

BOTH HANDS FOUNDATION

**FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2016 AND 2015

BOTH HANDS FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Both Hands Foundation:

We have audited the accompanying financial statements of Both Hands Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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.

MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Both Hands Foundation:

We have audited the accompanying financial statements of Both Hands Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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.

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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 Both Hands Foundation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
May 24, 2017

BOTH HANDS FOUNDATION**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 648,984	\$ 412,467
Capitalized book publication costs	26,559	-
Total current assets	<u>675,543</u>	<u>412,467</u>
PROPERTY AND EQUIPMENT:		
Automobile	13,500	13,500
Computers and equipment	<u>4,502</u>	<u>4,502</u>
Total cost	18,002	18,002
Less accumulated depreciation	<u>(7,499)</u>	<u>(3,720)</u>
Property and equipment, net	<u>10,503</u>	<u>14,282</u>
TOTAL ASSETS	<u>\$ 686,046</u>	<u>\$ 426,749</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 427	\$ 1,787
Accrued liabilities	<u>-</u>	<u>5,848</u>
Total current liabilities	<u>427</u>	<u>7,635</u>
NET ASSETS:		
Unrestricted	338,229	187,491
Temporarily restricted	<u>347,390</u>	<u>231,623</u>
Total net assets	<u>685,619</u>	<u>419,114</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 686,046</u>	<u>\$ 426,749</u>

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

BOTH HANDS FOUNDATION**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Contributions	\$ 494,697	\$ 703,794	\$ 1,198,491
In-kind donations	102,050	-	102,050
Net assets released from restrictions	588,027	(588,027)	-
Other unrestricted revenues	2,838	-	2,838
Total support, revenues and reclassifications	<u>1,187,612</u>	<u>115,767</u>	<u>1,303,379</u>
EXPENSES:			
Program services	772,924	-	772,924
General and administrative	122,475	-	122,475
Development and fundraising	141,475	-	141,475
Total expenses	<u>1,036,874</u>	<u>-</u>	<u>1,036,874</u>
NET CHANGE IN NET ASSETS	150,738	115,767	266,505
NET ASSETS, BEGINNING	<u>187,491</u>	<u>231,623</u>	<u>419,114</u>
NET ASSETS, ENDING	<u>\$ 338,229</u>	<u>\$ 347,390</u>	<u>\$ 685,619</u>

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

BOTH HANDS FOUNDATION**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Contributions	\$ 371,081	\$ 681,123	\$ 1,052,204
In-kind donations	130,722	-	130,722
Net assets released from restrictions	603,715	(603,715)	-
Other unrestricted revenues	1,461	-	1,461
Total support, revenues and reclassifications	<u>1,106,979</u>	<u>77,408</u>	<u>1,184,387</u>
EXPENSES:			
Program services	839,168	-	839,168
General and administrative	72,027	-	72,027
Development and fundraising	116,645	-	116,645
Total expenses	<u>1,027,840</u>	<u>-</u>	<u>1,027,840</u>
NET CHANGE IN NET ASSETS	79,139	77,408	156,547
NET ASSETS, BEGINNING	<u>108,352</u>	<u>154,215</u>	<u>262,567</u>
NET ASSETS, ENDING	<u>\$ 187,491</u>	<u>\$ 231,623</u>	<u>\$ 419,114</u>

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

BOTH HANDS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		
	Widow and Orphan Projects	Management and General	Development and Fundraising	Total Expenses
Salaries	\$ 69,733	\$ 69,178	\$ 80,076	\$ 218,987
Employee benefits	1,848	528	264	2,640
Payroll taxes	3,732	7,253	6,374	17,359
Total personnel costs	75,313	76,959	86,714	238,986
Legal and professional	-	18,140	1,535	19,675
Dues and memberships	-	1,184	-	1,184
Postage and printing	1,587	3,174	11,110	15,871
Administrative expenses	2,920	1,168	1,752	5,840
Fundraising	-	-	13,134	13,134
Automobile	1,247	832	2,079	4,158
Dining and entertainment	1,233	822	2,055	4,110
Donor development	-	-	3,882	3,882
Education	-	992	-	992
Taxes	-	260	-	260
Occupancy	3,910	2,606	6,516	13,032
Gifts given	-	2,526	78	2,604
Insurance	1,371	392	196	1,959
Marketing	5,308	1,327	6,636	13,271
Website and information technology	4,799	1,600	1,600	7,999
Travel	2,096	1,397	3,493	6,986
Book public relations	-	8,340	-	8,340
Support provided to adopting families	588,027	-	-	588,027
Donations to other ministries	2,050	-	-	2,050
Building and repair supplies	80,418	-	317	80,735
Total expenses before depreciation and other expenses	770,279	121,719	141,097	1,033,096
Depreciation	2,645	756	378	3,779
Total expenses	<u>\$ 772,924</u>	<u>\$ 122,475</u>	<u>\$ 141,475</u>	<u>\$ 1,036,874</u>

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

BOTH HANDS FOUNDATION**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services	Supporting Services		
	Widow and Orphan Projects	Management and General	Development and Fundraising	Total Expenses
Salaries	\$ 90,023	\$ 36,996	\$ 57,960	\$ 184,979
Employee benefits	1,344	384	192	1,920
Payroll taxes	6,911	2,858	4,523	14,292
Total personnel costs	98,278	40,238	62,675	201,191
Legal and professional	-	13,205	301	13,506
Dues and memberships	-	2,949	-	2,949
Postage and printing	765	1,529	5,353	7,647
Administrative expenses	1,550	620	930	3,100
Fundraising	-	-	11,670	11,670
Automobile	1,637	1,091	2,728	5,456
Dining and entertainment	427	285	712	1,424
Donor development	-	-	8,090	8,090
Education	-	1,012	-	1,012
Taxes	-	260	-	260
Occupancy	3,831	2,554	6,385	12,770
Gifts given	-	1,447	45	1,492
Insurance	1,927	551	275	2,753
Marketing	9,439	2,360	11,799	23,598
Website and information technology	2,511	837	837	4,185
Travel	2,623	1,749	4,372	8,744
Support provided to adopting families	603,715	-	-	603,715
Donations to other ministries	500	-	-	500
Building and repair supplies	110,074	-	203	110,277
Total expenses before depreciation and other expenses	837,277	70,687	116,375	1,024,339
Depreciation	1,891	540	270	2,701
Loss of sale of auto	-	800	-	800
Total expenses	<u>\$ 839,168</u>	<u>\$ 72,027</u>	<u>\$ 116,645</u>	<u>\$ 1,027,840</u>

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

BOTH HANDS FOUNDATION**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net change in net assets	\$ 266,505	\$ 156,547
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Depreciation	3,779	2,701
Loss on sale of assets	-	800
Net changes in other operating assets and liabilities:		
Capitalized book publication costs	(26,559)	-
Accounts payable and accrued liabilities	<u>(7,208)</u>	<u>(11,415)</u>
Net cash provided by operating activities	<u>236,517</u>	<u>148,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(13,500)
Proceeds from sale of property and equipment	<u>-</u>	<u>500</u>
Net cash used in investing activities	<u>-</u>	<u>(13,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	236,517	135,633
CASH AND CASH EQUIVALENTS, BEGINNING	<u>412,467</u>	<u>276,834</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 648,984</u>	<u>\$ 412,467</u>

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

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

NOTE 1 – THE ENTITY

Both Hands Foundation (the "Foundation") was incorporated under the Tennessee Nonprofit Corporation Act on January 31, 2008. The Foundation, a religious corporation, is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation, as stated in its mission statement, is to serve widows, orphans and Christian adoptive families by helping Christian adoptive families fund their adoptions by coordinating service projects to provide repairs and maintenance to the homes of widows. The Foundation is located in Nashville, Tennessee.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods - All references to 2016 and 2015 in these financial statements refer to the years ended December 31, 2016 and December 31, 2015, respectively, unless otherwise noted.

Basis of Accounting - The financial records of the Foundation are maintained on the accrual basis of accounting.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted – This class includes net assets that are not subject to any donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – This class includes net assets whose use by the Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time. 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.

Permanently Restricted – This class includes net assets subject to donor-imposed restrictions that require the assets to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. At December 31, 2016 and 2015, the Foundation had no permanently restricted net assets. See Note 3 for further details.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, cash in various bank accounts, and all highly liquid investments with an original maturity of three months or less. The Foundation may, at times, maintain bank accounts whose balances exceed federally insured limits. However, the Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Capitalized Book Publication Costs – Capitalized book publication costs consist of the costs incurred in the publication of the book entitled "The Orphan, the Widow & Me". These costs will be charged to expense as the books are sold.

BOTH HANDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Expenditures for additions, major renewals and betterment of property and equipment are capitalized and recorded at cost. The fair value of donated property and equipment is similarly capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed by using the straight-line method over the estimated useful lives of the assets.

Donated Materials and Services - Donated materials, services and use of facilities are recognized as contributions at their estimated fair values at date of receipt. The Foundation operates out of facilities donated by a member of the Board of Directors. The Foundation also received donated accounting services in the amount of \$12,000 for 2016 and 2015. The total value of donated facilities, services and goods meeting the requirements for recognition in the financial statements was \$102,050 and \$130,722 for the years ending December 31, 2016 and 2015, respectively.

Income Taxes - As mentioned in Note 1, the Foundation is a tax-exempt organization; accordingly, no provision for income taxes is included in the accompanying financial statements.

The Foundation files an annual information return (Form 990) with the U.S. government. At December 31, 2016, the Foundation is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before December 31, 2013.

Advertising Costs - Advertising costs, which also include marketing and development, are expensed as incurred. Advertising costs were \$13,271 and \$18,550 for the years ended December 31, 2016 and 2015, respectively.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses - Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods in order to reflect the total cost of each function.

Events Occurring after Reporting Date – Management has evaluated events and transactions that occurred through May 24, 2017, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 – NET ASSET RESTRICTIONS

Temporarily restricted net assets consist entirely of contributions for adoption assistance. Once the contributions are used for adoption assistance, net assets are reclassified from temporarily restricted to unrestricted and reported as net assets released from restrictions in the statements of activities. Net assets released from restrictions totaled \$588,027 and \$603,715 for the years ending December 31, 2016 and 2015, respectively.