

BALTIMORE COMMUNITY TOOLBANK, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021



MULLEN SONDBERG WIMBISH & STONE, PA

CERTIFIED PUBLIC ACCOUNTANTS

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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 nonprofit 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. 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.

We are required to be independent of Baltimore Community ToolBank, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Summarized Comparative Information

We previously reviewed Baltimore Community ToolBank, Inc. 's 2020 financial statements and in our conclusion dated May 24, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.



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

Annapolis, Maryland
November 3, 2022

Baltimore Community ToolBank, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash	\$ 140,251	\$ 171,232
Rental inventory	286,877	268,707
Prepaid expenses	4,598	4,464
Total current assets	431,726	444,403
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	3,385	4,426
OTHER ASSETS		
Security deposits	3,125	3,125
Total assets	\$ 438,236	\$ 451,954
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,324	\$ 2,114
NET ASSETS		
Without donor restrictions	428,096	438,439
With donor restrictions	7,816	11,401
Total net assets	435,912	449,840
Total liabilities and net assets	\$ 438,236	\$ 451,954

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

Baltimore Community ToolBank, Inc.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
REVENUES AND OTHER SUPPORT				
Contributions	\$ 136,074	\$ 20,000	\$ 156,074	\$ 241,414
Program service revenue	42,590	-	42,590	21,570
Special events, net of expenses	36,902	-	36,902	36,450
Donated goods and services	30,870	-	30,870	19,608
Other income	250	-	250	740
Interest income	24	-	24	25
	<u>246,710</u>	<u>20,000</u>	<u>266,710</u>	<u>319,807</u>
Net assets released from restrictions	<u>23,585</u>	<u>(23,585)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>270,295</u>	<u>(3,585)</u>	<u>266,710</u>	<u>319,807</u>
EXPENSES				
Program services	239,315	-	239,315	229,519
Supporting services:				
Management and general	27,848	-	27,848	27,191
Fundraising	13,475	-	13,475	11,447
Total expenses	<u>280,638</u>	<u>-</u>	<u>280,638</u>	<u>268,157</u>
Change in net assets before other changes	(10,343)	(3,585)	(13,928)	51,650
OTHER CHANGES IN NET ASSETS				
Other grant income - Paycheck Protection Program	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,285</u>
Change in net assets	(10,343)	(3,585)	(13,928)	83,935
NET ASSETS, BEGINNING OF YEAR	<u>438,439</u>	<u>11,401</u>	<u>449,840</u>	<u>365,905</u>
NET ASSETS, END OF YEAR	<u>\$ 428,096</u>	<u>\$ 7,816</u>	<u>\$ 435,912</u>	<u>\$ 449,840</u>

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

Baltimore Community ToolBank, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2021	2020
Salaries	\$ 115,510	\$ 13,589	\$ 6,795	\$ 135,894	\$ 135,418
Fringe benefits	16,533	1,945	973	19,451	18,620
Payroll taxes	8,804	1,036	518	10,358	10,917
Total salaries and related expenses	140,847	16,570	8,286	165,703	164,955
Rent	48,391	5,981	-	54,372	53,568
Donated goods and services	17,709	2,083	9,985	29,777	28,492
Fundraising supplies	-	-	10,192	10,192	3,270
Professional fees	7,429	874	437	8,740	9,316
Insurance	5,503	647	324	6,474	4,766
Direct program costs	5,166	-	-	5,166	1,035
Utilities	4,104	483	241	4,828	3,802
Repairs and maintenance	2,531	298	149	2,978	2,058
Office expense	1,922	240	240	2,402	4,120
Dues and subscriptions	1,479	174	87	1,740	260
Bank service charges	1,010	119	59	1,188	180
Depreciation	885	104	52	1,041	941
Board expenses	849	100	50	999	271
Travel and entertainment	692	81	41	814	305
Website	503	59	30	592	676
Miscellaneous expenses	295	35	17	347	528
Advertising	-	-	-	-	1,175
Total expenses	239,315	27,848	30,190	297,353	279,718
Less: special events expense offsets against revenue in the statement of activities	-	-	(16,715)	(16,715)	(11,561)
Total expenses reported in the statement of activities	\$ 239,315	\$ 27,848	\$ 13,475	\$ 280,638	\$ 268,157

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

Baltimore Community ToolBank, Inc.
STATEMENT OF CASH FLOWS
December 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (13,928)	\$ 83,935
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,041	941
In-kind donations of inventory	10,584	-
Increase in operating assets:		
Rental inventory	(28,754)	(11,178)
Prepaid expenses	(134)	(4,464)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	210	(8,394)
Net change in cash (used in) provided by operating activities	(30,981)	60,840
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	-	(5,207)
Cash at beginning of year	171,232	115,599
Cash at end of year	\$ 140,251	\$ 171,232

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

Baltimore Community ToolBank, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 1 - Description of the Organization

Baltimore Community ToolBank, Inc., (the Organization) is a nonprofit 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, nonprofit 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.

Classification of Net Assets

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.

Basis of Presentation

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, 2020, from which the summarized information was derived.

Baltimore Community ToolBank, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
December 31, 2021

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 and Assets

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 assets are reflected in the accompanying financial statements at their estimated fair value at date of receipt. Donated services and assets that qualified for recognition during the years ended December 31, 2021 and 2020 was \$39,657 and \$28,492, respectively.

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, 2021 and 2020.

Baltimore Community ToolBank, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
December 31, 2021

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 nonprofit 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, 2021

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.

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, 2021 and 2020 amounted to \$-0- and \$1,175, respectively.

Reclassifications

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

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Nonoperating activities are limited to resources from other activities considered to be of a more unusual or nonrecurring nature.

Baltimore Community ToolBank, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
December 31, 2021

Note 3 - Availability and Liquidity of Resources

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

	2021	2020
Financial assets at year end:		
Cash	\$ 140,251	\$ 171,232
Rental inventory	286,877	268,707
Total financial assets	427,128	439,939
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	\$ 427,128	\$ 439,939

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$70,000).

Note 4 - Property and Equipment

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

	Estimated Lives	2021	2020
Furniture and equipment	5 years	\$ 25,134	\$ 25,134
Less: accumulated depreciation		(21,749)	(20,708)
Net property and equipment		\$ 3,385	\$ 4,426

Depreciation expense for the years ended December 31, 2021 and 2020 was \$1,041 and \$941, respectively.

Note 5 - Retirement Plan

In January 2019, the Organization switched from a 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 years ended December 31, 2021 and 2020 was \$4,098 and \$4,052, respectively.

Baltimore Community ToolBank, Inc.
 NOTES TO FINANCIAL STATEMENTS (Cont.)
 December 31, 2021

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. In July 2021, the Organization exercised the option to renew the agreement for an additional two years. The monthly rent increases annually during the two year term. Rent expense for the years ended December 31, 2021 and 2020 was \$54,372 and \$53,568, respectively. Future minimum lease payments under this operating lease, excluding renewal options, summarized by year, is as follows:

Year Ending December 31:	
2022	\$ 55,980
2023	<u>28,404</u>
Total	<u>\$ 84,384</u>

Note 7 - Net Assets Without Donor Restrictions

Net assets without donor restrictions for the years ended December 31, 2021 and 2020 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 \$428,096 and \$438,439 for the years ended December 31, 2021 and 2020, respectively.

Note 8 - Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Abell Foundation Grant	\$ 7,750	\$ 10,000
Home Depot Foundation	<u>66</u>	<u>1,401</u>
	<u>\$ 7,816</u>	<u>\$ 11,401</u>

Baltimore Community ToolBank, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont.)
December 31, 2021

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

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

	2021	2020
Satisfaction of Purpose Restrictions		
Abell Foundation Grant	\$ 19,750	\$ 10,000
Home Depot Foundation	3,835	3,520
France Merrick Foundation	-	1,211
	\$ 23,585	\$ 14,731

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:

	2021	2020
Revenues	\$ 53,617	\$ 48,011
Direct expenses	(16,715)	(11,561)
Total net revenues	\$ 36,902	\$ 36,450

In-kind contributions of \$8,787 and \$8,884 are included in special events revenue and expenses for the years ended December 31, 2021 and 2020, 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 November 3, 2022, the date the financial statements were available to be issued.