

**HandsOn Bay Area**

**Financial Statements for the Year Ended  
December 31, 2020  
and Independent Auditors' Report**

# HandsOn Bay Area

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
HandsOn Bay Area  
San Francisco, California

We have audited the accompanying financial statements of HandsOn Bay Area (a nonprofit corporation) (the "Organization") which comprise the statement of financial position as of December 31, 2020, 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 Organization'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 Organization'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 December 31, 2020, 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.

*Harrison & Lane, a.c.*

Pleasanton, California

May 12, 2022

# HandsOn Bay Area

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2020

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### ASSETS

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 1,755,516
Contributions and grants receivable	381,730
Prepaid expenses and other assets	<u>50,540</u>

Total current assets 2,187,786

Deposits	20,824
Property and equipment, net	<u>41,481</u>

Total assets \$ 2,250,091

### LIABILITIES AND NET ASSETS

#### LIABILITIES:

Accounts payable	\$ 4,538
Other accrued expenses	81,002
Deferred revenue	<u>1,187,363</u>

Total current liabilities 1,272,903

Debt	421,658
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Total liabilities 1,694,561

#### NET ASSETS:

Without donor restrictions	<u>555,530</u>
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Total net assets 555,530

Total liabilities and net assets \$ 2,250,091

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

# HandsOn Bay Area

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>			
Contributions and grants:			
Project awards	\$ 1,009,704	\$ -	\$ 1,009,704
Corporations	129,709	-	129,709
Foundations	118,000	-	118,000
Individuals	104,598	-	104,598
In-kind	17,364	-	17,364
Program service fees	246,879	-	246,879
Other income	8,861	-	8,861
	<u>1,635,115</u>	<u>-</u>	<u>1,635,115</u>
Total revenue and support			
Net assets released from restrictions	<u>155,003</u>	<u>(155,003)</u>	<u>-</u>
Total revenue, support, and net assets released from restrictions	<u>1,790,118</u>	<u>(155,003)</u>	<u>1,635,115</u>
<b>EXPENSES:</b>			
Program services:			
Hands At Work	1,447,925	-	1,447,925
Extra Hands	131,716	-	131,716
Calendar	104,430	-	104,430
Box	201,557	-	201,557
Youth programs	104,460	-	104,460
	<u>1,990,088</u>	<u>-</u>	<u>1,990,088</u>
Total program expenses			
Support services:			
General and administrative	236,700	-	236,700
Fundraising	64,687	-	64,687
	<u>301,387</u>	<u>-</u>	<u>301,387</u>
Total support services expenses			
Total expenses	<u>2,291,475</u>	<u>-</u>	<u>2,291,475</u>
CHANGE IN NET ASSETS	<u>(501,357)</u>	<u>(155,003)</u>	<u>(656,360)</u>
NET ASSETS, BEGINNING OF YEAR,	<u>1,056,887</u>	<u>155,003</u>	<u>1,211,890</u>
NET ASSETS, END OF YEAR	<u>\$ 555,530</u>	<u>\$ -</u>	<u>\$ 555,530</u>

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

## HandsOn Bay Area

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services					Support Services			Total
	Hands At Work	Extra Hands	Calendar	Box	Youth programs	Total Program	General and Administrative	Fundraising	
Salaries and wages	\$ 980,059	\$ 105,346	\$ 75,563	\$ 91,063	74,219	\$ 1,326,250	\$ 165,329	\$ 43,524	\$ 1,535,103
Employee benefits	160,997	15,089	12,505	13,854	13,832	216,277	24,472	7,724	248,473
Supplies	69,786	174	644	83,179	8,200	161,983	572	57	162,612
Professional fees	102,970	-	-	-	-	102,970	18,136	-	121,106
Occupancy	59,585	6,061	4,568	5,493	4,183	79,890	10,139	2,876	92,905
Office expense	37,549	4,122	2,659	4,965	1,678	50,973	6,147	1,505	58,625
Technology	10,113	708	1,000	1,195	475	13,491	6,977	575	21,043
In-kind and donated services	2,445	29	6,830	791	102	10,197	443	6,724	17,364
Depreciation	7,481	74	54	66	44	7,719	127	30	7,876
Other expense	1,496	-	429	902	458	3,285	2,890	1,600	7,775
Advertising	5,550	34	23	20	662	6,289	41	19	6,349
Travel	4,645	30	106	4	475	5,260	-	23	5,283
Consultants and contractors	4,200	-	-	-	-	4,200	-	-	4,200
Meetings	1,049	49	49	25	132	1,304	1,427	30	2,761
<b>Total</b>	<b>\$ 1,447,925</b>	<b>\$ 131,716</b>	<b>\$ 104,430</b>	<b>\$ 201,557</b>	<b>104,460</b>	<b>\$ 1,990,088</b>	<b>\$ 236,700</b>	<b>\$ 64,687</b>	<b>\$ 2,291,475</b>

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

# HandsOn Bay Area

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (656,360)
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation	7,876
Changes in assets and liabilities that provided (used) cash:	
Contributions and grants receivable	(249,665)
Prepaid expenses	(2,702)
Accounts payable	928
Other accrued expenses	(20,140)
Deferred revenue	<u>437,066</u>
Net cash used in operating activities	<u>(482,997)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from issuance of debt	<u>421,658</u>
Net cash provided by financing activities	<u>421,658</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(61,339)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,816,855</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,755,516</u></u>

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



# HandsOn Bay Area

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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### 1. ORGANIZATION

HandsOn Bay Area (the “Organization”) is a nonprofit public benefit organization incorporated in the State of California. The Organization creates opportunities for people to volunteer, learn, and lead in their communities. The Organization manages over 2,800 direct-service projects annually and offers educational programming to help volunteers become well-informed community leaders. For corporate clients, the Organization 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 ended December 31, 2020, HandsOn’s volunteer program mobilized approximately 7,750 volunteers, providing more than 23,300 hours of free service to more than 140 nonprofits across the Bay Area. These projects are meeting critical community needs including literacy, HIV/AIDS, health, aging, homelessness, and the environment. The Organization’s program portfolio includes:

**Hands At Work** - Engaging teams of employees from corporate partners in community service.

**Extra Hands** - Lending HandsOn personnel to corporate partners in order to help them achieve their corporate social responsibility goals.

**Calendar** - Volunteer projects open to all that address the most pressing issues in the community.

**Box** - We mail the project to you! HandsOn innovative Project in a Box program is designed to lower the barriers of volunteering by sending the project to you to do at home.

**Youth Programs** - Through our award winning HandsOn Tomorrow program we are creating the leaders of tomorrow. This program engages youth in service learning and volunteerism during a two-week session over the summer school break.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The financial statements of the Organization are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America specific to nonprofit organizations.

**Classification of Net Assets** - The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net asset without donor restrictions and net assets with donor restrictions.

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** - Cash and cash equivalents are all highly liquid investments with an original maturity of three months or less.

**Contributions, grants and accounts receivable** - The Organization's receivable balances are recorded at the value of the amount pledged or revenue earned and require payment within thirty days. Account balances with charges over thirty days old are considered delinquent and management begins collection efforts at this time. Delinquent receivable balances do not accrue interest. The Organization continually monitors each customer's credit worthiness individually and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. The Organization regularly adjusts any allowance for subsequent collections and final determination that a receivable balance is no longer collectible.

**Property and Equipment** - The Organization capitalizes property and equipment over \$2,000. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

### **Revenue Recognition -**

#### *Contributions and Grants*

Contributions and grants are recognized as revenue in the period unconditionally promised or received. The Organization reports contributions in the net assets with donor restrictions class if they are received with donor stipulations as to their use, or if the contribution contains an implied time restriction. They are initially reported in the net assets with donor restrictions class, even if it is anticipated such restrictions will be met in the current reporting period. Conditional promises to give for restricted purposes are presented as contributions without donor restrictions upon meeting the conditions if the condition and restriction are met in the same reporting period. If contributions are received without donor stipulations or an implied time restriction, they are considered unrestricted funds and are included as part of the Organization's net assets without donor restrictions. Contributions received prior to meeting any applicable conditions are reported on the statement of financial position as deferred revenue.

### *In-kind and donated services*

Donated materials and equipment are recorded as contributions based on the estimated fair value at the date the contribution is made. Donated services are recorded as contributions at their estimated fair value only in those instances in which they enhance non-financial assets or the Organization would have acquired such services if they had not been donated, require special skills, and are provided by individuals with those skills. The Organization received donated materials of \$9,060 primarily for program supplies, and donated services of \$8,304 primarily for fundraising and project recruitment.

### *Contract and Program Fees*

The Organization recognizes exchange transaction revenue from contract and program fees when earned, which includes projects run for partner organizations. Generally, exchange revenue is recognized upon meeting certain deliverables in the contract. Fees collected prior to services being performed are reported as deferred revenue on the statement of financial position.

**Income Taxes** - Under provision of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, the Organization is exempt from income taxes, except for net income from unrelated business income. There were no unrelated business activities in 2020.

The Organization has evaluated its tax positions taken for all open tax years. In management's judgment there are no uncertain tax positions as of December 31, 2020.

**Advertising** - The Organization expenses advertising costs as incurred. The Organization expensed \$6,349 of advertising costs during the year ended December 31, 2020.

**Functional Expense Classification** - The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated based on a measure of usage that best relates to the particular expense.

**Credit Risk** - Financial instruments which potentially subject the Organization to credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization places its cash and cash equivalent balances with high credit quality financial institutions. Deposits exceeded federal insurance limits by approximately \$1,250,000 at December 31, 2020. The Organization does not require collateral for its receivables, and has not experienced any losses in such amounts during the year ended December 31, 2020. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and receivable balances.

**Change in Accounting Principle** - During the year ended December 31, 2020, the Organization adopted FASB Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* which converges the FASB and the International Accounting Standards Board standards on revenue recognition. The ASU supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. There was no material impact to the financial statements as a result of adopting the new standard.

### 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020:

Leasehold improvements	\$ 14,722
Vehicles	<u>76,791</u>
Property and equipment at cost	91,513
Less: Accumulated depreciation	<u>(50,032)</u>
Net property and equipment	<u><u>\$ 41,481</u></u>

Depreciation expense was \$7,876 for the year ended December 31, 2020.

### 4. DEBT

In May of 2020, the Organization obtained a forgivable loan under the U.S. Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”). The loan proceeds of \$421,658 are presented as debt on the statements of financial position in accordance with FASB’s Accounting Standards Codification Topic 470 - *Debt*. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, maintains its payroll levels, and obtains formal forgiveness from the SBA. Funds not used for allowable expenses are repayable, and accrue interest at 1% annually. All conditions were met and the loan was fully forgiven in February of 2021.

## 5. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year at December 31, 2020 consisted of the following:

Cash and cash equivalents	\$ 1,755,516
Accounts receivable	<u>381,730</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,137,246</u>

Restrictions on contributions require resources to be used in a particular manner or in a future period, and the Organization must maintain sufficient resources to meet those responsibilities. The Organization manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

## 6. RETIREMENT PLAN

The Organization has a defined contribution plan (the “Plan”) covering all employees who meet minimum requirements. The Plan conforms to the provisions set by the Internal Revenue Service Code Section 401(k). The Organization provides a 100% match of employee contributions up to 4% of compensation during the year, which are fully vested upon contribution. The Organization contributed \$53,137 to the Plan during the year ended December 31, 2020.

## 7. OPERATING LEASES

The Organization leases office space and equipment under non-cancelable operating lease agreements.

Rent expense totaled \$86,324 for the year ended December 31, 2020. Future minimum lease payments are as follows:

<u>Year end December 31,</u>	
2021	\$ 120,550
2022	122,520
2023	<u>83,296</u>
Total	<u>\$ 326,366</u>

**8. CONCENTRATIONS**

One donor comprised 44% of accounts receivable at December 31, 2020. One donor comprised 15% of contributions and grants revenue for the year ended December 31, 2020.

**9. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 12, 2022, which is the date the financial statements were available to be issued.