

Financial Statements  
December 31, 2021

# Edgehill Neighborhood Partnership

# Edgehill Neighborhood Partnership

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December 31, 2021

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## **Independent Auditor's Report**

To the Board of Directors of  
Edgehill Neighborhood Partnership

### ***Opinion***

We have audited the financial statements of Edgehill Neighborhood Partnership (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Edgehill Neighborhood Partnership as of December 31, 2021, and the changes in its net assets 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 (GAAS). 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 Edgehill Neighborhood Partnership 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 Edgehill Neighborhood Partnership'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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 Edgehill Neighborhood Partnership'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 Edgehill Neighborhood Partnership'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.



KLLW, LLP  
Nashville, Tennessee  
June 30, 2022

Edgehill Neighborhood Partnership  
Statement of Financial Position  
December 31, 2021

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**Assets**

Cash and cash equivalents	\$ 77,713
Accounts receivable, net	2,306
Prepaid expenses and other assets	250
Total assets	<u>\$ 80,269</u>

**Liabilities and Net Assets**

Accounts payable and accrued expenses	<u>\$ 6,269</u>
Total liabilities	<u>6,269</u>

Net Assets

Without donor restrictions	60,057
With donor restrictions	<u>13,943</u>
Total net assets	<u>74,000</u>
Total liabilities and net assets	<u>\$ 80,269</u>

# Edgehill Neighborhood Partnership

## Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Public support			
Government grants	\$ 23,417	\$ -	\$ 23,417
Other grant income	10,570	37,500	48,070
Contributions	52,268	-	52,268
In-kind donations	3,660	10,000	13,660
Total public support	<u>89,915</u>	<u>47,500</u>	<u>137,415</u>
Other revenue			
PPP forgiveness	12,552	-	12,552
* Interest income	0	-	0
Total other revenue	<u>12,552</u>	<u>-</u>	<u>12,552</u>
Net assets released from restrictions	<u>34,907</u>	<u>(34,907)</u>	<u>-</u>
Total support and revenue	<u>137,374</u>	<u>12,593</u>	<u>149,967</u>
<b>Expenses</b>			
Program services expense			
The Free Store	53,455	-	53,455
The Spot	18,457	-	18,457
Housing Advocacy	22,597	-	22,597
Total program services expenses	<u>94,509</u>	<u>-</u>	<u>94,509</u>
Supporting services expense			
Management and general	23,376	-	23,376
Fundraising and development	23,395	-	23,395
Total supporting services expenses	<u>46,771</u>	<u>-</u>	<u>46,771</u>
Total expenses	<u>141,280</u>	<u>-</u>	<u>141,280</u>
<b>Change in Net Assets</b>	(3,906)	12,593	8,687
Net Assets, Beginning of Year	<u>65,313</u>	<u>-</u>	<u>65,313</u>
Net Assets, End of Year	<u>\$ 61,407</u>	<u>\$ 12,593</u>	<u>\$ 74,000</u>

\*Interest income earned for the year ended December 31, 2021 was less than 1 dollar.

Edgehill Neighborhood Partnership  
Statement of Functional Expenses  
Year Ended December 31, 2021

	<b>Program Services</b>					<b>Fundraising and development</b>	
	<b>The Free Store</b>	<b>The Spot</b>	<b>Housing Advocacy</b>	<b>Total Program Services</b>	<b>Management and general</b>		<b>Total</b>
Advertising and public awareness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,200	\$ 3,200
Bank and transaction fees	-	-	-	-	1,346	-	1,346
Contract services	23,782	8,889	12,194	44,865	3,990	5,486	54,341
Information technology	-	-	-	-	276	-	276
Insurance	-	-	-	-	3,803	-	3,803
Meals and entertainment	600	-	-	600	162	-	762
Occupancy	8,516	-	-	8,516	3,150	-	11,666
Other	253	243	-	496	2,278	-	2,774
Payroll taxes and fees	871	663	739	2,273	174	1,045	3,492
Printing and postage	132	-	-	132	768	-	900
Program supplies	7,916	-	-	7,916	-	-	7,916
Salaries and wages	11,385	8,662	9,664	29,711	2,279	13,664	45,654
Staff education and training	-	-	-	-	5,150	-	5,150
Total expenses by function	<u>\$ 53,455</u>	<u>\$ 18,457</u>	<u>\$ 22,597</u>	<u>\$ 94,509</u>	<u>\$ 23,376</u>	<u>\$ 23,395</u>	<u>\$ 141,280</u>

See Notes to Financial Statements

# Edgehill Neighborhood Partnership

## Statement of Cash Flows

Year Ended December 31, 2021

### **Reconciliation of Change in Net Assets to Net Cash from (used for) Operating Activities**

Change in net assets	\$ 8,687
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Gain on forgiveness of loan payable	(12,552)
Changes in operating assets and liabilities	
Accounts receivable, net	7,694
Prepaid expenses and other assets	(250)
Accounts payable and accrued expenses	6,269
Net Cash from (used for) Operating Activities	<u>\$ 9,848</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	9,848
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>67,865</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 77,713</u>



## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

Edgehill Neighborhood Partnership (ENP, we, us, our) is a nonprofit organization established to promote justice and equity within the Edgehill neighborhood of Nashville Tennessee. We fulfill our mission by focusing our efforts on three primary service areas.

#### *The Free Store*

The Free Store is a small community shop, centered on the free exchange of donated new or pre-used goods among neighbors. The Free Store offers a place for volunteers and shoppers from all walks of life to work together, eat together, and share household goods. The three guiding principles of The Free Store are "Sharing and Redistribution," "Collective Participation" and "Hospitality." It is open every 1st and 3rd Saturday of the month at 1224 Martin Street, Nashville, TN 37203.

#### *The Spot*

The Spot is an after-school program where students across South Nashville are nurtured through positive relationships as they work to become their best selves. It's a place to hang out, learn respect for each other, and grow stronger academically, emotionally, and socially. Services provided as part of this program include tutoring, mentoring and field trips.

#### *Housing Advocacy*

As Nashville grows, its residents have experienced an exponential cost increase and demand in housing, leaving many long-term residents without affordable options. ENP, alongside our committed volunteers, is giving its energy to advocate for just housing for all residents, regardless of race, class, and culture through two partnerships: The Promise Zone, an initiative of The US Department of Housing and Urban Development to improve conditions including housing in at-risk communities across the country; and Envision Edgehill, an initiative of The Nashville Metropolitan Development and Housing Agency to redevelop Edgehill Apartments into a mixed-income community.

### **Basis of Presentation**

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### **Cash, Cash Equivalents, and Restricted Cash**

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors (which includes grantors, as applicable, throughout) for long-term purposes, to be cash and cash equivalents.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of amounts due for payroll expenditures associated with a common paymaster agreement. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2021, no allowance for uncollectable accounts was made.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **Support and Revenue**

Public support is recognized when the donor makes a promise to give to ENP that is, in substance, unconditional. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to our program service activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services and resources at the respective fair values of the services and resources received (Note 10). No significant contributions of goods meeting the criteria prescribed by generally accepted accounting principles were received during the year ended December 31, 2021.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, salaries and wages, payroll taxes and fees and contract services, which are allocated on the basis of estimates of usage, time and effort.

### **Income Taxes**

Edgehill Neighborhood Partnership is organized as a Tennessee nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Concentration of Credit Risk**

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with a financial institution believed by us to be creditworthy. During the year ended December 31, 2021, amounts on deposit did not exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts.

## **Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 77,713
Accounts receivable, net	2,306
Prepaid expenses and other assets	250
	<u>\$ 80,269</u>

As part of ENP's liquidity management, we structure our financial assets to be available as general expenditures, liabilities, and other obligations come due.

## **Note 3 - Leases**

We lease office and program space under an operating lease expiring in 2022. Rent expense (including rental space donated in-kind) for the year ended December 31, 2021 totaled \$11,666.

## **Note 4 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purpose at December 31, 2021:

Subject to expenditure for specified purpose:	
The Spot	\$ 3,043
Management and general	10,900
	<u>\$ 13,943</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2021:

Satisfaction of purpose restrictions	
The Spot	\$ 19,807
Housing Advocacy	10,000
Management and general	5,100
	<u>\$ 34,907</u>

**Note 5 - Donated Professional Services and Resources**

We received donated professional services and materials as follows during the year ended December 31, 2021:

	The Free Store	Housing Advocacy	Management and general	Total
Contract services	\$ -	\$ 10,000	\$ 960	\$ 10,960
Occupancy	1,350	-	1,350	2,700
	<u>\$ 1,350</u>	<u>\$ 10,000</u>	<u>\$ 2,310</u>	<u>\$ 13,660</u>

**Note 6 - PPP Forgiveness**

On July 8, 2020, ENP was granted a loan (the "Loan") from Truist Bank in the aggregate amount of \$12,552, 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 could have been prepaid by ENP at any time prior to maturity with no prepayment penalties. The proceeds of the PPP Loan were available to be used for payroll costs, including salaries, commissions and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. 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.

In February of 2021, ENP was granted forgiveness on the entire amount of the Loan. The Loan forgiveness is reflected in the Statement of Activities for the year ended December 31, 2021.

**Note 7 - Risks and 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 ENP. The implications of COVID-19 on ENP's ongoing operations are still being evaluated and the duration and intensity of its impact is uncertain.

**Note 8 - Subsequent Events**

We have evaluated subsequent events through June 30, 2022, the date the financial statements were available to be issued. During this period, ENP did not have any other material recognizable events that required recognition or disclosure in the December 31, 2021 financial statements.