

**TOOLBANK USA, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

TOOLBANK USA, INC.

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Certified Public Accountants and Business Advisors

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
ToolBank USA, Inc.

We were engaged to audit the accompanying financial statements of ToolBank USA, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activity, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

The Organization did not maintain accurate inventory records, stated in the accompanying financial statements at \$560,652 as of December 31, 2014. The Organization's records do not permit the application of other auditing procedures to inventory and related transactions.

### **Disclaimer of Opinion**

Because of the significance of the matters described in our Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

A handwritten signature in cursive script that reads "Haly, Anaghi &amp; Partners, LLP".

Atlanta, Georgia

May 25, 2016

TOOLBANK USA, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014

ASSETS

Cash	\$ 114,236
Pledges receivable	151,500
Due from affiliates	3,780
Other receivables	29,047
Inventory	560,652
Fixed assets, net	<u>215,830</u>
Total assets	\$ <u>1,075,045</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
Accounts payable	\$ <u>7,483</u>
<u>Net assets</u>	
Unrestricted	<u>1,067,562</u>
Total liabilities and net assets	\$ <u>1,075,045</u>

See auditors' report and accompanying notes

TOOLBANK USA, INC.  
STATEMENT OF ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
<u>Support and revenue:</u>			
Contributions	\$ 1,624,085	-	\$ 1,624,085
Interest income	<u>38</u>	<u>-</u>	<u>38</u>
Total support and revenues	1,624,123	-	1,624,123
Net assets released from restriction	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
Total support, revenue and net assets released from restriction	<u>1,824,123</u>	<u>(200,000)</u>	<u>1,624,123</u>
<u>Expenses:</u>			
Program	1,266,427	-	1,266,427
General and administrative	201,336	-	201,336
Fundraising	<u>80,913</u>	<u>-</u>	<u>80,913</u>
Total expenses	<u>1,548,676</u>	<u>-</u>	<u>1,548,676</u>
Increase (decrease) in net assets	275,447	(200,000)	75,447
Net assets, beginning of year	<u>792,115</u>	<u>200,000</u>	<u>992,115</u>
Net assets, end of year	<u>\$ 1,067,562</u>	<u>\$ -</u>	<u>\$ 1,067,562</u>

See auditors' report and accompanying notes

TOOLBANK USA, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Cash flows from operating activities:</u>		
Increase in net assets		\$ 75,447
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation		152,350
In-kind donations of inventory		(411,255)
In-kind donations of fixed assets		(39,113)
Distribution of tools		62,765
Changes in operating assets and liabilities:		
Pledges receivable		48,500
Due from affiliates		(2,466)
Other receivables		12,408
Inventory		(1,705)
Accounts payable		<u>2,956</u>
Total adjustments		<u>(175,560)</u>
Decrease in cash		(100,113)
Cash, beginning of year		<u>214,349</u>
Cash, end of year		<u>\$ 114,236</u>

See auditors' report and accompanying notes

TOOLBANK USA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>
Advertising and promotion	\$ -	\$ 414	\$ -
Bank service charges	-	99	-
Computer equipment and software	7,500	38,500	7,500
Depreciation	144,744	7,606	-
Direct program costs	598,981	-	-
Dues and subscriptions	-	4,493	-
Insurance	-	5,339	-
Miscellaneous administrative	-	9,709	-
Office rent	126,800	42,267	21,133
Office expenses	-	3,014	-
Payroll and benefits	279,559	67,893	51,918
Professional services	54,713	21,277	-
Travel	51,956	-	-
Utilities	<u>2,174</u>	<u>725</u>	<u>362</u>
Total expenses	<u>\$ 1,266,427</u>	<u>\$ 201,336</u>	<u>\$ 80,913</u>

See auditors' report and accompanying notes

TOOLBANK USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note A**  
**Summary of Significant Accounting Policies**

Nature of Operations:

ToolBank USA, Inc. (the "Company") is a nonprofit organization with a mission to strengthen local communities through the collaborative establishment of ToolBanks across the United States, and the provision of infrastructure to promote consistency and excellence for all ToolBanks. ToolBanks are premier tool lending resources, serving all charitable organizations in their metropolitan areas. ToolBank USA, Inc., was established as a nonprofit organization on March 27, 2008, in the State of Georgia.

Basis of Accounting:

The financial statements of ToolBank USA, Inc. have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Company is required to report 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.

Contributions:

The Company records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Pledges Receivable:

Contributions are recognized when the donor makes a pledge to the Company that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Company uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. The Company has determined that any allowance would be immaterial.

Inventory:

Inventory is valued using a standard costing system which approximates the lower of cost or market method. Cost of donated inventory is its estimated fair value.



TOOLBANK USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note A**  
**Summary of Significant Accounting Policies (Continued)**

Fixed Assets:

Expenditures for fixed assets are capitalized and recorded at cost. Expenditures for minor purchases of equipment and software are charged to expense when incurred. Donations of fixed assets are recorded as support at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Company reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Company reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Fixed assets are depreciated over the estimated useful lives of the respective assets using the straight-line method.

Vehicles	7 years
Equipment	5 years
Software	3 years

Donated Materials and Services:

Donated fixed assets are reflected as contributions in the accompanying statements at their estimated fair values on the date of receipt. The value of donated services is recorded in the financial statements if the services create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not donated.

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 amounts of assets and liabilities and disclosure 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.

Federal Income Tax Status:

The Company applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes. The Company has been classified as an exempt organization under the Internal Revenue Code Section 501(c)(3), and as such, no provision for income taxes has been provided.

The Company is no longer subject to income tax examinations for years up to and including 2011.

TOOLBANK USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note A**  
**Summary of Significant Accounting Policies (Continued)**

Functional Expenses:

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

**Note B**  
**Credit Risk**

The Company maintains cash deposits in a commercial bank that at times may exceed federally insured limits. The Company believes that there is no significant credit risk with respect to these deposits.

**Note C**  
**Pledges Receivable**

As of December 31, 2014, pledges receivable in less than one year total \$151,500.

**Note D**  
**Fixed Assets**

Fixed assets consist of the following:

Vehicles	\$	53,242
Equipment		1,907
Software		<u>473,346</u>
Subtotal		528,495
Less: accumulated depreciation		<u>(312,665)</u>
	\$	<u>215,830</u>

Depreciation expense was \$152,350 for the year ended December 31, 2014.

**Note E**  
**Related Party Transactions**

The balance of due from affiliates is derived from directors and officers insurance paid on behalf of affiliated organizations that had not been reimbursed as of December 31, 2014.

Included in support and revenues on the statement of activity is contribution revenue in the amount of \$3,713 received from officers and board members of the Company.

TOOLBANK USA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note F**

**Effects of Current Economic Conditions on Contributions**

The Company depends heavily on contributions and grants for its public support. The ability of certain contributors and grantors of the Company to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Company's board of directors believes the Company has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent upon the above factors.

**Note G**

**Subsequent Events**

During 2015, the Organization secured a promise to give of \$1,000,000 to be paid out over three years.

Management considered all events through May 25, 2016, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Except for the promise to give mentioned above, management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have a material impact on the audited financial statements.