

HandsOn Bay Area
Audited Financial Statements

For Year Ended December 31, 2015

Rubian Moss, CPA
A Professional Corporation

HandsOn Bay Area

Financial Statements

Year ended December 31, 2015

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RUBIAN MOSS, CPA**A PROFESSIONAL CORPORATION**

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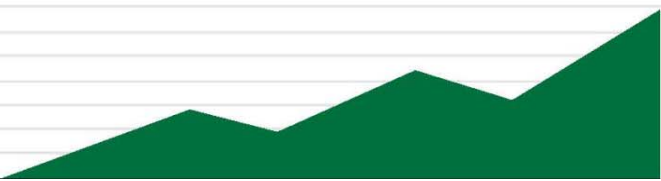
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Independent Auditor's Report

Board of Directors
HandsOn Bay Area
San Francisco, California

We have audited the accompanying financial statements of HandsOn Bay Area, a nonprofit tax-exempt corporation, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses 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.

Auditor's 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 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 statement .

We believe that our 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 HandsOn Bay Area as of December 31, 2015 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.

Rubian Moss, CPA

Walnut Creek, California
May 27, 2016

HandsOn Bay Area

Statement of Financial Position

As of December 31, 2015

Assets

Current assets:

Cash (<i>Note 1</i>)	\$ 1,168,360
Accounts receivable (<i>Note 1</i>)	395,396
Prepaid expenses	<u>37,073</u>

Total current assets 1,600,829

Property and equipment, net (*Note 2*) 25,607

Beneficial interest in perpetual trust 6,032

Deposits 20,824

Total assets \$ 1,653,292

Liabilities and net assets

Current liabilities:

Accounts payable and accrued expenses	\$ 75,870
Accrued vacation and sabbatical	48,714
Grants payable	8,175
Deferred revenue (<i>Note 1</i>)	<u>541,243</u>

Total current liabilities 674,002

Net assets:

Unrestricted	885,034
Temporarily restricted (<i>Note 3</i>)	<u>94,256</u>

Total net assets 979,290

Total liabilities and net assets \$ 1,653,292

See accompanying notes.

HandsOn Bay Area

Statement of Activities

For Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Support			
Contributions and grants <i>(Note 1)</i>	\$ 176,104	\$ 10,500	\$ 186,604
Foundations and other grants	44,250	100,000	144,250
In-kind contributions <i>(Note 4)</i>	104,089	-	104,089
Total support	324,443	110,500	434,943
Revenue			
Contract fees	2,105,481	-	2,105,481
Program fees	49,323	-	49,323
Dividends and interest	1,127	-	1,127
Unrealized gains	59	-	59
Total revenue	2,155,990	-	2,155,990
Net assets released from restrictions	91,744	(91,744)	-
Total support and revenue	2,572,177	18,756	2,590,933
Expenses <i>(Note 1)</i> :			
Program services	2,094,457	-	2,094,457
General and administrative	224,920	-	224,920
Fundraising	83,440	-	83,440
Total expenses	2,402,817	-	2,402,817
Change in net assets	169,360	18,756	188,116
Net assets, beginning of year	715,674	75,500	791,174
Net assets, end of year	<u>\$ 885,034</u>	<u>\$ 94,256</u>	<u>\$ 979,290</u>

See accompanying notes.

HandsOn Bay Area

Statement of Cash Flows

For Year Ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ 188,116
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,714
Increase in accounts receivable	(308,561)
Increase in prepaid expenses	(2,743)
Increase in beneficial interest in perpetual trust	(59)
Increase in accounts payable and accrued expenses	26,180
Increase in accrued vacation and sabbatical	6,971
Decrease in grants payable	(5,000)
Increase in deferred revenue	229,765
	<hr/>
Net cash provided by operating activities	142,383
Net change in cash	142,383
Cash, beginning of year	<hr/> 1,025,977
Cash, end of year	<hr/> <hr/> \$ 1,168,360

See accompanying notes.

HandsOn Bay Area

Statement of Functional Expenses

For Year Ended December 31, 2015

	Program Services					General and Administrative	Fundraising	Total
	Corporate	Calendar	LIFT	Other	Total			
Salaries	\$ 846,040	\$ 62,379	\$ 14,914	\$ 24,283	\$ 947,616	\$ 132,615	\$ 48,823	\$ 1,129,054
Pension contributions	13,954	575	339	456	15,324	4,013	1,275	20,612
Employee benefits	91,670	9,899	2,843	3,897	108,309	18,601	6,078	132,988
Payroll taxes	77,945	5,896	1,424	2,365	87,630	12,302	5,592	105,524
Total personnel	1,029,609	78,749	19,520	31,001	1,158,879	167,531	61,768	1,388,178
Accounting	-	-	-	-	-	26,164	-	26,164
Consultants	121,964	1,127	261	468	123,820	2,490	3,828	130,138
Advertising and promotion	942	86	21	3,409	4,458	115	62	4,635
Insurance	8,467	1,040	227	400	10,134	817	681	11,632
Supplies	436,660	750	718	4,240	442,368	-	-	442,368
Occupancy	79,599	8,002	1,775	3,047	92,423	12,118	5,849	110,390
Travel	80,788	145	406	2,151	83,490	275	395	84,160
Meetings	8,816	697	2,218	1,505	13,236	3,641	776	17,653
Office expense	25,048	4,714	490	1,678	31,930	3,512	2,715	38,157
Depreciation	5,562	560	124	214	6,460	843	410	7,713
Royalties	15,952	2,196	159	254	18,561	2,951	1,891	23,403
Dues, licenses and fees	5,874	547	421	198	7,040	1,063	763	8,866
In-kind goods and services	25,372	9,247	21,040	43,431	99,090	1,092	3,906	104,088
Other	1,223	821	150	374	2,568	2,308	396	5,272
Total expenses	\$ 1,845,876	\$ 108,681	\$ 47,530	\$ 92,370	\$ 2,094,457	\$ 224,920	\$ 83,440	\$ 2,402,817

See accompanying notes.

HandsOn Bay Area

Notes to Financial Statements

For Year Ended December 31, 2015

1. Organization and Summary of Significant Accounting Policies

Organization

HandsOn Bay Area (HOBA) is a nonprofit public benefit organization, incorporated in the State of California. HOBA creates opportunities for people to volunteer, learn and lead in their communities. HOBA manages over 1,150 direct-service projects annually and offers educational programming to help volunteers become well-informed community leaders. For corporate clients, HOBA offers comprehensive volunteer project planning services in a wide-range of issue areas, optimizing the effectiveness of volunteers while ensuring a rewarding volunteer experience.

In the year ending December 31, 2015, HOBA's volunteer program mobilized 16,600 volunteers providing more than 55,000 hours of free service to more than 200 non-profits across the Bay Area. These projects are meeting critical community needs including literacy, HIV/AIDS, health, aging, homelessness, and the environment.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that HOBA is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). HOBA has evaluated its current tax positions as of December 31, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. HOBA's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

HandsOn Bay Area

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Cash

Cash consists of accounts with an original maturity of three months or less. Financial instruments that potentially subject HOBA to concentrations of credit risk include cash. Cash deposits are generally federally insured in limited amounts. Cash is stated at fair market value.

Accounts Receivable

HOBA considers all accounts and grants receivable to be fully collectible at December 31, 2015. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Deferred Revenue

HOBA recognizes revenue on the completion of varying milestones. Accordingly, fee for service contracts that have not been completed are reported as deferred revenue.

Net Assets

HOBA reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Accordingly, the net assets of the Foundation are reported using the following net asset classifications:

Unrestricted Net Assets — Include unrestricted contributions, income earned on unrestricted or restricted net assets, and amounts for which restrictions have expired.

Temporarily Restricted Net Assets — Represent resources restricted by donors by time or for a specific purpose. The related investment income is transferred to unrestricted net assets.

Permanently Restricted Net Assets — Represent cash and investments that are subject to gift instrument restrictions that require the principal to be invested in perpetuity.

At December 31, 2015, HOBA had no permanently restricted net assets.

HandsOn Bay Area

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a specific purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are reported as unrestricted contributions.

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. Accordingly, certain costs have been allocated among programs and supporting services benefited.

2. Property and Equipment

Property and equipment purchased by HOBA is recorded at cost. HOBA capitalizes all expenditures for property and equipment over \$2,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-5 years
Leasehold improvements	5 years
Vehicles	3-7 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

HandsOn Bay Area

Notes to Financial Statements (continued)

2. Property and Equipment (continued)

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

At December 31, 2015, property and equipment consists of the following:

Vehicles	\$	36,810
Leasehold improvements		9,255
Furniture and equipment		<u>6,977</u>
Total cost		53,042
Accumulated depreciation		<u>(27,435)</u>
Property and equipment, net	\$	<u><u>25,607</u></u>

3. Temporarily Restricted Net Assets

At December 31, 2015, temporarily restricted net assets are restricted for the following purposes:

Calendar projects	\$	35,250
LIFT program		23,000
Youth program		20,000
Development		12,000
Supplies		<u>4,006</u>
Temporarily restricted net assets	\$	<u><u>94,256</u></u>

During the year ending December 31, 2015, temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the following purposes specified by donors:

Youth program	\$	29,000
Calendar projects		24,750
LIFT program		18,500
Development		13,000
Supplies		<u>6,494</u>
Releases from restriction	\$	<u><u>91,744</u></u>

HandsOn Bay Area

Notes to Financial Statements (continued)

4. In-Kind Contributions

In-kind contributions are recognized when received. Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which HOBA would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered.

In-kind contributions consisted of the following for the year ending December 31, 2015:

Volunteer recruitment	\$	59,004
Other professional services		24,000
Supplies		12,985
Rent		8,100
		<u>8,100</u>
In-kind contributions	\$	<u>104,089</u>

5. Operating Lease Commitments

HOBA is party to a lease for office space in San Francisco, California that expires in August 2023. Future minimum operating lease payments are as follows for years ending December 31:

2016	\$	102,608
2017		105,684
2018		108,852
2019		112,120
2020		115,480
Thereafter		285,508
		<u>285,508</u>
Total	\$	<u>830,252</u>

Rent expense for the year ended December 31, 2015 was \$99,616.

6. Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. HOBA deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of HOBA to the provisions of the grants. HOBA's management is of the opinion that HOBA has complied with the terms of all grants.

HandsOn Bay Area

Notes to Financial Statements (continued)

7. Concentration of Credit Risk

Cash

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash. HOBA maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. HOBA has not experienced any losses in such accounts. At December 31, 2015, all of HOBA's cash balances were insured.

8. Employee Retirement Plan

HOBA provides and administers a 401(k) for all eligible employees with three month tenure. Eligible employees may receive a matching contribution of 3% - 6% of salary depending on employee's years of service with HOBA. Such contributions vest over 4 years. HOBA contributed \$20,612 during the year ended December 31, 2015.

9. Subsequent Events

HOBA has evaluated all subsequent events through May 27, 2016, the date through which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.