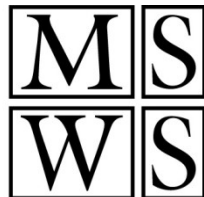


**BALTIMORE COMMUNITY TOOLBANK, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**



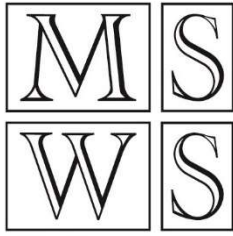
**MULLEN SONDBERG WIMBISH & STONE, PA**  

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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 nonprofit organization), which comprise the statements of financial position as of December 31, 2023, 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 2022 financial statements and in our conclusion dated October 30, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 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, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.



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

Annapolis, Maryland  
August 29, 2024

Baltimore Community ToolBank, Inc.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2023 and 2022

ASSETS		
	2023	2022
<b>CURRENT ASSETS</b>		
Cash	\$ 95,496	\$ 170,942
Rental inventory	317,794	303,995
Prepaid expenses	7,143	4,734
Total current assets	420,433	479,671
<b>PROPERTY AND EQUIPMENT</b>		
Net of accumulated depreciation	5,878	2,344
<b>OTHER ASSETS</b>		
Security deposits	14,285	3,125
Operating lease right of use asset	364,814	25,930
Total other assets	379,099	29,055
Total assets	\$ 805,410	\$ 511,070
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 4,912	\$ 8,272
Operating lease liability	72,232	25,930
Total current liabilities	77,144	34,202
<b>LONG-TERM LIABILITIES</b>		
Operating lease liability	294,155	-
Total liabilities	371,299	34,202
<b>NET ASSETS</b>		
Without donor restrictions	425,384	469,141
With donor restrictions	8,727	7,727
Total net assets	434,111	476,868
Total liabilities and net assets	\$ 805,410	\$ 511,070

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

Baltimore Community ToolBank, Inc.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023  
With Summarized Financial Information for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions - financial assets	\$ 215,612	\$ 1,000	\$ 216,612	\$ 218,828
Program service revenue	79,950	-	79,950	59,304
Special events, net of expenses	14,592	-	14,592	24,060
Contributions - nonfinancial assets	13,182	-	13,182	19,612
Other income	663	-	663	619
Interest income	16	-	16	21
	<u>324,015</u>	<u>1,000</u>	<u>325,015</u>	<u>322,444</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>324,015</u>	<u>1,000</u>	<u>325,015</u>	<u>322,444</u>
<b>EXPENSES</b>				
Program services	312,640	-	312,640	240,568
Supporting services:				
Management and general	36,566	-	36,566	28,407
Fundraising	18,566	-	18,566	12,513
Total expenses	<u>367,772</u>	<u>-</u>	<u>367,772</u>	<u>281,488</u>
Change in net assets	(43,757)	1,000	(42,757)	40,956
NET ASSETS, BEGINNING OF YEAR	<u>469,141</u>	<u>7,727</u>	<u>476,868</u>	<u>435,912</u>
NET ASSETS, END OF YEAR	<u>\$ 425,384</u>	<u>\$ 8,727</u>	<u>\$ 434,111</u>	<u>\$ 476,868</u>

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

Baltimore Community ToolBank, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2023  
With Summarized Financial Information for the Year Ended December 31, 2022

	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2023	2022
Salaries	\$ 155,673	\$ 18,314	\$ 9,157	\$ 183,144	\$ 139,310
Fringe benefits	19,430	2,286	1,143	22,859	16,941
Payroll taxes	13,728	1,615	808	16,151	11,013
Total salaries and related expenses	188,831	22,215	11,108	222,154	167,264
Rent	67,724	8,370	-	76,094	55,992
Fundraising supplies	-	-	23,682	23,682	10,852
Professional fees	15,593	1,835	917	18,345	24,295
Miscellaneous expenses	8,489	999	499	9,987	1,240
Insurance	6,809	800	401	8,010	5,975
Utilities	5,360	631	315	6,306	4,195
Direct program costs	5,370	-	-	5,370	1,698
Board expenses	3,187	375	187	3,749	1,972
Donated goods and services	-	-	3,210	3,210	9,317
Dues and subscriptions	2,219	261	131	2,611	1,600
Office expense	1,907	238	238	2,383	1,332
Bank service charges	1,760	207	104	2,071	1,724
Website	1,655	195	97	1,947	3,326
Depreciation	1,318	155	77	1,550	1,041
Repairs and maintenance	959	113	56	1,128	4,711
Travel and entertainment	949	112	56	1,117	1,730
Advertising	510	60	30	600	2,068
Total expenses	312,640	36,566	41,108	390,314	300,332
Less: special events expense offsets against revenue in the statement of activities	-	-	(22,542)	(22,542)	(18,844)
Total expenses reported in the statement of activities	\$ 312,640	\$ 36,566	\$ 18,566	\$ 367,772	\$ 281,488

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

Baltimore Community ToolBank, Inc.  
STATEMENT OF CASH FLOWS  
December 31, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (42,757)	\$ 40,956
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,550	1,041
In-kind donations of inventory	(7,499)	(7,499)
Operating lease expense	62,518	-
Increase in operating assets:		
Rental inventory	(6,300)	(9,619)
Prepaid expenses	(2,409)	(136)
Security deposit	(11,160)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(3,360)	5,948
Operating lease liability	(60,945)	-
Net change in cash provided by (used in) operating activities	(70,362)	30,691
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(5,084)	-
Net change in cash and cash equivalents	(75,446)	30,691
Cash at beginning of year	170,942	140,251
Cash at end of year	\$ 95,496	\$ 170,942
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Non-cash investing and financing activities:		
Addition of operating right-of-use asset and operating lease liability	\$ 401,402	\$ 84,384

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



Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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 Organization reports 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information. 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, 2022, from which the summarized information was derived.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2023

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. 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.

Contributed Non-Financial Assets and Services

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. Fair value is determined by using estimated retail pricing of identical or similar products. The amounts reflected in the accompanying financial statements included in donations are offset by like amounts included in expenses or additions to property and equipment or other identical assets. The Organization also may receive donated services from unpaid volunteers that are not recorded in the accompanying financial statements since they do not meet the recognition criteria.

The amounts that have been recognized in the statement of activities because the criteria for recognition has been satisfied for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Donated auction items	\$ 11,737	8,297
Donated supplies, tools and equipment	1,445	10,340
Donated software and technical support	<u>-</u>	<u>975</u>
Total non-financial assets	<u>\$ 13,182</u>	<u>\$ 19,612</u>

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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

Contributed Non-Financial Assets and Services

The Organization's general practice is to utilize donated materials and equipment to support the Organization's overall purpose. For years ended December 31, 2023 and 2022, contributed non-financial assets were utilized for the Organization's general purpose. There were no donor restrictions for any contributed non-financial assets during the years ended December 31, 2023 and 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 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, 2023 and 2022.

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.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2023

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

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.

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, 2023 and 2022 amounted to \$600 and \$2,068, respectively.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2023

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

Leases

The Organization recognizes a right of use (ROU) asset and lease liability on the statement of financial position for all leases with a term of longer than 12 months. Leases are classified as finance or operating. Finance leases are expensed through interest and amortization expense and operating leases are expensed through rent expense on the statement of activities.

The Organization's right of use assets and lease liabilities are related to leases for office space. Certain leases may include one or more options to renew, with renewal terms that can be extended beyond the original lease term at management's discretion. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised by management. There are no leases that contain any material residual value guarantees, material restrictions or covenants.

Long-term leases (leases with terms greater than 12 months) are recorded as liabilities at the present value of the minimum lease payments not yet paid. Rates are determined and estimated based on various incremental borrowing risk-free rates when the rate implicit in the lease is not readily determinable.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but expensed on a straight-line basis over the lease term.

New Accounting Pronouncements

On January 1, 2023, the Organization adopted *ASU 2016-13, "Financial Instruments – Credit Losses" (Topic 326)* which aims to improve financial reporting by requiring the earlier recognition of credit losses on trade receivables and other financial assets in scope. The most significant change is a shift from the incurred loss model, where losses were recognized when it was probable that a loss had occurred using historical loss rates, to the current expected loss model, where losses are estimated based upon historical information, current conditions, and reasonable and supportable forecasts. Additionally, enhanced disclosures are required to provide users of the financial statements with useful information in analyzing the Organization's exposure to credit risk and the measurement of credit losses.

The impact of the adoption was not considered material to the financial statements and resulted in enhanced disclosures only.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2023

Note 3 - Availability and Liquidity of Resources

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

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 95,496	\$ 170,942
Rental inventory	<u>317,794</u>	<u>303,995</u>
Total financial assets	<u>413,290</u>	<u>474,937</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 413,290</u>	<u>\$ 474,937</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$107,000).

Note 4 - Property and Equipment

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

	Estimated <u>Lives</u>	<u>2023</u>	<u>2022</u>
Furniture and equipment	5 years	\$ 30,218	\$ 25,134
Less: accumulated depreciation		<u>(24,340)</u>	<u>(22,790)</u>
Net property and equipment		<u>\$ 5,878</u>	<u>\$ 2,344</u>

Depreciation expense for the years ended December 31, 2023 and 2022 is \$1,550 and \$1,041, 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, 2023 and 2022 was \$4,216 and \$3,723, respectively and is included in fringe benefits on the statement of functional expenses.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2023

Note 6 - Operating Lease

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 Organization entered into a new lease for the property in 2023 for three years with a two year renewal option.

Rent expense for the years ended December 31, 2023 and 2022 was \$76,094 and \$55,992, respectively.

The Organization has recognized an operating right of use asset in exchange for an operating lease liability, initially measured at the present value of the lease payments in the statement of financial position. The Organization used the risk free rate of return to calculate present value of the lease payments. The present value of the operating lease right of use asset for the year ended December 31, 2023 and 2022 amounted to \$364,814 and \$25,930, respectively. The operating lease liability for the year ended December 31, 2023 and 2022 amounted to \$366,387 and \$25,930, respectively.

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

<u>Year Ending December 31:</u>	
2024	\$ 85,712
2025	86,998
2026	89,608
2027	92,296
2028	<u>46,830</u>
Total undiscounted cash flows	401,443
Less: present value discount	<u>(35,056)</u>
Total	<u><u>\$ 366,387</u></u>

The weighted average remaining lease term for the operating leases at December 31, 2023 and 2022 was 60 months and 6 months, respectively. The weighted average discount rate for the operating leases at December 31, 2023 and 2022 was 4.13% and 0.59%, respectively.

Note 7 - Net Assets Without Donor Restrictions

Net assets without donor restrictions for the years ended December 31, 2023 and 2022 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 \$425,384 and \$469,141 for the years ended December 31, 2023 and 2022, respectively.

Baltimore Community ToolBank, Inc.  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2023

Note 8 - Net Assets With Donor Restrictions

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

	2023	2022
Abell Foundation Grant	\$ 7,727	\$ 7,727
Girl Scouts of Central Maryland	1,000	-
	\$ 8,727	\$ 7,727

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:

	2023	2022
Revenues	\$ 37,134	\$ 42,904
Direct expenses	(22,542)	(18,844)
Total net revenues	\$ 14,592	\$ 24,060

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 August 29, 2024, the date the financial statements were available to be issued.