

HandsOn Bay Area

**Financial Statements for the Year Ended
December 31, 2021
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

Opinion

We have audited the accompanying financial statements of HandsOn Bay Area (a nonprofit organization) (the "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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Harlison & Lane, a.c.

Pleasanton, California
March 3, 2023

HandsOn Bay Area

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	1,786,944
Contributions and grants receivable		71,747
Prepaid expenses and other assets		<u>37,073</u>

Total current assets 1,895,764

Deposits		20,824
Property and equipment, net		<u>33,604</u>

Total assets \$ 1,950,192

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$	2,571
Other accrued expenses		149,166
Deferred contributions		336,820
Deferred revenue		<u>293,896</u>

Total current liabilities 782,453

Total liabilities 782,453

NET ASSETS:

Without donor restrictions		1,167,239
With donor restrictions		<u>500</u>

Total net assets 1,167,739

Total liabilities and net assets \$ 1,950,192

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

HandsOn Bay Area

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions and grants:			
Project awards	\$ 1,760,916	\$ -	\$ 1,760,916
Government grants	814,430	-	814,430
Corporations	20,959	500	21,459
Foundations	71,000	-	71,000
Individuals	52,948	-	52,948
Contributed services	13,088	-	13,088
Program service fees	274,932	-	274,932
Other income (losses)	(6,765)	-	(6,765)
	<u>3,001,508</u>	<u>500</u>	<u>3,002,008</u>
Total revenue and support			
EXPENSES:			
Program services:			
Hands At Work	1,487,067	-	1,487,067
Extra Hands	260,337	-	260,337
Calendar	78,913	-	78,913
Box	306,144	-	306,144
Youth programs	36,475	-	36,475
	<u>2,168,936</u>	<u>-</u>	<u>2,168,936</u>
Total program expenses			
Support services:			
General and administrative	205,652	-	205,652
Fundraising	15,211	-	15,211
	<u>220,863</u>	<u>-</u>	<u>220,863</u>
Total support services expenses			
Total expenses	<u>2,389,799</u>	<u>-</u>	<u>2,389,799</u>
CHANGE IN NET ASSETS	<u>611,709</u>	<u>500</u>	<u>612,209</u>
NET ASSETS, BEGINNING OF YEAR,	<u>555,530</u>	<u>-</u>	<u>555,530</u>
NET ASSETS, END OF YEAR	<u>\$ 1,167,239</u>	<u>\$ 500</u>	<u>\$ 1,167,739</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, 2021

	Program Services					Support Services			Total
	Hands At Work	Extra Hands	Calendar	Box	Youth programs	Total Program	General and Administrative	Fundraising	
Salaries and wages	\$ 1,046,867	\$ 206,628	\$ 57,208	\$ 135,011	28,018	\$ 1,473,732	\$ 148,468	\$ 6,432	\$ 1,628,632
Employee benefits	161,070	30,929	8,856	16,608	4,112	221,575	23,122	943	245,640
Supplies	79,360	572	309	138,523	253	219,017	435	12	219,464
Occupancy	77,209	14,965	4,166	8,079	1,925	106,344	11,256	399	117,999
Professional fees	41,660	-	2,039	42	510	44,251	11,752	2	56,005
Office expense	27,421	4,834	1,245	4,568	658	38,726	1,951	604	41,281
Technology	13,831	832	711	1,364	99	16,837	6,383	300	23,520
Consultants and contractors	21,936	137	-	-	-	22,073	-	-	22,073
In-kind technology services	3,227	2	3,471	308	-	7,008	364	5,716	13,088
Depreciation	7,498	135	39	75	17	7,764	109	4	7,877
Other expense	2,386	255	72	1,202	29	3,944	1,181	655	5,780
Advertising	2,724	559	732	269	662	4,946	513	15	5,474
Meetings	842	487	48	93	11	1,481	99	3	1,583
Travel	1,036	2	17	2	181	1,238	19	126	1,383
Total	\$ 1,487,067	\$ 260,337	\$ 78,913	\$ 306,144	36,475	\$ 2,168,936	\$ 205,652	\$ 15,211	\$ 2,389,799

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

HandsOn Bay Area

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 612,209
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation	7,877
Forgiveness of debt	(421,658)
Changes in assets and liabilities that provided (used) cash:	
Contributions and grants receivable	309,983
Prepaid expenses	13,467
Accounts payable	(1,967)
Other accrued expenses	68,164
Deferred contributions and revenue	<u>(556,647)</u>
Net cash provided by operating activities	<u>31,428</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,428
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,755,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,786,944</u></u>

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

HandsOn Bay Area

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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, 2021, the Organization’s volunteer program mobilized approximately 8,700 volunteers, providing more than 19,300 hours of free service to more than 141 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.

Fair Value - ASC 820 includes a fair value hierarchy that is intended to increase the consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2 - instrument valuations are obtained from readily-available pricing sources for comparable instruments.

Level 3 - instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

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

Contributions and grants 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 donor'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. Restricted contributions whose restrictions are met in the reporting period are presented as unrestricted contributions. 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. Cash received before conditions of contributions are met are deferred and presented as deferred contributions on the statement of financial position. Conditional pledges received and unreceived of \$1,327,463 will be recognized in future years upon satisfaction of the conditions.

Contributions of nonfinancial assets and 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. Fair value was determined using Level 3 estimates approximating the re-sale value of software services received. The Organization received donated software services with a fair value of \$13,088 that are reflected as technology expense in the statement of functional expenses.

Contract and Program Fees

The Organization recognizes exchange transaction revenue from contract and program fees when earned, which includes projects run for partner organizations. Exchange revenue is recognized as services are provided under 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 2021.

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, 2021.

Advertising - The Organization expenses advertising costs as incurred. The Organization expensed \$5,474 of advertising costs during the year ended December 31, 2021.

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. Personnel costs are allocated based on estimated time spent on each function by employee. Expenses common to several functions are allocated based on the ratio of related personnel 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 \$1,279,000 at December 31, 2021. The Organization does not require collateral for its receivables, and has not experienced any losses in such amounts during the year ended December 31, 2021. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and receivable balances.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

Leasehold improvements	\$ 14,722
Vehicles	<u>76,791</u>
Property and equipment at cost	91,513
Less: Accumulated depreciation	<u>(57,909)</u>
Net property and equipment	<u><u>\$ 33,604</u></u>

Depreciation expense was \$7,877 for the year ended December 31, 2021.

4. DEBT

In 2020 and 2021 the Organization obtained forgivable loans under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). The loan proceeds of \$421,658 and \$392,772 were originally presented as debt, and were fully forgiven during the year ended December 31, 2021. The forgiven balances are presented on the statement of activities as government grants.

5. NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions includes \$500 for use in the Organization's Calendar program.

6. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year at December 31, 2021 consisted of the following:

Cash and cash equivalents	\$ 1,786,944
Contributions and grants receivable	<u>71,747</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,858,691</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.

7. 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 \$46,783 to the Plan during the year ended December 31, 2021.

8. OPERATING LEASES

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

Rent expense totaled \$111,588 for the year ended December 31, 2021. Future minimum lease payments are as follows:

<u>Year-end December 31,</u>	
2022	\$ 122,520
2023	<u>83,296</u>
Total	<u>\$ 205,816</u>

9. CONCENTRATIONS

Three donors comprised 47% of contributions and grants revenue for the year ended December 31, 2021.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 3, 2023, which is the date the financial statements were available to be issued.