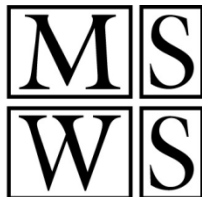


**BALTIMORE COMMUNITY TOOLBANK, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**



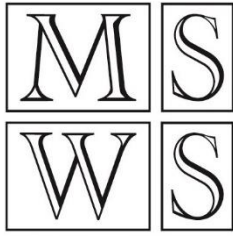
**MULLEN SONDBERG WIMBISH & STONE, PA**  

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**CERTIFIED PUBLIC ACCOUNTANTS**

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MULLEN & SONDBERG  
WIMBISH & STONE, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

888 Bestgate Road • Suite 310 • Annapolis, Maryland 21401

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Baltimore Community ToolBank, Inc.  
Baltimore, Maryland

We have reviewed the accompanying financial statements of Baltimore Community ToolBank, Inc. (a non-profit Organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expenses and cash flows 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 organization 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 as a whole. Accordingly, we do not express such an opinion.

### **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.


### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

To the Board of Directors of  
Baltimore Community ToolBank, Inc.

**Accountant's Conclusion**

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

  
MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland  
May 13, 2020

Baltimore Community ToolBank, Inc.  
STATEMENT OF FINANCIAL POSITION  
As of December 31, 2019

ASSETS		
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 115,599	\$ 95,081
Rental inventory	<u>257,529</u>	<u>211,500</u>
Total current assets	<u>373,128</u>	<u>306,581</u>
<b>PROPERTY AND EQUIPMENT</b>		
Net of accumulated depreciation	<u>160</u>	<u>320</u>
<b>OTHER ASSETS</b>		
Security deposits	<u>3,125</u>	<u>3,125</u>
Total assets	<u><u>\$ 376,413</u></u>	<u><u>\$ 310,026</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 10,508</u>	<u>\$ 9,820</u>
<b>NET ASSETS</b>		
Without donor restrictions	362,273	287,250
With donor restrictions	<u>3,632</u>	<u>12,956</u>
Total net assets	<u>365,905</u>	<u>300,206</u>
Total liabilities and net assets	<u><u>\$ 376,413</u></u>	<u><u>\$ 310,026</u></u>

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

Baltimore Community ToolBank, Inc.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019  
With Summarized Financial Information for the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions	\$ 106,622	\$ 36,500	\$ 143,122	\$ 108,421
Special events, net of expenses	64,894	-	64,894	60,919
Program service revenue	62,115	-	62,115	56,351
Donated goods and services	25,488	-	25,488	12,373
Other income	4,679	-	4,679	828
	<u>263,798</u>	<u>36,500</u>	<u>300,298</u>	<u>238,892</u>
Net assets released from restrictions	<u>45,824</u>	<u>(45,824)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>309,622</u>	<u>(9,324)</u>	<u>300,298</u>	<u>238,892</u>
<b>EXPENSES</b>				
Program services	201,262	-	201,262	201,642
Supporting services:				
Management and general	23,675	-	23,675	23,660
Fundraising	<u>9,662</u>	<u>-</u>	<u>9,662</u>	<u>9,700</u>
Total expenses	<u>234,599</u>	<u>-</u>	<u>234,599</u>	<u>235,002</u>
Change in net assets	75,023	(9,324)	65,699	3,890
NET ASSETS, BEGINNING OF YEAR	<u>287,250</u>	<u>12,956</u>	<u>300,206</u>	<u>296,316</u>
NET ASSETS, END OF YEAR	<u>\$ 362,273</u>	<u>\$ 3,632</u>	<u>\$ 365,905</u>	<u>\$ 300,206</u>

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

Baltimore Community ToolBank, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2019

With Summarized Financial Information for the Year Ended December 31, 2018

	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2019	2018
Salaries	\$ 97,333	\$ 11,451	\$ 5,725	\$ 114,509	\$ 104,764
Fringe benefits	12,605	1,483	741	14,829	9,089
Payroll taxes	7,923	932	466	9,321	7,937
<b>Total salaries and related expenses</b>	<b>117,861</b>	<b>13,866</b>	<b>6,932</b>	<b>138,659</b>	<b>121,790</b>
Rent	45,061	5,569	-	50,630	50,196
Donated goods and services	7,719	908	19,966	28,593	32,556
Professional fees	9,721	1,144	572	11,437	9,077
Utilities	4,277	503	252	5,032	4,406
Insurance	4,267	502	251	5,020	5,048
Fundraising supplies	-	-	3,501	3,501	3,635
Repairs and maintenance	2,658	313	156	3,127	2,057
Board expenses	2,641	311	155	3,107	3,890
Travel and entertainment	135	16	2,724	2,875	3,037
Direct program costs	2,421	-	-	2,421	2,897
Office expense	1,744	218	218	2,180	1,516
Advertising	1,713	202	100	2,015	588
Miscellaneous expenses	391	46	23	460	391
Website	333	39	20	392	422
Dues and subscriptions	167	20	10	197	150
Depreciation	136	16	8	160	1,869
Bank services charges	17	2	1	20	-
Writeoff of rental inventory	-	-	-	-	19,326
<b>Total expenses</b>	<b>201,262</b>	<b>23,675</b>	<b>34,889</b>	<b>259,826</b>	<b>262,851</b>
Less: special events expense offset against revenue in the statement of activities	-	-	(25,227)	(25,227)	(27,849)
<b>Total expenses reported in the statement of activities</b>	<b>\$ 201,262</b>	<b>\$ 23,675</b>	<b>\$ 9,662</b>	<b>\$ 234,599</b>	<b>\$ 235,002</b>

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

Baltimore Community ToolBank, Inc.  
STATEMENT OF CASH FLOWS  
December 31, 2019

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 65,699	\$ 3,890
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	160	1,869
In-kind donations of inventory	(16,407)	(12,030)
Writeoff of rental inventory	-	19,326
Increase in operating assets:		
Rental inventory	(29,622)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	688	(3,288)
Net change in cash provided by operating activities	20,518	9,767
Cash at beginning of year	95,081	85,314
Cash at end of year	\$ 115,599	\$ 95,081

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



Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

Note 1 - Description of the Organization

Baltimore Community ToolBank, Inc., (the Organization) is a non-profit Organization that was incorporated in Maryland on November 18, 2010. The Organization stewards an inventory of tools for lending to charitable organizations to increase the impact of their mission-related efforts in the community. For a small handling fee, non-profit organizations, religious and educational institutions, community gardens and neighborhood associations can borrow all the landscaping, painting, cleaning, construction, and safety gear they need (hammers, shovels, rakes, paint rollers, drills, saws, and much more).

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classification:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Cont.)

Contribution Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statements of activities as net assets released from restrictions.

Revenue from Contracts with Customers

The Organization operates a community tool bank. Tool rental revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for usage of these tools. Revenue is recognized at time of rental. Billing to client is based on contractual agreements and is recognized when tools are rented.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Donated services that qualified for recognition during the years ended December 31, 2019 and 2018 was \$3,488 and \$0, respectively.

Donated Goods

Donated materials are reflected in the accompanying financial statements at their estimated fair value at date of receipt.

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 contingencies at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Cash Balances

The Organization maintains its cash balances at one financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no amounts held in excess of FDIC insurance coverage limits as of December 31, 2019 and 2018. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Cont.)

Rental Inventory

Rental inventory is valued using a standard costing system which approximates the lower of cost or market method. The rental inventory is periodically counted and adjusted as necessary. The rental inventory is not depreciated. Any rental inventory items that are not accounted for during inventory counts are written off to the appropriate expense accounts during the year.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of five years. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Allocation of Functional Expenses

Accounting principles generally accepted in the United States of America require all non-profit organizations to present their expenses on a functional basis, separating program services from management and general expenses and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on usage for items such as occupancy, depreciation, and administrative salaries.

Income Tax Status and Income Tax Position

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. It is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes as the Organization has had no significant unrelated business income.

The Organization follows the guidance of *ASC 740-10, "Accounting for Uncertainty in Income Taxes"* which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Organization's financial statements.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Cont.)

Income Tax Status and Income Tax Position (Cont.)

The Organization analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as a tax-exempt organization, activities performed by volunteers and Board members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland state statute. The Organization does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Organization's financial position or changes in net assets as a result of analyzing its tax positions. Fiscal years ending on or after December 31, 2016 remain subject to examination by federal and state authorities.

Advertising

The Organization expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place. Total advertising costs for the years ended December 31, 2019 and 2018 amounted to \$2,015 and \$588, respectively.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

New Accounting Pronouncements

On January 1, 2019, the Organization adopted *ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments."* *ASU 2016-15* amends the guidance in *ASC 230*, which often requires judgement to determine the appropriate classification of cash flows as operating, investing or financing activities, and has resulted in diversity in practice in how certain cash receipts and cash payments are classified. The adoption of *ASU 2016-15* did not have any impact on the Organization's financial position, result of operations or cash flows.

On January 1, 2019, the Organization adopted *ASU 2016-18, "Restricted Cash."* *ASU 2016-18* amends the guidance in *ASC 230* to require the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of *ASU 2016-18* did not have any impact on the Organization's financial position, result of operations or cash flows.

On January 1, 2019, the Organization adopted *ASU 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made."* This *ASU* provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contributions versus an exchange. The adoption of *ASU 2018-08* did not have any impact on the Organization's financial position, result of operations or cash flows.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Cont.)

New Accounting Pronouncements (Cont.)

On January 1, 2019, the Organization adopted *ASC Topic 606, "Revenue from Contracts with Customers,"* including the following ASUs:

*ASU 2014-09, "Revenue from Contracts with Customers"* outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. *ASU 2014-09* outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration (which may include change orders and claims) is recognized, whether revenue should be recognized at a point in time or over time and ensuring the time value of money is considered in the transaction price. The Organization adopted *ASU 2014-09* and related amendments using the modified retrospective method and elected to apply the standards only to contracts that were not completed as of the adoption date.

*ASU 2016-10, "Identifying Performance Obligations and Licensing"* amends certain aspects of *ASU 2014-09*. *ASU 2016-10* amends how an entity should identify performance obligations for immaterial promised goods or services, shipping and handling activities and promises that may represent performance obligations. *ASU 2016-10* also provides implementation guidance for determining the nature of licensing and royalties arrangements.

*ASU 2016-12, "Narrow-Scope Improvements and Practical Expedients"* also clarifies certain aspects of *ASU 2014-09* including the assessment of collectability, presentation of sales taxes, treatment of noncash consideration, and accounting for completed contracts and contract modifications at transition.

*ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers"* allows an entity to determine the provision for loss contracts at either the contract level or the performance obligation level as an accounting policy election. The Organization determines its provision for loss contracts at the contract level.

The adoption of the above mentioned accounting policies did not have any impact on the Organization's financial position, result of operations or cash flows.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2019

Note 3 - Availability and Liquidity of Resources

The following represents the Organization's financial assets at December 31:

	2019	2018
Financial assets at year end:		
Cash	\$ 115,599	\$ 95,081
Rental inventory	257,529	211,500
Total financial assets	373,128	306,581
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 373,128	\$ 306,581

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$59,000).

Note 4 - Property and Equipment

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

	Estimated Lives	2019	2018
Furniture and equipment	5 years	\$ 19,927	\$ 19,927
Less accumulated depreciation		(19,767)	(19,607)
Net property and equipment		\$ 160	\$ 320

Depreciation expense for the years ended December 31, 2019 and 2018 was \$160 and \$1,869, respectively.

Note 5 - Retirement Plan

Effective January 2014, the Organization adopted a matching SIMPLE IRA plan. All employees are eligible to participate after 90 days of employment. The Plan provides for elective deferral contributions through salary reduction agreements. The Organization matches all contributions dollar-for-dollar up to 3% of wages. Employer match contributions for the year ended December 31, 2018 was \$3,135.

In January 2019, the Organization switched from SIMPLE IRA plan to a matching 401(k) plan. All employees are eligible to participate after 90 days of employment. The Plan provides for elective deferral contributions through salary reduction agreements. The Organization matches all contributions dollar-for-dollar up to 3% of wages. Employer match contributions for the year ended December 31, 2019 was \$3,822.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2019

Note 6 - Commitments

The Organization has a lease agreement for the building in which the Organization is located. The Organization first occupied the space on May 5, 2012, which has been determined the effective start date and expired in June 2018. In July 2018, the agreement was renewed for three years with a two year renewal option. The monthly rent increases annually during the three year term. Rent expense for the years ended December 31, 2019 and 2018 was \$50,630 and \$50,196, respectively.

Future minimum lease payments under this operating lease, excluding renewal options, summarized by year, is as follows:

Year Ending December 31:	
2020	\$ 53,568
2021	<u>26,784</u>
Total	<u>\$ 80,352</u>

Note 7 - Net Assets Without Donor Restrictions

Net assets without donor restrictions for the years ended December 31, 2019 and 2018 represent expendable funds that are available for the operations of the Organization, unless a specific purpose for these funds has been designated by the Board of Directors. Undesignated funds were \$362,273 and \$287,250 for the years ended December 31, 2019 and 2018, respectively.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Home Depot Foundation	\$ 2,421	\$ -
France Merrick Foundation	1,211	-
Abell Foundation Grant	-	8,167
Cambell Foundation Grant	-	3,750
Helen J. Serini Foundation Grant	-	<u>1,039</u>
	<u>\$ 3,632</u>	<u>\$ 12,956</u>

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2019

Note 8 - Net Assets With Donor Restrictions (Cont.)

Net assets released from net assets with donor restrictions as of December 31 are as follows:

	2019	2018
Satisfaction of Purpose Restrictions		
Abell Foundation Grant	\$ 22,167	\$ 8,135
France Merrick Foundation	18,789	-
Cambell Foundation Grant	3,750	-
Helen J. Serini Foundation Grant	1,039	-
Home Depot Foundation	79	-
	\$ 45,824	\$ 8,135

Note 9 - Special Events Revenue, Net of Expenses

The direct costs of special events have been netted with special events revenue. Special events revenue and direct costs consisted of the following at December 31:

	2019	2018
Revenues	\$ 90,121	\$ 88,768
Direct expenses	(25,227)	(27,849)
Total net revenues	\$ 64,894	\$ 60,919

In-kind contributions of \$19,512 and \$21,983 are included in special events revenue and expenses for the years ended December 31, 2019 and 2018, respectively.

Note 10 - Subsequent Events

Subsequent events and transactions have been evaluated for potential recognition in the financial statements. There have been no subsequent events that require recognition or disclosure through May 13, 2020, the date the financial statements were available to be issued.