's opinion, no allowance for uncollectible pledges was necessary as of June 30, 2017.

*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.

NEEDLINK NASHVILLE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**2. CASH AND CREDIT RISK**

All cash and certificate of deposits of the Organization are deposited in FDIC insured banks. At June 30, 2017, 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, 2017 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..	\$ 120,653	\$ 345,294	\$ (322,855)	\$ 143,092
General support.....	-	50,000	(3,975)	46,025
Other .....	229	100	(229)	100
	<u>\$ 120,882</u>	<u>\$ 395,394</u>	<u>\$ (327,059)</u>	<u>\$ 189,217</u>

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, 2017, the board-designated reserve was \$290,753. 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 2017. 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:

2018 .....	\$ 6,438
2019 .....	-
2020 .....	-
2021 .....	-
2022 .....	-
Thereafter.....	-
	<u>\$ 6,438</u>

Rent expense was \$12,876 for the year ended June 30, 2017.

NEEDLINK NASHVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**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, 2017, the Organization received \$12,500 to cover the costs of administering the program.

For the year ended June 30, 2017, the Organization, as administrator of Project Help, collected and distributed the following amounts:

Revenues: Donations through Nashville Electric Service	\$138,056
Expenses: Disbursements for electricity	<u>136,567</u>
Net increase	1,489
Temporarily restricted net assets as of June 30, 2016	 <u>16,824</u>
Temporarily restricted net assets as of June 30, 2017	 <u>\$ 18,313</u>

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, 2017, through October 11, 2017, 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, 2017 financial statements.

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