

HOSPITAL HOSPITALITY HOUSE CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2007

(With Independent Auditor's Report Thereon)

HOSPITAL HOSPITALITY HOUSE CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hospital Hospitality House Corporation

We have audited the accompanying statement of financial position of Hospital Hospitality House Corporation (a nonprofit organization) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Hospitality House Corporation as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

APH CPAs

April 3, 2008

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

Current Assets:

Cash	\$ 604,223	
Investments	208,046	
Accounts receivable	4,314	
Contributions receivable, net of allowance for doubtful accounts of \$10,000	144,050	
Prepaid insurance	<u>7,635</u>	
Total current assets		\$ 968,268

Assets Whose Use is Limited:

Cash	204,860	
Endowment	<u>12,280</u>	
		217,140

Property and Equipment:

Land, building and equipment	1,528,771	
Less: accumulated depreciation	<u>(235,645)</u>	
		<u>1,293,126</u>
		<u><u>\$ 2,478,534</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 40,166	
Accrued expenses	<u>220</u>	
Total current liabilities		\$ 40,386

Net Assets:

Unrestricted	2,207,369	
Unrestricted board-designated	<u>13,639</u>	
Total unrestricted net assets		2,221,008
Temporarily restricted	204,860	
Permanently restricted	<u>12,280</u>	
Total restricted net assets		<u>217,140</u>
Total net assets		<u><u>2,438,148</u></u>
		<u><u>\$ 2,478,534</u></u>

See accompanying notes to financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Public Support:				
Contributions	\$ 222,361	\$ 29,404	\$ 100	\$ 251,865
Special events	481,814	-	-	481,814
Total public support	704,175	29,404	100	733,679
Revenues:				
Guest fees	74,111	-	-	74,111
Interest and investment income	17,974	-	1,216	19,190
In-kind revenue	41,416	-	-	41,416
Net assets released from restrictions	19,616	(19,545)	(71)	-
Total revenues	153,117	(19,545)	1,145	134,717
Total public support and revenues	857,292	9,859	1,245	868,396
Expenses and Losses:				
Program Services:				
House	398,697	-	-	398,697
Supporting Services:				
Management and general	92,818	-	-	92,818
Fundraising	94,354	-	-	94,354
Total supporting services	187,172	-	-	187,172
Total program and supporting expenses	585,869	-	-	585,869
Increase in net assets	271,423	9,859	1,245	282,527
Net assets - beginning of year	1,949,585	195,001	11,035	2,155,621
Net assets - end of year	<u>\$ 2,221,008</u>	<u>\$ 204,860</u>	<u>\$ 12,280</u>	<u>\$ 2,438,148</u>

See accompanying notes to financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Services	Supporting Services		Total Expenses
	House	Management and General	Fundraising	
Bank fees	\$ 1,011	\$ -	\$ 1,649	\$ 2,660
Computer hardware and software	-	1,836	4,117	5,953
Depreciation	39,960	17,126	-	57,086
Equipment contracts	458	2,239	-	2,697
Food	1,410	379	-	1,789
In-kind expenses	41,416	-	-	41,416
Insurance	8,326	3,568	-	11,894
Leased employees	166,197	34,074	34,074	234,345
Licenses and permits	-	345	-	345
Miscellaneous	40	515	-	555
No charge rooms	28,940	-	-	28,940
Occupancy	26,944	-	-	26,944
Office supplies	1,878	1,878	1,878	5,634
Outreach	34,852	-	-	34,852
Postage	2,535	2,535	-	5,070
Professional development	-	5,560	-	5,560
Professional fees	1,805	13,233	-	15,038
Repairs and maintenance	12,746	1,905	-	14,651
Special events	-	-	52,636	52,636
Telephone	7,769	1,942	-	9,711
Utilities	22,410	5,683	-	28,093
	<u>\$ 398,697</u>	<u>\$ 92,818</u>	<u>\$ 94,354</u>	<u>\$ 585,869</u>

See accompanying notes to financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

Cash Flows From Operating Activities:

Increase in net assets \$ 282,527

Adjustments to reconcile increase in net assets
to net cash provided by operating activities:

Depreciation	\$	57,086	
Reinvested dividends and interest, net		(1,145)	
Unrealized gains on investments		209	
Donated investments		(100)	
Changes in:			
Accounts receivable		(4,254)	
Contributions receivable		(95,729)	
Restricted cash		3,779	
Prepaid insurance		(1,912)	
Accounts payable		(24,454)	
Accrued expenses		220	
Total adjustments			(66,300)
Net cash provided by operating activities			216,227

Cash Flows From Investing Activities:

Proceeds from sale of investments		196	
Purchase of investments		(6,277)	
Purchase of certificates of deposit		(200,000)	
Purchase of equipment		(2,733)	
Net cash used in investing activities			(208,814)

Net increase in cash 7,413

Cash - beginning of year 596,810

Cash - end of year \$ 604,223

See accompanying notes to financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 - Summary of Significant Accounting Policies

a. **Nature of Activities**

The Hospital Hospitality House Corporation, is a nonprofit organization, which was organized on May 14, 1974, to provide temporary housing for families and patients who face a medical crisis. Virtually all of the Organization's revenues and support for the year ended December 31, 2007, were from the general public.

b. **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

c. **Cash Equivalents**

Cash equivalents are those items that have an original maturity date of ninety days or less from the date of issuance. At December 31, 2007, there were no cash equivalents.

d. **Land, Building and Equipment**

Land, building and equipment are recorded at cost, or, if donated, at the estimated fair market value at the date of donation. The Organization's capitalization policy is to capitalize any expenditures over \$1,000 for property and equipment. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

e. **Functional Allocation of Expenses**

The costs of providing program services and supporting services 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.

f. **Advertising**

Advertising is expensed as incurred.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 - Summary of Significant Accounting Policies, (continued)

g. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes is reflected in the accompanying financial statements. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2007.

h. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

i. Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to short maturities of these instruments.

j. Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give due in the next year are reflected as current contributions receivable to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term contributions receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At December 31, 2007, unconditional promises to give totaled \$154,050, and the allowance for doubtful accounts was \$10,000. At December 31, 2007 55.83% of all pledges receivable were from two donors.

NOTE 2 - Assets Whose Use is Limited

At December 31, 2007, the Organization had assets whose use is restricted as follows:

Endowment	\$ 12,280
Day Services	10,947
Building Fund	115,534
Collaborative Campaign	<u>78,379</u>
	<u>\$ 217,140</u>

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 3 - Contributions Receivable

The following are the future maturities of contributions receivable at December 31, 2007:

<u>Year ending</u> <u>December 31,</u>	<u>Amount</u>
2008	\$ 154,050
Less: allowance for doubtful accounts	<u>(10,000)</u>
	<u>\$ 144,050</u>

NOTE 4 - Donated Services and Materials

The Organization receives contributions of household items which it consumes in the course of fulfilling its mission. The Organization records these contributions as in-kind revenue and expenses in accordance to the criteria for recognition under SFAS No. 116.

NOTE 5 - Commitments and Contingencies

The Organization leases all employees from Vanderbilt University, which provides all of the payroll related benefits and services. Total employee lease expense for the year ended December 31, 2007, was \$234,345. This represents a significant concentration for source of labor, but does not signify a potential risk.

NOTE 6 - Leases

The Organization leases office equipment on a month-to-month basis under a lease arrangement classified as an operating lease. Total rent expense under this lease was \$2,697 during the year ended December 31, 2007.

NOTE 7 - Endowment

At December 31, 2007, the Nashville Area Community Foundation, Inc., a non-profit organization, is in control of an endowment fund for the Hospital Hospitality House Corporation. The Foundation has ultimate authority and control over all property of the fund and the income derived therefrom; however, the endowment is considered to be a reciprocal transfer and is therefore recorded as a receivable on the balance sheet of the Hospital Hospitality House Corporation. The balance of the fund at December 31, 2007 was \$12,280.

NOTE 8 - Board-Designated Net Assets

The board of directors has designated \$13,639 for building repairs and regular maintenance.

NOTE 9 - Concentrations in Accounts Payable

At December 31, 2007 Hospital Hospitality House owed 49.85% of all outstanding accounts payable to Vanderbilt University for the employees it leases.

NOTE 10 - Concentration in Credit Risk

At December 31, 2007, Hospital Hospitality House had more cash deposited in financial institutions than is insured by the FDIC. However, based on current banking trends, it is not considered to be a material risk.

HOSPITAL HOSPITALITY HOUSE CORPORATION
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

Unrestricted:

Individuals	\$	68,870
Congregations		19,778
Corporations		13,700
Clubs and organizations		5,522
Foundations		104,491
Hospitals		<u>10,000</u>

Total unrestricted	\$	222,361
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Temporarily restricted:

Day services		20,000
Technology		3,000
Collaborative campaign		<u>6,404</u>

Total temporarily restricted		29,404
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Permanently restricted:

Endowment		<u>100</u>
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Total contributions	\$	<u>251,865</u>
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HOSPITAL HOSPITALITY HOUSE CORPORATION
SUPPLEMENTAL SCHEDULE OF SPECIAL EVENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Patrons' Luncheon featuring Steve Bridges	\$ 481,814	\$ 49,489	\$ 432,325
Total	<u>\$ 481,814</u>	<u>\$ 49,489</u>	<u>\$ 432,325</u>

