

**CINCINNATI COMMUNITY
TOOLBANK**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

CINCINNATI COMMUNITY TOOLBANK

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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CINCINNATI COMMUNITY TOOLBANK

**OFFICERS OF THE
BOARD OF DIRECTORS**

December 31, 2020 and 2019

**Stephen Burch
President**

**Ryan Reckman
Vice-President**

**Nate Strahm
Treasurer**

**Chad Kolde
Secretary**

Independent Accountant's Review Report

**To the Board of Directors of
Cincinnati Community ToolBank
Cincinnati, Ohio**

We have reviewed the accompanying financial statements of Cincinnati Community ToolBank (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 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.

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.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.
Certified Public Accountants
Erlanger, Kentucky
July 9, 2021

CINCINNATI COMMUNITY TOOLBANK STATEMENTS OF FINANCIAL POSITION December 31, 2020 and 2019
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	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 169,602	\$ 215,754
Pledges receivable	49,460	58,430
Prepaid assets	2,875	2,875
Other assets	7,134	7,244
Prepaid debt service payments	32,000	6,000
Total Current Assets	<u>261,071</u>	<u>290,303</u>
Property and Equipment, Net		
Lending tools and equipment, net	45,207	72,499
Property and equipment, net	755,059	759,546
Net Property and Equipment	<u>800,266</u>	<u>832,045</u>
TOTAL ASSETS	<u>\$ 1,061,337</u>	<u>\$ 1,122,348</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 5,391	\$ 14,000
Accrued salaries and payroll taxes	8,319	4,805
Tool donation credit obligations	11,933	13,463
Tenant security deposits	3,000	3,000
Current portion of mortgage payable	100,000	50,000
Total Current Liabilities	<u>128,643</u>	<u>85,268</u>
Long-Term Liabilities		
Mortgage payable	480,000	580,000
Total Long-Term Liabilities	<u>480,000</u>	<u>580,000</u>
TOTAL LIABILITIES	<u>608,643</u>	<u>665,268</u>
NET ASSETS		
With donor restrictions	65,163	72,334
Without donor restrictions		
Available for operations	135,265	176,701
Board designated property and equipment	252,266	208,045
TOTAL NET ASSETS	<u>452,694</u>	<u>457,080</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,061,337</u>	<u>\$ 1,122,348</u>

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

CINCINNATI COMMUNITY TOOLBANK STATEMENT OF ACTIVITIES Year Ending December 31, 2020
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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 56,055	\$ 22,878	\$ 78,933
Foundation grants	66,000	10,000	76,000
Government grants	-	35,400	35,400
Special events	52,730	-	52,730
In-kind tool contributions	16,629	-	16,629
Tool sponsorship	3,630	-	3,630
Tool handling fees	14,368	-	14,368
Other income	28,843	-	28,843
Net assets released from restrictions	75,449	(75,449)	-
	<u>313,704</u>	<u>(7,171)</u>	<u>306,533</u>
Total revenues, gains, support and reclassifications			
Expenses			
Program services	220,324	-	220,324
Management and general	50,238	-	50,238
Fundraising	40,357	-	40,357
	<u>310,919</u>	<u>-</u>	<u>310,919</u>
Total expenses			
Change in Net Assets	2,785	(7,171)	(4,386)
Net Assets at Beginning of Year	<u>384,746</u>	<u>72,334</u>	<u>457,080</u>
Net Assets at End of Year	<u>\$ 387,531</u>	<u>\$ 65,163</u>	<u>\$ 452,694</u>

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

CINCINNATI COMMUNITY TOOLBANK STATEMENT OF ACTIVITIES Year Ending December 31, 2019
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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 91,032	\$ 187,013	\$ 278,045
Foundation grants	20,000	2,000	22,000
Special events	106,199	-	106,199
In-kind tool contributions	34,888	-	34,888
Tool sponsorship	8,035	-	8,035
Tool handling fees	59,550	-	59,550
Other income	5,504	-	5,504
Net assets released from restriction	171,600	(171,600)	-
	<u>496,808</u>	<u>17,413</u>	<u>514,221</u>
Total revenues, gains, support and reclassifications			
Expenses			
Program services	249,309	-	249,309
Management and general	51,100	-	51,100
Fundraising	115,308	-	115,308
	<u>415,717</u>	<u>-</u>	<u>415,717</u>
Total expenses			
Change in Net Assets	81,091	17,413	98,504
Net Assets at Beginning of Year	<u>303,655</u>	<u>54,921</u>	<u>358,576</u>
Net Assets at End of Year	<u>\$ 384,746</u>	<u>\$ 72,334</u>	<u>\$ 457,080</u>

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

CINCINNATI COMMUNITY TOOLBANK STATEMENT OF FUNCTIONAL EXPENSES Year Ending December 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Personnel Costs	\$ 116,267	\$ 31,005	\$ 7,751	\$ 155,023
Operating Expenses				
Fundraising	-	-	23,789	23,789
Insurance	6,628	1,873	221	8,722
Miscellaneous	2,024	657	-	2,681
Occupancy	32,332	2,515	1,078	35,925
Outreach/Marketing	1,500	273	-	1,773
Professional fees	979	5,961	65	7,005
Program expense	7,121	-	-	7,121
Staff development	1,188	334	79	1,601
Travel	56	15	4	75
Special events	-	-	5,004	5,004
Office costs	18,760	5,002	1,251	25,013
Total Operating Expenses	<u>70,588</u>	<u>16,630</u>	<u>31,491</u>	<u>118,709</u>
Depreciation and amortization expense	<u>33,469</u>	<u>2,603</u>	<u>1,115</u>	<u>37,187</u>
Total Expenses	<u>\$ 220,324</u>	<u>\$ 50,238</u>	<u>\$ 40,357</u>	<u>\$ 310,919</u>

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

CINCINNATI COMMUNITY TOOLBANK STATEMENT OF FUNCTIONAL EXPENSES Year Ending December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Personnel Costs	\$ 124,108	\$ 19,700	\$ 53,189	\$ 196,997
Operating Expenses				
Fundraising	-	-	28,268	28,268
Insurance	6,235	485	207	6,927
Miscellaneous	3,041	462	-	3,503
Occupancy	33,759	2,626	1,125	37,510
Outreach/Marketing	880	6,935	-	7,815
Professional fees	92	12,092	40	12,224
Program expense	5,171	-	-	5,171
Staff development	3,932	1,070	1,685	6,687
Travel	440	70	188	698
Special events	-	-	15,703	15,703
Office costs	25,781	4,092	11,049	40,922
Uncollected pledges	-	-	2,325	2,325
Total Operating Expenses	<u>79,331</u>	<u>27,832</u>	<u>60,590</u>	<u>167,753</u>
Depreciation and amortization expense	<u>45,870</u>	<u>3,568</u>	<u>1,529</u>	<u>50,967</u>
Total Expenses	<u>\$ 249,309</u>	<u>\$ 51,100</u>	<u>\$ 115,308</u>	<u>\$ 415,717</u>

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

CINCINNATI COMMUNITY TOOLBANK STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2020 and 2019
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	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (4,386)	\$ 98,504
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	37,187	50,967
Non-cash contributions of property	-	(98,298)
Decrease (increase) in:		
Pledges receivable	8,970	(51,484)
Prepays	-	(1,209)
Other assets	110	3,500
Deferred debt service	(26,000)	(6,000)
Increase (decrease) in:		
Accounts payable	(8,609)	12,671
Accrued salaries and payroll taxes	3,514	2,588
Tool donation credit obligations	(1,530)	(4,497)
Security deposits	-	3,000
Net Change in Cash from Operating Activities	<u>9,256</u>	<u>9,742</u>
Cash Flows from Investing Activities		
Purchases of lending tools and equipment	(1,279)	(23,100)
Purchases of property and equipment	(4,129)	(665,485)
Proceeds from loans	-	630,000
Loan payments	(50,000)	-
Net Change in Cash from Investing Activities	<u>(55,408)</u>	<u>(58,585)</u>
Net Change in Cash and Cash Equivalents	(46,152)	(48,843)
Cash, Beginning of the Year	<u>215,754</u>	<u>264,597</u>
Cash, End of the Year	<u>\$ 169,602</u>	<u>\$ 215,754</u>
Supplemental Disclosure of Cash Flow Information		
Non-cash investing activities:		
Contribution of property, lending tools and equipment		\$ 98,298
Less amounts reported as in-kind contributions		\$ (98,298)

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

CINCINNATI COMMUNITY TOOLBANK NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESNature of operations

Cincinnati Community ToolBank (ToolBank) was incorporated as a not-for-profit under the laws of the State of Ohio. The ToolBank's mission is to steward an inventory of tools for lending to charitable organizations to increase the impact of their mission-related efforts in the community. The ToolBank's revenues and other support are derived principally from contributions and grants from private sources. It is located in Cincinnati, Ohio.

Basis of accounting

The financial statements of the ToolBank are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). Preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities and disclosure of contingent matters at the date of the financial statements and the reported amounts of revenues and expenses during the period. The significant areas requiring the use of estimates are the useful lives of long-lived assets and the allocation of functional expenses. Actual results could differ from those estimates.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Net Assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions.

Contributed services

The ToolBank generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the ToolBank and do not meet the requirements for reporting in the financial statements.

Functional allocation of expenses

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

Income taxes

The ToolBank is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. The ToolBank is classified by the Internal Revenue Service as other than a private foundation. However, the ToolBank is subject to federal income tax on any unrelated business taxable income.

The ToolBank's IRS Form 990 is subject to review and examination by Federal and state authorities. The ToolBank is not aware of any activities that would jeopardize its tax-exempt status. The ToolBank is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

The ToolBank recognizes tax liabilities when, despite the ToolBank's belief that its tax return positions are supportable, the ToolBank believes that certain positions may not be duly sustained upon review by tax authorities. Interest and penalties, if any, related to accrued liabilities for potential tax assessments

CINCINNATI COMMUNITY TOOLBANK NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

are included in income tax expense. The ToolBank's tax returns for the past three years remain subject to tax authority examination. These returns may change upon examination. At December 31, 2020 there were no liabilities related to uncertain tax positions.

Cash

Cash includes all cash balances and highly liquid investments with an initial maturity of three months or less. The ToolBank places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Promises to give

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the net present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. The ToolBank had \$49,460 and \$58,430 in outstanding pledges receivable at December 31, 2020 and 2019, respectively.

Prepays and other assets

Prepaid items record payments to vendors that benefit future reporting periods. Prepaid assets were recorded at \$2,875 at December 31, 2020 and 2019.

Other assets include security deposits and Home Depot gift cards and were recorded at \$7,134 and \$7,244 at December 31, 2020 and 2019, respectively.

Lending tools and equipment

Lending tools and equipment, which are loaned out for community service projects and are stored on-site, are recorded at cost, if purchased, or the estimated fair value at the time of donation, if received as a gift. When tools and equipment are sold, consumed, broken, lost or otherwise not returned, they are written off and related allowances for depreciation are removed from the accounts. Any gain or loss is recognized in the statement of activities at that time. Depreciation is computed using the straight-line method over the economic lives for the respective tools and equipment, currently five years.

The gross cost of tools and equipment available for lending was \$290,208 and \$288,929 at December 31, 2020 and 2019, respectively. Accumulated depreciation related to the lending tools and equipment was \$245,001 and \$216,430 at December 31, 2020 and 2019, respectively. Depreciation expense related to the lending tools and equipment was \$28,571 and \$35,558 for the years ended December 31, 2020 and 2019, respectively.

Property and equipment

Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as without donor restrictions 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 with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the ToolBank reports expirations of donor restrictions when the donated or acquired assets are placed in service. The ToolBank reclassifies with donor restrictions

<p>CINCINNATI COMMUNITY TOOLBANK NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019</p>
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net assets to without donor restrictions net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to thirty years.

Impairment of long-lived assets

The ToolBank reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2020 or 2019.

Tool donation credit obligations

Agencies who donate tools to the ToolBank receive a 50% credit of the dollar value on their account. These agencies can then borrow tools and apply the costs against these credits until all credits have been used. There is no expiration date for these credits.

The following amounts were owed to agencies at December 31:

	2020	2019
Crossroads Church	\$ 3,060	\$ 4,590
Cincinnati Reds Community Fund / P&G	8,873	8,873
	<u>\$ 11,933</u>	<u>\$ 13,463</u>

Revenue recognition

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as an increase in that net asset class. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Financial instruments

The ToolBank's financial instruments are cash, pledges receivable, prepaids, accounts payable and accrued liabilities. The carrying values of cash, pledges receivable, prepaids, accounts payable and accrued liabilities approximate their fair values based on their short-term nature.

NOTE 2 – NET ASSETS

Resources are classified into two net assets categories according to the existence or absence of donor-imposed restrictions:

1) Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions:

Undesignated - Undesignated net assets include the assets and liabilities associated with the principal mission of the ToolBank.

CINCINNATI COMMUNITY TOOLBANK NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

Board Designated - Board designated net assets include net assets which the board has designated to be used for property and equipment and tools lending and equipment.

2) Net Assets With Donor Restrictions include grants and contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the ToolBank and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

At December 31, 2019 funds classified as net assets with donor restrictions had the following balances:

	December 31, 2018	Donor Restricted Contributions	Contributions Released from Restriction	December 31, 2019
PNC equipment	\$ 3,296	\$ -	\$ (3,296)	\$ -
Sutphin truck	24,851	-	(24,851)	-
UPS - equipment	8,584	-	(8,584)	-
Home Depot gift cards	6,000	-	(6,000)	-
Fifth Third building	10,000	-	(10,000)	-
Ohio Valley Foundation	2,190	-	(2,190)	-
UPS various	-	20,000	(4,065)	15,935
Capital pledges	-	68,320	(11,921)	56,399
Capital donations	-	98,693	(98,693)	-
Other	-	2,000	(2,000)	-
	<u>\$ 54,921</u>	<u>\$ 189,013</u>	<u>\$ (171,600)</u>	<u>\$ 72,334</u>

At December 31, 2020 funds classified as net assets with donor restrictions had the following balances:

	December 31, 2019	Donor Restricted Contributions	Contributions Released from Restriction	December 31, 2020
UPS - various	\$ 15,935	\$ -	\$ (12,987)	\$ 2,948
Capital pledges	56,399	-	(19,184)	37,215
UPS - equipment	-	15,000	-	15,000
PNC-covid	-	5,000	(5,000)	-
Emery - bathrooms	-	10,000	-	10,000
Payroll protection grant	-	35,400	(35,400)	-
Other	-	2,878	(2,878)	-
	<u>\$ 72,334</u>	<u>\$ 68,278</u>	<u>\$ (75,449)</u>	<u>\$ 65,163</u>

CINCINNATI COMMUNITY TOOLBANK NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, without donor restrictions limiting their use, comprise the following at December 31, 2020 and 2019:

	2020	2019
Cash	\$ 169,602	\$ 215,754
Pledges receivable	49,460	58,430
Other assets-gift cards	7,134	7,244
Less: donor restricted	<u>(75,163)</u>	<u>(82,334)</u>
Available for operations	<u>\$ 151,033</u>	<u>\$ 199,094</u>

NOTE 4 – PREPAID DEBT SERVICE

The purchase and sale agreement with the Port of Greater Cincinnati Development Authority (seller) on the purchase/finance of the warehouse located at 1682 Seymour Avenue in Cincinnati requires the ToolBank to make monthly payments of \$2,000 to the seller, due the first day of the month, for the five year term of the agreement. If the ToolBank repays the entire purchase price by August 29, 2021 these payments reduce the principal, otherwise they will be an expense of the loan. ToolBank intends to secure bank financing by August 29, 2021 and is recognizing deferred debt service of \$32,000 and \$6,000 for the years ended December 31, 2020 and 2019, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

The Organization has elected to capitalize assets with a cost of \$2,500 or more. Capital assets are depreciated using the straight-line method and charged as an expense against operations; and accumulated depreciation is reported on the statement of net position. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss recorded in operations. Buildings and building improvements are depreciated over 10-30 years and equipment, vehicles and tools are depreciated over 3 – 10 years.

Property and equipment summary for the year ending December 31, 2019:

	December 31, 2018	Additions	Deletions	December 31, 2019
Land	\$ -	\$ 52,440	\$ -	\$ 52,440
Building	-	699,240	-	699,240
Leasehold improvements	35,452	-	-	35,452
Office equipment	5,475	-	-	5,475
Vehicles	37,985	12,103	-	50,088
Total Assets	<u>78,912</u>	<u>763,783</u>	<u>-</u>	<u>842,695</u>
Accumulated depreciation	<u>(67,740)</u>	<u>(15,409)</u>	<u>-</u>	<u>(83,149)</u>
Total Assets, Net	<u>\$ 11,172</u>	<u>\$ 748,374</u>	<u>\$ -</u>	<u>\$ 759,546</u>

CINCINNATI COMMUNITY TOOLBANK NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

Property and equipment summary for the year ending December 31, 2020:

	December 31, 2019	Additions	Deletions	December 31, 2020
Land	\$ 52,440	\$ -	\$ -	\$ 52,440
Building	699,240	-	-	699,240
Leasehold improvements	35,452	4,129	-	39,581
Office equipment	5,475	-	-	5,475
Vehicles	50,088	-	-	50,088
Total Assets	<u>842,695</u>	<u>4,129</u>	<u>-</u>	<u>846,824</u>
Accumulated depreciation	(83,149)	(8,616)	-	(91,765)
Total Assets, Net	<u>\$ 759,546</u>	<u>\$ (4,487)</u>	<u>\$ -</u>	<u>\$ 755,059</u>

Depreciation expense was \$8,616 and \$15,409 for the years ended December 31, 2020 and 2019, respectively.

NOTE 6 – OPERATING LEASES

The ToolBank leases warehouse space under a long-term non-cancelable operating lease agreement. The original lease, dated February 10, 2012 was fully replaced with a leased dated November 8, 2016. The new lease is for a four-year term commencing on February 10, 2017 and terminating on February 28, 2021. Lease expense totaled \$23,888 and \$18,437 for the years ended December 31, 2020 and 2019, respectively. The following is a schedule by year of future minimum rental payments required under the operating lease agreement:

Year	Rental Payments
2021	<u>\$ 3,552</u>
	<u>\$ 3,552</u>

NOTE 7 – SUBLEASE

On November 19, 2019, the ToolBank entered into a sublease agreement for the warehouse space they have been leasing since 2012. The terms of the sublease will expire on February 28, 2021. Lease income totaled \$18,000 and \$1,500 for the years ended December 31, 2020 and 2019, respectively. Following is a schedule of payments the ToolBank will receive:

Year	Rental Receipts
2021	<u>\$ 3,000</u>
	<u>\$ 3,000</u>

NOTE 8 – MORTGAGE PAYABLE

On August 29, 2019, the ToolBank purchased a warehouse with a market value of \$748,298 from the Port of Greater Cincinnati Development Authority (seller) for \$650,000. The Organization is recognizing an inkind contribution of \$98,298 in the financial statements.

The seller has offered to finance the purchase over a five year period. Seller required \$20,000 at closing, \$50,000 on the first anniversary and \$100,000 each subsequent anniversary date with the balance of loan paid by August 29, 2024. Seller also requires \$2,000 monthly payments which will be credited to the principal if the loan is paid in full prior to August 29, 2021. The ToolBank intends to secure bank financing prior to that deadline. Payments to the seller were \$76,000 and \$26,000 for the years ended December 31, 2020 and 2019, respectively.

CINCINNATI COMMUNITY TOOLBANK NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 and 2019

Following is a schedule of payments if the ToolBank retains the seller financing:

Year	Loan Payments	Monthly Payments	Total Payments
2021	\$ 100,000	\$ 24,000	\$ 124,000
2022	100,000	24,000	124,000
2023	100,000	24,000	124,000
2024	280,000	16,000	296,000
	<u>\$ 580,000</u>	<u>\$ 88,000</u>	<u>\$ 668,000</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

The ToolBank is an affiliate of ToolBank USA. There was no amount due from ToolBank USA at December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, ToolBank received approximately \$16,629 and \$34,528 in revenue and in-kind contributions from ToolBank USA, respectively.

NOTE 10 – CONCENTRATION OF RISKS AND UNCERTAINTIES

The ToolBank receives a substantial portion of its operating funds from a limited number of contributors. The loss of any contributor would have a material impact on the ToolBank.

NOTE 11 – FUND RAISING

The Organization received total revenues of \$52,730 and \$106,199 from its fundraising activities and incurred direct, related expenses of \$5,004 and \$15,703 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12 – IMPLEMENTATION OF NEW FASB ACCOUNTING STANDARD

Effective January 1, 2019 Cincinnati Community ToolBank adopted the requirements of Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and Accounting Standards Update No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

Topic 606, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has adjusted the presentation in these financial statements accordingly.

Topic 958 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements.

The Organization adopted the requirements of this new guidance utilizing the modified retrospective method of transition. However, the adoption of this new guidance did not result in the Organization changing its policies for recognizing revenue and thus no cumulative adjustment to the Organization's net assets as of January 1, 2019 was required. The amounts reported in the financial statements for 2020 are the same amounts that would have been reported under the former guidance.

**CINCINNATI COMMUNITY TOOLBANK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

NOTE 13 – FUTURE CHANGES IN ACCOUNTING STANDARDS

ASU 2016-02 – *Leases (Topic 842)* – Implementation has been delayed until FY 2022. This standard eliminates “operational leases” and requires entities to recognize, on the balance sheet, both a “right of use” asset that is amortized over the lease term and a long-term lease liability, initially measured at the present value of the future lease payments. The Organization is currently assessing the impact of adopting this standard.

NOTE 14 – COVID-19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak developed rapidly in 2020 with a significant number of cases. The response has impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Organization’s Management and Board are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

The Organization was able to take a number of measures to monitor and mitigate the effects of COVID-19:

- Offered free tool rental to member agencies responding to Covid
- In March 2020 donated masks and goggles to police and hospitals
- Partnered with Leadership Council to distribute PPP; distributed an additional 24,000 masks
- Received emergency grant funding and PPP grant/loan which helped offset loss of operating revenue
- Staff was able to work remotely for several months

NOTE 15 – PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 Global Pandemic, the Organization applied for and received a \$35,400 Federal Small Business Administration *Paycheck Protection Program* loan from a local bank. The loan program specified that these proceeds be used for payroll costs, rent, and utilities during the pandemic. As of March 31, 2021, the loan has been fully forgiven as the qualifications were met and the loan amount was recognized as a restricted grant within the statement of activities for the year ending December 31, 2020.

NOTE 16 – SUBSEQUENT EVENTS

The Organization’s management has evaluated and considered the need to recognize or disclose subsequent events through July 9, 2021, which represents the date that these financial statements were available to be issued. The Organization has one subsequent event from December 31, 2020 to the report date of July 9, 2021, to disclose.

On January 11, 2021, the U.S. Small Business Administration, working with the Treasury Department, re-opened the Paycheck Protection Program for a second draw for borrowers. On February 9, 2021, the Organization was approved for a loan in the amount of \$34,707 pursuant to the Paycheck Protection Program. The Organization anticipates using all of the proceeds to make eligible payments, and therefore, expects substantially all of the loan will be forgiven.