



Independent Auditor's Report

The Board of Directors and Area Commanders
The Salvation Army Nashville Area Command, A
Unit Of The Salvation Army, A Georgia Corporation
Nashville, Tennessee

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of The Salvation Army Nashville Area Command, a Unit of The Salvation Army, a Georgia Corporation (the Area Command), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows, and for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Area Command as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Area Command and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

(Auditor's report continued on next page)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Area Command's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Area Command's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Area Command's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and was not a

(Auditor's report continued on next page)

required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The Roster of Board of Directors and Leadership on page 1, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the audit procedures applied in the audit of the financial statements. Accordingly, our opinion on the financial statements does not cover the roster, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023 on our consideration of the Area Command's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Area Command's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Puryear & Noonan, CPAs PLLC". The signature is written in a cursive, flowing style.

Puryear & Noonan, CPAs
Nashville, Tennessee
March 29, 2023

**The Salvation Army Nashville Area Command,
A Unit Of The Salvation Army, A Georgia
Corporation
Statements of Financial Position
September 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 583,320	\$ -	\$ 583,320
Accounts receivable	61,178	-	61,178
Pledges receivable	-	586,618	586,618
Grant receivable	738,348	-	738,348
Prepaid expenses	3,958	-	3,958
Other assets - gift cards	<u>132,088</u>	<u>-</u>	<u>132,088</u>
Total Current Assets	1,518,892	586,618	2,105,510
Buildings and equipment, net	5,882,110	-	5,882,110
Assets held under split interest agreement	-	4,110,339	4,110,339
Deposits held by territorial headquarters	<u>6,718,845</u>	<u>17,189,272</u>	<u>23,908,117</u>
Total Assets	\$ <u>14,119,847</u>	\$ <u>21,886,229</u>	\$ <u>36,006,076</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities			
Accounts payable	\$ 418,174	\$ -	\$ 418,174
Accrued expenses and liabilities	2,270	-	2,270
Grants payable	17,559	-	17,559
Accrued wages	34,914	-	34,914
Unearned revenue	<u>102,287</u>	<u>-</u>	<u>102,287</u>
Total Current Liabilities	<u>575,204</u>	<u>-</u>	<u>575,204</u>
Total Liabilities	<u>575,204</u>	<u>-</u>	<u>575,204</u>
Net Assets			
Without donor restrictions	8,593,127	-	8,593,127
Without donor restrictions - Board designated	4,951,516	-	4,951,516
With donor restrictions	<u>-</u>	<u>21,886,229</u>	<u>21,886,229</u>
Total Net Assets	<u>13,544,643</u>	<u>21,886,229</u>	<u>35,430,872</u>
Total Liabilities and Net Assets	\$ <u>14,119,847</u>	\$ <u>21,886,229</u>	\$ <u>36,006,076</u>

See independent auditor's report and accompanying notes to financial statements.

**The Salvation Army Nashville Area Command,
A Unit Of The Salvation Army, A Georgia
Corporation
Statements of Financial Position (Continued)
September 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 942,851	\$ -	\$ 942,851
Accounts receivable	29,452	-	29,452
Pledges receivable	-	594,118	594,118
Grant receivable	1,624,990	-	1,624,990
Prepaid expenses	3,958	-	3,958
Other assets - gift cards	<u>147,837</u>	<u>-</u>	<u>147,837</u>
Total Current Assets	2,749,088	594,118	3,343,206
Buildings and equipment, net	5,948,809	-	5,948,809
Assets held under split interest agreement	-	6,841,069	6,841,069
Deposits held by territorial headquarters	<u>5,644,971</u>	<u>19,622,519</u>	<u>25,267,490</u>
Total Assets	<u>\$ 14,342,868</u>	<u>\$ 27,057,706</u>	<u>\$ 41,400,574</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities			
Accounts payable	\$ 627,917	\$ -	\$ 627,917
Accrued expenses and liabilities	2,270	-	2,270
Grants payable	17,559	-	17,559
Accrued wages	104,252	-	104,252
Unearned revenue	<u>146,300</u>	<u>-</u>	<u>146,300</u>
Total Current Liabilities	<u>898,298</u>	<u>-</u>	<u>898,298</u>
Net Assets			
Without donor restrictions	9,203,897	-	9,203,897
Without donor restrictions - Board designated	4,240,673	-	4,240,673
With donor restrictions	<u>-</u>	<u>27,057,706</u>	<u>27,057,706</u>
Total Net Assets	<u>13,444,570</u>	<u>27,057,706</u>	<u>40,502,276</u>
Total Liabilities and Net Assets	<u>\$ 14,342,868</u>	<u>\$ 27,057,706</u>	<u>\$ 41,400,574</u>

See independent auditor's report and accompanying notes to financial statements.

**The Salvation Army Nashville Area Command,
A Unit Of The Salvation Army, A Georgia
Corporation
Statements of Activities and Changes in Net Assets
For the Year Ended September 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenues			
Contributions	\$ 3,861,794	\$ 135,787	\$ 3,997,581
Contribution of non-financial assets	1,683,437	-	1,683,437
Change in value of split-interest agreements	-	(2,730,730)	(2,730,730)
Grant revenue - Federal awards (including pass-through from State)	5,216,542	-	5,216,542
Fundraising revenue	247,600	-	247,600
Contributions - Legacies and bequests	629,604	30,583	660,187
Grant revenue - Non-federal awards	61,005	156,000	217,005
Program service fees	2,600	-	2,600
Investment income (loss), net	196,332	(1,696,647)	(1,500,315)
Grants from other field units	312,321	-	312,321
Miscellaneous income	30,776	-	30,776
Net assets released from restrictions	<u>1,066,470</u>	<u>(1,066,470)</u>	<u>-</u>
Total Public Support and Revenue	<u>13,308,481</u>	<u>(5,171,477)</u>	<u>8,137,004</u>
Expenses			
Program Services			
Corps community center	1,265,561	-	1,265,561
Residential and institutional	1,586,793	-	1,586,793
Other social services	7,766,870	-	7,766,870
Supporting Services			
Fundraising	1,103,439	-	1,103,439
Management and general	<u>1,485,745</u>	<u>-</u>	<u>1,485,745</u>
Total Expenses	<u>13,208,408</u>	<u>-</u>	<u>13,208,408</u>
Increase (Decrease) in Net Assets	100,073	(5,171,477)	(5,071,404)
Net Assets - Beginning of Year	<u>13,444,570</u>	<u>27,057,706</u>	<u>40,502,276</u>
Net Assets - End of Year	<u>\$ 13,544,643</u>	<u>\$ 21,886,229</u>	<u>\$ 35,430,872</u>

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**The Salvation Army Nashville Area Command,
A Unit Of The Salvation Army, A Georgia
Corporation
Statements of Activities and Changes in Net Assets (Continued)
For the Year Ended September 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	\$ 4,541,908	\$ 5,000	\$ 4,546,908
Contribution of non-financial assets	1,560,901	-	1,560,901
Change in value of split-interest agreements	-	57,039	57,039
Grant revenue - Federal awards (including pass-through from State)	6,438,531	-	6,438,531
Fundraising revenue	230,419	-	230,419
Contributions - Legacies and bequests	191,681	58,720	250,401
Grant revenue - Non-federal awards	364,214	155,589	519,803
Program service fees	8,956	-	8,956
Investment income (loss), net	176,332	3,485,875	3,662,207
Grants from other field units	59,134	-	59,134
Gain on disposal of property	69,431	-	69,431
Miscellaneous income	64,409	-	64,409
Net assets released from restrictions	<u>1,021,767</u>	<u>(1,021,767)</u>	<u>-</u>
Total Public Support and Revenue	<u>14,727,683</u>	<u>2,740,456</u>	<u>17,468,139</u>
Expenses			
Program Services			
Corps community center	1,132,883	-	1,132,883
Residential and institutional	1,284,029	-	1,284,029
Other social services	7,877,454	-	7,877,454
Supporting Services			
Fundraising	973,337	-	973,337
Management and general	<u>1,510,242</u>	<u>-</u>	<u>1,510,242</u>
Total Expenses	<u>12,777,945</u>	<u>-</u>	<u>12,777,945</u>
Increase in Net Assets	1,949,738	2,740,456	4,690,194
Net Assets - Beginning of Year	<u>11,494,832</u>	<u>24,317,250</u>	<u>35,812,082</u>
Net Assets - End of Year	<u>\$ 13,444,570</u>	<u>\$ 27,057,706</u>	<u>\$ 40,502,276</u>

See independent auditor's report and accompanying notes to financial statements.

**The Salvation Army Nashville Area Command,
A Unit Of The Salvation Army, A Georgia
Corporation
Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (5,071,404)	\$ 4,690,194
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	290,047	262,561
Net unrealized (gains) losses on investments	2,725,799	(2,236,306)
Net realized (gains) on investments	(825,213)	(1,115,219)
Change in value of split interest agreements	2,730,730	(57,039)
Pledges	(151,000)	(166,000)
(Increase) Decrease in Operating Assets		
Accounts receivable	(31,625)	(5,402)
Grant receivable	886,541	(1,197,463)
Pledges receivable	158,500	147,900
Prepaid expenses	-	751
Other assets - gift cards	15,749	(34,504)
Increase (Decrease) in Operating Liabilities		
Accounts payable	(209,743)	228,070
Grants payable	-	17,559
Accrued wages	(69,338)	54,698
Unearned revenue	<u>(44,013)</u>	<u>(295,778)</u>
Net Cash Provided by Operating Activities	<u>405,030</u>	<u>294,022</u>
Cash Flows from Investing Activities		
Purchases of buildings and equipment	(223,348)	(190,757)
Proceeds from sale of investments	<u>(541,213)</u>	<u>(56,210)</u>
Net Cash Used for Investing Activities	<u>(764,561)</u>	<u>(246,967)</u>
Cash Flows from Financing Activities		
Proceeds from capital campaign	<u>-</u>	<u>204,700</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>204,700</u>
Increase (Decrease) in Cash	(359,531)	251,755
Cash - Beginning of Year	<u>942,851</u>	<u>691,096</u>
Cash - End of Year	<u>\$ 583,320</u>	<u>\$ 942,851</u>

See independent auditor's report and accompanying notes to financial statements.

**The Salvation Army Nashville Area Command,
A Unit Of The Salvation Army, A Georgia
Corporation
Statements of Functional Expenses
For the Year Ended September 30, 2022**

	Program Services			Supporting Services		
	Corps Community Center	Residential and Institutional	Other Social Services	Fundraising	Management and General	Total
Salaries, allowances and taxes	\$ 232,710	\$ 612,479	\$ 1,551,671	\$ 299,563	\$ 519,314	\$ 3,215,737
Employee and officer benefits	122,351	122,905	267,350	51,165	102,430	666,201
Professional fees	9,512	278,985	31,909	153,485	147,427	621,318
Occupancy, furnishings and equipment	428,456	203,400	172,358	9,288	218,446	1,031,948
Supplies	41,064	292,438	70,625	20,206	45,220	469,553
Conference, meetings and travel	126,993	857	65,649	2,936	93,286	289,721
Printing and publications	1,653	732	80,924	258,400	2,616	344,325
Communications, postage and shipping	25,752	14,582	23,368	84,309	15,758	163,769
Direct assistance	-	-	4,022,931	-	-	4,022,931
World service support	32,375	-	60,060	-	-	92,435
Depreciation	63,140	26,902	127,833	23,341	48,831	290,047
Other expenses	<u>181,555</u>	<u>33,513</u>	<u>1,292,192</u>	<u>200,746</u>	<u>292,417</u>	<u>2,000,423</u>
Total Expenses	\$ <u>1,265,561</u>	\$ <u>1,586,793</u>	\$ <u>7,766,870</u>	\$ <u>1,103,439</u>	\$ <u>1,485,745</u>	\$ <u>13,208,408</u>
Percent of Total Expenses	<u>10%</u>	<u>12%</u>	<u>60%</u>	<u>7%</u>	<u>11%</u>	<u>100%</u>

See independent auditor's report and accompanying notes to financial statements.

**The Salvation Army Nashville Area Command,
A Unit Of The Salvation Army, A Georgia
Corporation
Statements of Functional Expenses (Continued)
For the Year Ended September 30, 2021**

	Program Services			Supporting Services		
	Corps Community Center	Residential and Institutional	Other Social Services	Fundraising	Management and General	Total
Salaries, allowances and taxes	\$ 300,727	\$ 452,220	\$ 928,517	\$ 261,639	\$ 439,307	\$ 2,382,410
Employee and officer benefits	135,241	114,921	138,573	39,680	105,171	533,586
Professional fees	12,615	263,894	76,472	109,992	194,576	657,549
Occupancy, furnishings and equipment	275,828	179,638	174,179	8,443	167,075	805,163
Supplies	32,632	205,262	19,114	6,233	36,967	300,208
Conference, meetings and travel	79,653	717	61,533	2,115	69,615	213,633
Printing and publications	3,089	400	60,114	265,000	9,022	337,625
Communications, postage and shipping	27,349	11,184	12,571	85,636	17,800	154,540
Direct assistance	-	-	4,972,736	-	-	4,972,736
World service support	31,739	-	52,000	-	-	83,739
Depreciation	65,643	18,600	107,015	20,691	50,612	262,561
Other expenses	<u>168,367</u>	<u>37,193</u>	<u>1,274,630</u>	<u>173,908</u>	<u>420,097</u>	<u>2,074,195</u>
Total Expenses	\$ <u>1,132,883</u>	\$ <u>1,284,029</u>	\$ <u>7,877,454</u>	\$ <u>973,337</u>	\$ <u>1,510,242</u>	\$ <u>12,777,945</u>
Percent of Total Expenses	<u>9%</u>	<u>10%</u>	<u>62%</u>	<u>7%</u>	<u>12%</u>	<u>100%</u>

See independent auditor's report and accompanying notes to financial statements.