TOOLBANK USA, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Tax Solutions, LLC

3575 Piedmont Road NE, Suite 1500

Atlanta, Georgia 30305

TOOLBANK USA, INC.

CONTENTS

tax ■ solutions

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ToolBank USA, Inc.

We have audited the accompanying financial statements of ToolBank USA, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activity, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

U.S. GAAP requires that donated tools to a not-for-profit be valued at the lower of cost or market and be recorded as in-kind contributions in the year of receipt. The Organization has elected not to report the valuation of donated tools in the accompanying financial statements, which is deemed a departure from U.S. GAAP.

The effects of these departures from U.S. GAAP on the accompanying financial statements could not be determined.

3575 Piedmont Rd NE, Suite 1500, Atlanta, GA 30305 | t: 404.816.7770 | f: 404.816.7779 | www.taxsolutionsatl.com

tax solutions

Qualified Opinion

In our opinion, except for the effects on the financial statements of not properly valuing inventory as described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of ToolBank USA as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tom Meaux, CPA

Atlanta, Georgia
June 13, 2016

3575 Piedmont Rd NE, Suite 1500, Atlanta, GA 30305 | t: 404.816.7770 | f: 404.816.7779 | www.taxsolutionsatl.com

TOOLBANK USA, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

ASSETS

Cash	$	278,788
Pledges Receivable		638,115
Prepaids		46,652
Fixed Assets, Net		222,025
Total Assets	**$**	**1,185,580**

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	$	26,651
NET ASSETS		
Unrestricted		476,021
Temporarily Restricted		682,908
Total Net Assets		1,158,929
Total Liabilities & Net Assets	**$**	**1,185,580**

TOOLBANK USA, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR DECEMBER 31, 2015

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
SUPPORT AND REVENUE			
Contributions	$ 1,523,766	$ 682,908	$ 2,206,674
Interest Income	3		3
Total Support and Revenues	1,523,769	682,908	2,206,677
Net Assets Released from Restriction	200,000	(200,000)	
Total Support, Revenue and Net Assets Released from Restriction	1,723,769	482,908	2,206,677
EXPENSES			
Program	1,180,348		1,180,348
General and Administrative	366,021		366,021
Fundraising	137,092		137,092
Total Expenses	1,683,461		1,683,461
Increase (Decrease) in Net Assets	40,308	482,908	523,216
Net Assets, Beginning of Year	435,713	200,000	635,713
Net Assets, End of Year	$ 476,021	$ 682,908	$ 1,158,929

TOOLBANK USA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$	523,216
Adjustments to Reconcile Increase in Net Assets to Net Cash Used in Operating Activities		
Depreciation		145,271
Changes in Operating Assets and Liabilities:		
Pledges Receivable		(457,568)
Due from Affiliates		3,780
Prepaids		(46,652)
Accounts Payable		20,505
Total Adjustments		(334,664)
Net Cash Provided from Operating Activities		188,552
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets		(24,000)
Net Cash Used in Investing Activities		(24,000)
Increase in Cash		164,552
Cash, Beginning of Year		114,236
Cash, End of Year	$	278,788

Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$	606
Cash paid during the year for taxes	$	-

TOOLBANK USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program	General and Administrative	Fundraising
Advertising and Promotion	$ -	$ -	$ 31,380
Bank Service Charges	-	545	-
Depreciation	-	145,271	-
Direct Program Costs	711,987	-	-
Dues and Subscriptions	15,530	2,274	-
Insurance	2,360	811	-
Miscellaneous Administrative	606	-	-
Office Rent	132,438	32,904	35,255
Office Expenses	582	650	275
Payroll and Benefits	258,911	123,897	68,927
Professional Services	25,000	56,610	-
Travel	28,755	2,380	576
Utilities	4,179	679	679
Total Expenses	$ 1,180,348	$ 366,021	$ 137,092

TOOLBANK USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note A
Summary of Significant Accounting Policies

Nature of Operations:

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

A summary of significant accounting policies follows:

Basis of Accounting:

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

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions:

ToolBank USA reports conditional promises to give as contribution revenue when the conditions stipulated by the donor are met, so the conditional promises become unconditional. There are no conditional promises to give as of December 31, 2015.

Amortization of pledge discounts is included in contribution revenue. Net unconditional promises to give in the accompanying consolidated statements of financial position consist of the following as of December 31:

Note A
Summary of Significant Accounting Policies (cont.):

Contributions (cont.):

The allowances for uncollectible promises to give have been determined based on ToolBank USA’s historical collection experience.

		2015
Unconditional promises to give	$	671,550
Less:		
Discounts		(33,435)
Total unconditional promises to give, net		638,115
Less current portion		(326,944)
	$	311,171

As of December 31, 2015, future cash flows anticipated from unconditional promises to give, are as follows:

2016	$	338,216
2017		333,334
		671,550
Discounts		(33,435)
	$	638,115

All contributions are considered available for the program services of ToolBank USA, unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted contributions.

Temporarily restricted net assets consist of assets restricted by donors for specific purposes until time restrictions lapse and/or the purpose for the restriction is accomplished. These net assets are primarily available for use in future periods or for capital purposes. Permanently restricted net assets have been restricted by donors in perpetuity, the income from which is expendable to support organizational programs, fundraising or other designated purposes. All other net assets are unrestricted.

ToolBank USA holds restricted monetary gifts received that are specifically earmarked until such time as the restriction is met. When a donor restriction is met, a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same fiscal period as the contributions are received are reflected as net assets released from restrictions in the accompanying consolidated statements of activities.

Note A
Summary of Significant Accounting Policies (cont.):

Contributions (cont.):

ToolBank USA reports unconditional promises to give as temporarily restricted contributions, unless otherwise restricted by the donor. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates approximating a U.S. prime rate during the year approximating 3.5% for 2015.

Pledges Receivable:

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

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

Fixed Assets:

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

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

Vehicles	7 years
Equipment	5 years
Software	3 years

Note A
Summary of Significant Accounting Policies (cont.):

Donated Materials and Services:

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

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Federal Income Tax Status:

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

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

Functional Expenses:

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

Note B
Credit Risk

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

Note C
Pledges Receivable

As of December 31, 2015, pledges receivable in less than one year total $326,944.

Note D
Fixed Assets

Fixed assets consist of the following:

Vehicles	$	53,242
Equipment		1,907
Software		827,596
Subtotal		882,745
Less: Accumulated depreciation		(660,720)
Total	$	222,025

Depreciation expense was $145,271 for the year ended December 31, 2015.

Note E
Net Asset Restrictions

Temporarily restricted net assets as of December 31, 2015, consist of pledges receivable with time restrictions.

Note F
Related Party Transactions

Included in support and revenues on the statement of activity is contribution revenue in the amount of $20,075 received from officers and board members of the Company.

Note G
Effects of Current Economic Conditions on Contributions

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

Note H
Concentrations

A major contributor is defined as a contributor from which the Company derives at least 10% of its revenues. During the year ended December 31, 2015, revenues from two major contributors represented approximately 73% of the Company's revenues. A loss in either account would have a material impact on the Company. Management carefully monitors its donor relationships and does not expect deterioration.

Note I
Subsequent Events

Management considered all events through June 13, 2016, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report that would have a material impact on the audited financial statements.

Note J
Retirement Plan

The Company has established a Savings Incentive Matching Plan (a "Simple IRA"), in which the Company is to match contributions made by employees up to a maximum of 3% of their annual salary. Eligible employees are those who have earned or would have earned $5,000 in the calendar year, and eligible employees are immediately and fully vested in the match. The Company has recognized plan benefit expense of $10,746 for the year ended December 31, 2015.

Note K
Commitments and Contingencies

The Company is a lease guarantor for office space on its affiliate in Phoenix, Arizona, that terminates June 2020. For the year ended December 31, 2015, the Company did not recognize any expense on this guaranty. The future minimum obligations of the Phoenix affiliate are as follows:

Year	Payment
2016	$ 74,062
2017	88,635
2018	94,369
2019	97,282
2020	45,569
Total	$ 399,917