

**Hands of The Carpenter  
Financial Statements  
With  
Independent Accountant's Review Report  
As of and for the Year Ended  
December 31, 2020**

## **Hands of The Carpenter**

### **Table of Contents**

Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6

Paul L. Smith, P.C.  
Certified Public Accountant  
1660 S. Albion Street, Suite 344  
Denver, Colorado 80222  
(303) 759-3862

## Independent Accountant's Review Report

Board of Directors  
Hands of The Carpenter  
Lakewood, Colorado

I have reviewed the accompanying statement of financial position of Hands of The Carpenter (a nonprofit corporation) as of December 31, 2020, and the related statement of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

### Managements Responsibility 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there were no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

### Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Paul L. Smith, P.C.  
Denver, Colorado  
May 26, 2021

**Hands of The Carpenter and Subsidiary**  
**Consolidated Statements of Financial Position**  
**December 31, 2020**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 300,001
Accounts receivable	19,296
Pledges receivable	12,500
Inventory	104,877
Prepaid expenses	13,044
Total current assets	449,718

**Long-term assets**

Property and Equipment, net	796,925
Goodwill	6,000
Other assets	10,124

Total assets	\$ 1,262,767
--------------	--------------

**Liabilities and Net Assets**

**Current Liabilities**

Accounts and payroll taxes payable	\$ 33,439
Paycheck Protection Program Loan	85,400
Current portion of mortgages payable	23,705
Total current liabilities	142,544

**Long-term liabilities**

Long-term mortgages payable, net of current portion	627,884
Total liabilities	770,428

**Net assets:**

Without donor restrictions	
Undesignated	492,339
Designated for operating reserve	
With donor restrictions	-

Total net assets	492,339
------------------	---------

Total liabilities and net assets	\$ 1,262,767
----------------------------------	--------------

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

**Hands of the Carpenter and Subsidiary**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total 2019</b>
<b>Support and Revenue</b>			
Cash contributions	\$ 939,839	\$ -	\$ 939,839
In-kind gift tangible goods	163,048	-	163,048
In-kind gift services	60,171	-	60,171
Grant support	49,000	-	49,000
Program income	142,834	-	142,834
Interest income	64	-	64
	<u>1,354,956</u>	<u>-</u>	<u>1,354,956</u>
<b>Expenses:</b>			
Program services	1,036,126	-	1,036,126
Management and general	93,340	-	93,340
Fundraising	91,008	-	91,008
	<u>1,220,474</u>	<u>-</u>	<u>1,220,474</u>
<b>Total Expenses</b>	<u>1,220,474</u>	<u>-</u>	<u>1,220,474</u>
<b>Change in net assets (decrease)</b>	134,482	-	134,482
<b>Net assets beginning of year</b>	357,857	-	357,857
<b>Net assets at end of year</b>	<u>\$ 492,339</u>	<u>\$ -</u>	<u>\$ 492,339</u>

See accompanying notes and independent accountant's review report.

**Hands of the Carpenter and Subsidiary  
Consolidated Statements of Cash Flows  
Year Ended December 31, 2020**

Cash flows from operating activities:	
Change in net assets from continuing operations (decrease)	\$ 134,482
Adjustments to reconcile change in assets to net cash used by operating activities:	
Depreciation and amortization	35,607
In-kind donations received	211,594
In-kind donations distributed and consumed	(211,594)
Changes in operating assets and liabilities-	
Changes in accounts receivable	(5,776)
Change in promises to give	(9,500)
Change in prepaid and security deposit	(13,044)
Change in inventory	(11,625)
Change in accounts and accrued liabilities	5,980
Change in Paycheck Protection Program Loan	85,400
Net cash provided by (used by) operating activities	<u>221,524</u>
 Cash flows from investing activities:	
Purchase of fixed assets	<u>22,285</u>
	<u>22,285</u>
 Cash flows from financing activities:	
Mortgages payable payments of principal	<u>(18,494)</u>
Net cash (used in) financing activities	<u>(18,494)</u>
 Net increase (decrease) in cash and cash equivalents	180,745
 Cash and cash equivalents at beginning of period	<u>119,256</u>
 Cash and cash equivalents at end of year	<u>\$ 300,001</u>
 Interest incurred	\$ 27,802
Interest paid	27,802

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

**Hands of the Carpenter and Subsidiary**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries, taxes & benefits	\$ 451,708	\$ 22,360	\$ 71,904	\$ 545,972
Shop materials and parts purchased	258,729	-	-	258,729
Gifts-in-kind	200,107	11,489	-	211,596
Communications technology	11,100	13,875	2,775	27,750
Depreciation & amortization	32,493	1,691	1,423	35,607
Interest expense	25,371	1,320	1,111	27,802
Insurance	4,015	17,118	-	21,133
Office	6,962	8,702	1,740	17,405
Utilities	7,565	394	331	8,290
Meetings & Travel	3,054	161	-	3,215
Professional Consulting Services	20,132	-	-	20,132
Printing	2,731	2,186	546	5,461
Advertising	1,239	-	3,718	4,958
Taxes and licenses	2,133	-	-	2,133
Miscellaneous	2,874	1,376	199	4,449
Professional fees	-	6,000	-	6,000
Dues and subscriptions	2,015	2,015	-	4,031
Fundraiser	-	-	7,090	7,090
Vehicle expense	3,898	203	171	4,271
Bank Charges	-	4,450	-	4,450
<b>Total expenses</b>	<b>\$ 1,036,126</b>	<b>\$ 93,340</b>	<b>\$ 91,008</b>	<b>\$ 1,220,474</b>

See accompanying notes and independent accountant's review report.

**Hands of The Carpenter and Subsidiary**  
**Notes to Financial Statements**

**Note 1 Nature of Organization**

Hands of The Carpenter (Hands) was incorporated as a nonprofit corporation in Colorado in 2003. Hands of The Carpenter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

Hands of The Carpenter is a faith-based nonprofit organization with a vision to serve single women in need by removing obstacles that prevent economic self-sufficiency. Hands serves single women in need by providing automobile placement and repairs and maintenance to assist in their efforts to become and remain economically self-sufficient. These families and individuals are served regardless of their race, color, gender, religion, national origin or ancestry, disability or age. Hands of The Carpenter primarily serves Jefferson County Colorado utilizing individual volunteers and partnering organizations, businesses, and churches to provide the expertise, labor, and materials necessary to meet its mission.

**Summary of Significant Accounting Policies**

a) **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-45-45-2, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-205-45-45-2, Hands is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The financial statements of Hands have been prepared on the accrual basis of accounting. Fees for services are recognized as they are earned and donations are recognized when received. Net assets received with donor restrictions are recognized as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

b) **Revenue Recognition**

All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. At its discretion, the Board of Directors may designate funds for specific purposes.



**Hands of The Carpenter and Subsidiary**  
**Notes to Financial Statements**

**c) Capitalization of Fixed Assets and Depreciation**

Hands of The Carpenter capitalizes property and equipment purchases over \$2,500, as well as donations of property and equipment with estimated fair market values exceeding \$2,500 at the date of the donation. Lesser amounts are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which is five to seven years for furniture, fixtures and equipment, fifteen years for building improvements and thirty years for buildings.

Maintenance costs and repairs are expensed when incurred; renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the respective costs and accumulated depreciation are removed from the accounts. The resulting gain or loss is included in the statement of activities.

**d) Estimates**

The preparation of Hands financial statements in conformity with generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

**e) Cash and cash equivalents**

For the purpose of balance sheet classification and the statements of cash flows, Hands considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

**f) Accounts receivable**

Accounts receivable consist primarily of receivables from donors. Management expects all accounts receivable will be fully collectible and Hands has not experienced consequential bad debts in past periods, accordingly, there is no allowance for doubtful collection for accounts receivable.

**g) Pledges receivable**

Unconditional pledges to give are recognized as revenues or gains in the period received, and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional pledges to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management expects that all promises to give will be fully collectible, and Hands has not incurred consequential bad debt losses in previous periods, accordingly, there is no allowance for uncollectible pledges receivable.

**Hands of The Carpenter and Subsidiary**  
**Notes to Financial Statements**

**h) Inventory**

Inventory consists of vehicles held by Hands for program purposes. Inventory is recorded at cost if purchased and donated inventory is recorded at fair market value on the date of donation.

**i) Fair Value Measurements**

The carrying amount reported in the statements of financial position for cash, accounts receivables, promises to give, inventory, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

**j) Cash Deposits**

Hands deposits are held at a financial institutions at which deposits are insured up to \$250,000 by the FDIC for accounts.

**k) Donated Services**

In-kind contributions of services are recorded at fair market value at the date of contribution. In order to be recognized as in-kind services, the services need to be provided by qualified automobile technicians.

**l) Income Taxes**

Hands is exempt from Federal and State income taxation on its exempt purpose income under Internal Revenue Code Section 501(c)3. Accordingly, no provision for income taxes is included in the accompanying financial statements as there was no unrelated taxable income in the year ended December 31, 2020. Management does not believe Hands has any material uncertain tax positions requiring disclosure.

Hands has adopted provisions of ASC 740-10, "Accounting for Uncertainty in Income Taxes", which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that Hands continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

Hands undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10. Management does not believe there to be any uncertain tax positions and has thus not recorded any related provision.

**Hands of The Carpenter and Subsidiary  
Notes to Financial Statements**

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of December 31, 2020, Hands had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

Hands is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2017.

**m) Functional Reporting and Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Expenses are recorded according to the purpose to which they relate, such as a specific program or support service. Costs that are not identifiable with a specific function have been allocated among the appropriate programs and supporting services benefited.

**n) Reclassifications**

Certain items related to the prior year summarized comparative financial presentation have been reclassified to conform with a the current year presentation.

**Note 2 Liquidity**

The following reflects Hands financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts restricted by donors to periods beyond the year ended December 31, 2020.

Financial assets, at year end	\$ 300,001
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 300,001</u>

**Note 3 Pledge Receivable**

Hands received unconditional pledges for future support from foundations which cover various future periods. Generally accepted accounting principles provides that such pledges be recognized in the period of the award and discounted to present value based upon interest rates existing at the time of the pledge. At December 31, 2020, all pledges were due in 2021 and accordingly none were discounted.

**Hands of The Carpenter and Subsidiary**  
**Notes to Financial Statements**

**Note 4 Inventory**

Inventory consists of used automobiles valued at their estimated contributed value of \$93,252. The estimated values are based on information Hands has developed and not estimates from donors.

**Note 5 Property and equipment**

Property and equipment at December 31, 2020, includes the following components:

Land	\$ 116,200
Building	713,800
Other property and equipment	61,837
Furniture	29,909
Total assets	<u>921,746</u>
Accumulated depreciation	<u>(124,821)</u>
Net fixed assets	<u><u>\$ 796,925</u></u>

**Note 6 Paycheck Protection Program Loan**

The Paycheck Protection Program (PPP) is a loan designed to provide a direct incentive for small businesses and nonprofit entities to keep their workers on payroll and keep their workforce employed during the COVID-19 crisis.

Loans made under this program to eligible borrowers qualify for full loan forgiveness if during the 8-24 week covered period following the loan disbursement:

- a Employee and compensation levels are maintained in the same required for the First Draw
- b The loan proceeds are spent on payroll costs and other eligible expenses; and
- c At least 60% of the loan proceeds are spent on payroll costs

After year end, Hands was advised by the Small Business Administration that Hands has met those criteria. Hands will recognize the forgiveness of the loan in its December 31, 2021, financial statements.

**Hands of The Carpenter and Subsidiary**  
**Notes to Financial Statements**

**Note 6 Mortgage loans payable**

Mortgage loans payable consists of the following at December 31, 2020:

Mortgage payable to a bank, with beginning interest at 4.8% and monthly payments of \$2,876 for a five year period at which time (June 2022) the interest is adjusted to 5.5% and the payment increases to \$3,050 with a balloon payment due June 5, 2027 of \$374,381. During the 10 year term of the loan, the payments reflect a 30 year amortization schedule. The loan is secured by a first lien on commercial real estate.	\$ 462,466
Mortgage payable to a Foundation, with interest at 2.5%. Monthly payments are \$660 per month beginning June 1, 2017 for a sixty month period with the a balloon payment due May 1, 2022. During the 5 year term of the loan, the payments reflect a 25 year amortization schedule. The loan is secured by a second lien on commercial real estate.	104,628
Mortgage payable to an individual, with interest at 2.5%. Monthly payments are \$561 per month beginning July 1, 2017 for a sixty month period with the a balloon payment due July 1, 2022. During the 60 month term of the loan, the payments reflect a 25 year amortization schedule. The loan is secured by a third lien on commercial real estate.	84,495
Total mortgage loans payable	651,589
Less current portion	23,705
Long-term portion of mortgages payable	\$ 627,884

Maturities of the mortgage loans payable are as follows:

For the year ending December 31:

2021	23,705
2022	189,164
2023	14,086
2024	14,778
2025	15,503
Remainder	394,353
Total	\$ 651,589

**Note 7 Subsequent Events and Contingencies**

The Organization's financial statements were available to be issued on the date of the auditor's report and this is the date through which subsequent events were evaluated. The Organization did not identify any subsequent events requiring disclosure except that world wide economic conditions continue to change although not as dramatically as from December 31, 2019 to Mid March 2020.

**Hands of The Carpenter and Subsidiary**  
**Notes to Financial Statements**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. The Governor of Colorado declared a health emergency and issued an order to close all nonessential businesses. Hands is considered an "essential business" and has continued operations at its primary location where its employee performed their daily responsibilities. The repair services represent a significant contribution to the safety of clients in terms of reliable transportation to a vulnerable population.

The long-term impact of COVID-19 on the Hands of The Carpenter funding sources which have traditionally supported the organization in previous periods is not readily determinable. A significant amount of the support has been provided individuals donating used autos to the Hands program. While the total miles driven daily had decreased significantly during the virus outbreak, a resumption of usage is anticipated when citizens return to work and their customary daily activities. Accordingly, Hands anticipates that as automobiles age, there will be a continuation of the auto donation program.

The Organization also traditionally receives cash support from foundations, churches, individuals and businesses. As of the date of the audit report, there has not been a measurable decrease in the amount and timing of those gifts and donations. The economy has been evaluated to be at significant risk and the U.S. Congress has passed legislative support aggregating to trillions of dollars to stabilize the labor market, families and businesses. Additionally, the Internal Revenue Code has been changed to allow an annual \$300 "above the line" tax deductible cash donation to individuals as a way to provide a more attractive way for taxpayers to make supportive cash donations to charitable non-profit entities.

The management of Hands of The Carpenter has communicated with its primary funding sources and has been advised the existing commitments for funding will not be withdrawn.

Starting in December of 2020, certain vaccines which were expected to be highly effective began to be distributed to the public based on those anticipated be at the greatest risk. The vaccination program has continued through the date of the financial statements with three primary vaccines approved by the Center for Disease Control.

Management has evaluated the available facts and circumstances and believes that Organization's current liquidity is sufficient to meet the organizations needs through 2021 even considering the potential economic and organizational challenges as a result of the COVID-19 pandemic.