HandsOn Bay Area

Financial Statements for the Year Ended December 31, 2022 and Independent Auditors' Report

HandsOn Bay Area

TABLE OF CONTENTS

KARLSSON & LANE
AN ACCOUNTANCY CORPORATION

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, 2022, 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, 2022, 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.

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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.

Karlsson & Lane, a.c.

Pleasanton, California
January 15, 2024

HandsOn Bay Area

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	2,364,439
Contributions receivable		127,256
Accounts receivable		7,370
Prepaid expenses and other assets		49,087
Total current assets		2,548,152
Deposits		20,824
Operating lease right of use asset		92,513
Property and equipment, net		30,743
Total assets	$	2,692,232
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$	4,400
Other accrued expenses		299,707
Deferred contributions		352,812
Deferred revenues		320,654
Operating lease liability, current		93,552
Total current liabilities		1,071,125
Total liabilities		1,071,125
NET ASSETS:		
Without donor restrictions		1,621,107
Total net assets		1,621,107
Total liabilities and net assets	$	2,692,232

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

HandsOn Bay Area

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions and grants:			
Project awards	$ 2,109,848	$ -	$ 2,109,848
Government grants	514,638	-	514,638
Corporations	38,092	-	38,092
Foundations	151,805	-	151,805
Individuals	69,270	-	69,270
Contributed nonfinancial assets and services	29,727	-	29,727
Program service fees	582,114	-	582,114
Other income	2,648	-	2,648
Total revenue and support	3,498,142	-	3,498,142
Net assets released from restrictions	500	(500)	-
Total revenue, support, and net assets released from restrictions	3,498,642	(500)	3,498,142
EXPENSES:			
Program services:			
Hands At Work	1,865,693	-	1,865,693
Extra Hands	406,565	-	406,565
Calendar	80,323	-	80,323
Box	430,222	-	430,222
Youth programs	63,953	-	63,953
Total program expenses	2,846,756	-	2,846,756
Support services:			
General and administrative	183,339	-	183,339
Fundraising	14,679	-	14,679
Total support services expenses	198,018	-	198,018
Total expenses	3,044,774	-	3,044,774
CHANGE IN NET ASSETS	453,868	(500)	453,368
NET ASSETS, BEGINNING OF YEAR,	1,167,239	500	1,167,739
NET ASSETS, END OF YEAR	$ 1,621,107	$ -	$ 1,621,107

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

HandsOn Bay Area

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						Support Services		
	Hands At Work	Extra Hands	Calendar	Box	Youth programs	Total Program	General and Administrative	Fundraising	Total
Salaries and wages	$ 1,269,403	$ 316,288	$ 61,693	$ 178,242	51,028	$ 1,876,654	$ 128,682	$ 8,253	$ 2,013,589
Employee benefits	134,573	33,134	6,453	19,364	5,565	199,089	13,651	851	213,591
Supplies	197,383	1,270	1,353	212	68	200,286	852	1,959	203,097
Cost of sales	-	-	-	179,932	-	179,932	-	-	179,932
Occupancy	84,533	20,974	4,101	11,990	3,425	125,023	9,657	546	135,226
Consultants and contractors	45,205	19,727	-	-	-	64,932	-	-	64,932
Professional fees	37,821	78	2,769	5,452	313	46,433	16,658	508	63,599
Office expense	37,825	8,650	1,835	6,841	1,499	56,650	2,739	748	60,137
Advertising	2,552	762	1,643	22,622	1,240	28,819	124	968	29,911
Technology	18,446	1,453	297	2,073	280	22,549	6,665	33	29,247
Travel	23,275	2,883	38	38	75	26,309	56	144	26,509
Other expense	1,826	170	10	3,072	66	5,144	3,753	658	9,555
Depreciation	7,914	264	52	150	52	8,432	112	6	8,550
Meetings	4,937	912	79	234	342	6,504	390	5	6,899
Total	$ 1,865,693	$ 406,565	$ 80,323	$ 430,222	63,953	$ 2,846,756	$ 183,339	$ 14,679	$ 3,044,774

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

HandsOn Bay Area

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	453,368
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation		8,550
Amortization of operating lease assets and liabilities		1,039
Changes in assets and liabilities that provided (used) cash:		
Contributions receivable		(55,509)
Accounts receivable		(7,370)
Prepaid expenses		(12,014)
Accounts payable		1,829
Other accrued expenses		150,541
Deferred contributions and revenue		42,750
Net cash provided by operating activities		583,184
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment		(5,689)
Net cash used in investing activities		(5,689)
NET CHANGE IN CASH AND CASH EQUIVALENTS		577,495
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,786,944
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	2,364,439
NON-CASH INVESTING AND FINANCING ACTIVITIES		
OPERATING LEASE ASSET OBTAINED IN EXCHANGE FOR OPERATING LEASE LIABILITY - UPON ADOPTION	$	215,503

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

HandsOn Bay Area

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, the Organization's volunteer program mobilized approximately 14,500 volunteers, providing more than 44,300 hours of free service to 142 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.

The Organization had no net assets with donor restrictions as of December 31, 2022.

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.

Accounts and Contributions 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. No allowance was considered necessary at December 31, 2022.

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 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 $949,924 will be recognized in future years upon satisfaction of the conditions. During 2022, the Organization received $514,638 of federal employee retention credits, recognized as Government Grant revenue in the statement of activities.

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 comparable market costs of online advertising services and estimated re-sale value of software received. The Organization received donated advertising services with a fair value of $24,907 and donated software costs of $4,820 that are reflected as advertising costs and supplies, respectively, in the statement of functional expenses.

Program Service Fees

The Organization recognizes exchange transaction revenue from program fees when earned, which includes sales of Project in a Box ("PIB") kits and hourly consulting services ("Extra Hands"). PIB revenue and related cost of sales expenses are recognized as PIB's are shipped under the contract. Extra Hands revenue is earned as related personnel costs of the Organization are recognized. 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 2022. 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, 2022.

Advertising - The Organization expenses advertising costs as incurred. The Organization expensed $29,911 of advertising costs during the year ended December 31, 2022.

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 $1,857,000 at December 31, 2022. The Organization does not require collateral for its receivables, and has not experienced any losses in such amounts during the year ended December 31, 2022. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and receivable balances.

Recently adopted accounting pronouncements - As of January 1, 2022, the Organization adopted Accounting Standards Update ("ASU") number 2016-02, *Leases* on an effective date basis, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The Organization has made an accounting policy election to account for short-term leases by recognizing the lease payments in the change in net assets on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. As a result of implementing ASU 2016-02, the Organization recognized operating lease right-of-use assets and liabilities of $215,503 at January 1, 2022 in the statement of financial position. The adoption did not affect amounts reported in the statement of activities for the year ended December 31, 2022, nor the opening balance of net assets at December 31, 2021.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

Leasehold improvements	$	14,722
Vehicles		76,791
Office equipment		5,690
Property and equipment at cost		97,203
Less: Accumulated depreciation		(66,460)
Net property and equipment	$	30,743

Depreciation expense was $8,550 for the year ended December 31, 2022.

4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year at December 31, 2022 consisted of the following:

Cash and cash equivalents	$	2,364,439
Contributions and grants receivable		127,256
Accounts receivable		7,370
Total financial assets available to meet cash needs for general expenditures within one year	$	2,499,065

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.

5. 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 $59,755 to the Plan during the year ended December 31, 2022.

6. OPERATING LEASES

The Organization leases office space under a non-cancelable lease that expired in September 2023, and converted to month to month. The Organization is evaluating their options with respect to future long-term leases. The Organization evaluated current year contracts to determine which met the criteria of a lease. The right of use asset represents the Organization's right to use underlying assets for the lease terms, and the lease obligation represents the Organization's obligation to make lease payments arising from these leases. The right of use asset and lease obligation, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease term.

For the year ended December 31, 2022, total operating lease costs were $123,559. As of December 31, 2022, the weighted-average remaining lease term for the Organization's operating leases was nine months. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 0.4%. Cash paid for operating leases for the year ended December 31, 2022, was $122,520.

Future minimum operating lease payments are as follows:

Year end December 31,	
2023	93,708
Less present value discount	(156)
Total	$ 93,552

7. CONCENTRATIONS

Three corporate donors comprised 62% of contributions receivable at December 31, 2022. One corporate donor comprised 23% of project award revenues, and two customers comprised 53% of program service fees for the year ended December 31, 2022.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 15, 2024, which is the date the financial statements were available to be issued.