
HandsOn Bay Area

FINANCIAL STATEMENTS

DECEMBER 31, 2014

(With Comparative Totals as of December 31, 2013)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

HandsOn Bay Area

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INDEPENDENT AUDITORS' REPORT

Board of Directors
HandsOn Bay Area
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of HandsOn Bay Area, which comprise the statement of financial position as of December 31, 2014, 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 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 HandsOn Bay Area as of December 31, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the HandsOn Bay Area's December 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 4, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Oakland, California
June 30, 2015

HandsOn Bay Area

Statement of Financial Position

December 31, 2014

(With Comparative Totals as of December 31, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,025,977	\$ 764,173
Accounts receivable	79,106	89,806
Grants receivable	7,729	4,760
Prepaid expenses	34,330	11,566
Total Current Assets	<u>1,147,142</u>	<u>870,305</u>
Property and equipment, net (Note 3)	33,321	9,255
Beneficial interest in perpetual trust	5,973	5,858
Deposits	20,824	20,824
Total Assets	<u>\$ 1,207,260</u>	<u>\$ 906,242</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 49,690	\$ 23,034
Accrued vacation and sabbatical	41,743	28,689
Grants payable	13,175	12,175
Deferred revenue	311,478	302,920
Total Liabilities	<u>416,086</u>	<u>366,818</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	715,674	477,174
Temporarily restricted (Note 6)	75,500	62,250
Total Net Assets	<u>791,174</u>	<u>539,424</u>
Total Liabilities and Net Assets	<u>\$ 1,207,260</u>	<u>\$ 906,242</u>

See Notes to the Financial Statements

HandsOn Bay Area

**Statement of Activities
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
Support and Revenue				
Support				
Contributions	\$ 48,153	\$ -	\$ 48,153	\$ 66,465
Foundation and other grants	84,246	176,313	260,559	260,592
In-kind contributions (Note 8)	250,450	-	250,450	95,581
Total Support	<u>382,849</u>	<u>176,313</u>	<u>559,162</u>	<u>422,638</u>
Revenue				
Contract fees	1,697,303	-	1,697,303	1,297,158
Program fees	43,630	-	43,630	37,484
Dividends and Interest	2,663	-	2,663	2,226
Unrealized gain	115	-	115	615
Miscellaneous	1,837	-	1,837	50
Total Revenue	<u>1,745,548</u>	<u>-</u>	<u>1,745,548</u>	<u>1,337,533</u>
Net assets released from donor restrictions (Note 6)	<u>163,063</u>	<u>(163,063)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,291,460</u>	<u>13,250</u>	<u>2,304,710</u>	<u>1,760,171</u>
Expenses				
Program	1,787,576	-	1,787,576	1,321,678
General and administrative	191,833	-	191,833	239,318
Fundraising	73,551	-	73,551	74,351
Total Expenses	<u>2,052,960</u>	<u>-</u>	<u>2,052,960</u>	<u>1,635,347</u>
Change in net assets	<u>238,500</u>	<u>13,250</u>	<u>251,750</u>	<u>124,824</u>
Net Assets, beginning of year	<u>477,174</u>	<u>62,250</u>	<u>539,424</u>	<u>414,600</u>
Net Assets, end of year	<u>\$ 715,674</u>	<u>\$ 75,500</u>	<u>\$ 791,174</u>	<u>\$ 539,424</u>

See Notes to the Financial Statements

HandsOn Bay Area

Statement of Cash Flows
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 251,750	\$ 124,824
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Unrealized gain	(115)	(615)
Depreciation	5,091	-
Change in assets and liabilities:		
Accounts receivable	10,700	(9,209)
Grants receivable	(2,969)	(2,805)
Prepaid expenses	(22,764)	46,520
Deposits	-	(14,299)
Accounts payable and accrued expenses	26,656	(7,796)
Accrued vacation and sabbatical	13,054	1,888
Grants payable	1,000	(15,500)
Deferred revenue	8,558	(19,199)
Net cash provided by operating activities	<u>290,961</u>	<u>103,809</u>
Cash flows from investing activities		
Purchase of fixed assets	(29,157)	-
Improvements to leased property	-	(9,255)
Net cash used by investing activities	<u>(29,157)</u>	<u>(9,255)</u>
Net change in cash and cash equivalents	<u>261,804</u>	<u>94,554</u>
Cash and cash equivalents, beginning of year	<u>764,173</u>	<u>669,619</u>
Cash and cash equivalents, end of year	<u>\$ 1,025,977</u>	<u>\$ 764,173</u>

See Notes to the Financial Statements

HandsOn Bay Area

**Statement of Functional Expenses
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

	Program				Total Programs	General and Administrative	Fundraising	Total	
	Corporate	Calendar	LIFT	Other				2014	2013
Salaries	\$ 708,996	\$ 42,730	\$ 13,576	\$ 13,827	\$ 779,129	\$ 107,532	\$ 42,406	\$ 929,067	\$ 787,754
Pension contributions	11,677	315	209	286	12,487	4,142	1,914	18,543	18,562
Employee benefits	74,044	6,792	1,615	1,717	84,168	13,564	6,927	104,659	93,068
Payroll taxes	63,262	3,554	1,105	1,110	69,031	13,725	3,392	86,148	70,515
Total personnel	<u>857,979</u>	<u>53,391</u>	<u>16,505</u>	<u>16,940</u>	<u>944,815</u>	<u>138,963</u>	<u>54,639</u>	<u>1,138,417</u>	<u>969,899</u>
Accounting					-	28,515	-	28,515	28,423
Consultants	34,507	803	1,684	2,967	39,961	1,359	1,710	43,030	34,257
Advertising and promotion	509	51	139	3,518	4,217	85	28	4,330	1,361
Insurance	8,579	598	195	211	9,583	1,030	377	10,990	10,672
Supplies	291,432	2	162	4,418	296,014	5	2	296,021	259,571
Occupancy	83,295	6,031	1,824	2,187	93,337	10,126	3,669	107,132	69,440
Travel	79,837	1,220	809	914	82,780	865	715	84,360	81,033
Conferences, meetings and meals	7,068	343	816	123	8,350	1,097	861	10,308	17,185
Office expense	37,799	2,366	1,027	1,408	42,600	4,128	3,629	50,357	38,577
Depreciation	2,676	222	85	106	3,089	1,865	137	5,091	-
Royalties	10,125	511	125	132	10,893	636	1,473	13,002	18,113
Dues, licenses and fees	2,571	1,089	161	262	4,083	1,697	1,480	7,260	5,498
In-kind goods and services	56,334	27,969	69	19,996	104,368	857	4,695	109,920	95,581
In-kind grants (Note 8)	140,530				140,530	-	-	140,530	-
Miscellaneous	2,721	122	65	48	2,956	605	136	3,697	5,737
Total expenses	<u>\$ 1,615,962</u>	<u>\$ 94,718</u>	<u>\$ 23,666</u>	<u>\$ 53,230</u>	<u>\$ 1,787,576</u>	<u>\$ 191,833</u>	<u>\$ 73,551</u>	<u>\$ 2,052,960</u>	<u>\$ 1,635,347</u>

See Notes to the Financial Statements

HANDSON BAY AREA

Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

NOTE 1: NATURE OF ACTIVITIES

HandsOn Bay Area is a nonprofit public benefit organization, incorporated in the State of California. HandsOn Bay Area creates opportunities for people to volunteer, learn and lead in their communities. HandsOn Bay Area manages over 1,150 direct-service projects annually and offers educational programming to help volunteers become well-informed community leaders. For corporate clients, HandsOn Bay Area 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, 2014, HandsOn Bay Area'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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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).

Basis of Presentation

HandsOn Bay Area presents 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. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by HandsOn Bay Area or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of HandsOn Bay Area pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of HandsOn Bay Area. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2014.

Contributions

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

HANDSON BAY AREA

Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

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.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 as net assets released from restrictions.

Accounts and Grants Receivable

HandsOn Bay Area considers all accounts and grants receivable to be fully collectible at December 31, 2014. 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.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that HandsOn Bay Area 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). HandsOn Bay Area has evaluated its current tax positions as of December 31, 2014 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. HandsOn Bay Area's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HandsOn Bay Area.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported 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.

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Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

Cash Equivalents

For purposes of the statement of cash flows, HandsOn Bay Area considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. HandsOn Bay Area determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that HandsOn Bay Area has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

HandsOn Bay Area had no assets or liabilities recorded at fair value on December 31, 2014.

Concentration of Credit Risk

At times, HandsOn Bay Area may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by HandsOn Bay Area is recorded at cost. HandsOn Bay Area 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.

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

HANDSON BAY AREA

Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

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.

Deferred Revenue

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

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with HandsOn Bay Area's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

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.

Subsequent Events

HandsOn Bay Area has evaluated subsequent events and has concluded that as of June 30, 2015 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 6,977	\$ 6,977
Vehicles	36,810	7,500
Leasehold improvements	9,255	9,255
Less accumulated depreciation	<u>(19,721)</u>	<u>(14,477)</u>
Total	<u>\$ 33,321</u>	<u>\$ 9,255</u>

NOTE 4: COMMITMENTS

HandsOn Bay Area is party to a lease for office space in San Francisco, California that expires in August 2023 and a copier lease that expires in October 2015. Future minimum operating lease payments are as follows for years ending December 31:

HANDSON BAY AREA

**Notes to the Financial Statements
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

2015	\$ 102,516
2016	102,608
2017	105,684
2018	108,852
2019	112,120
Thereafter	<u>440,244</u>
Total	<u>\$ 972,024</u>

Rent for the year ended December 31, 2014 was \$96,716. Rent for the year ended December 31, 2013 was \$58,223 consisting of \$74,323 in gross rent less \$16,100 in sublease income.

NOTE 5: 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. HandsOn Bay Area deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of HandsOn Bay Area to the provisions of the grants. HandsOn Bay Area's management is of the opinion that HandsOn Bay Area has complied with the terms of all grants.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

	<u>2014</u>	<u>2013</u>
Calendar projects	\$ 30,000	\$ 33,000
LIFT program	16,500	14,250
Youth program	<u>29,000</u>	<u>15,000</u>
Total	<u>\$ 75,500</u>	<u>\$ 62,250</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows for year ended December 31:

	<u>2014</u>	<u>2013</u>
Calendar projects	\$ 55,450	\$ 88,000
LIFT program	20,250	17,000
Hands At Work	-	98,250
Corporate program	34,113	-
Van	31,000	-
Be The Change Day	10,000	20,000
Youth program	<u>12,250</u>	<u>5,000</u>
Total	<u>\$ 163,063</u>	<u>\$ 228,250</u>

HANDSON BAY AREA

**Notes to the Financial Statements
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

NOTE 7: EMPLOYEE RETIREMENT PLAN

HandsOn Bay Area 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 HandsOn Bay Area. Such contributions vest over 4 years. HandsOn Bay Area contributed \$18,543 and \$18,562 during the years ended December 31, 2014 and 2013, respectively.

NOTE 8: IN-KIND CONTRIBUTIONS

In-kind contributions include the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Rent	\$ 10,800	\$ 10,800
Supplies	10,916	20,809
Tablets	178,802	-
Other services	-	5,000
Volunteer recruitment	<u>49,932</u>	<u>58,972</u>
Total	<u>\$ 250,450</u>	<u>\$ 95,581</u>

During the year ended December 31, 2014 the Organization re-granted \$140,530 of tablets to other nonprofit organizations.

NOTE 9: PASS-THROUGH ACTIVITY

In addition to the activity reflected on the financial statements, the Organization coordinates volunteer service opportunities in partnership with other nonprofits and individuals and groups looking to volunteer outside of the Organization's immediate service area. Funds totaling \$86,250 and \$86,500 related to these efforts were recognized on a pass-through basis for the years ended December 31, 2014 and 2013, respectively.