

**THE CAMPUS FOR HUMAN DEVELOPMENT**

**FINANCIAL STATEMENTS**

**June 30, 2007**

# **THE CAMPUS FOR HUMAN DEVELOPMENT**

## **TABLE OF CONTENTS**

Independent Auditor's Report.....	2
Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7 – 11



FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Campus for Human Development  
Nashville, Tennessee

We have audited the accompanying statement of financial position of The Campus for Human Development (a nonprofit organization) as of June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The Campus for Human Development as of June 30, 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 of America.

*Frasier, Dean & Howard, PLLC*

March 25, 2008

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2007**

**ASSETS**

Cash and cash equivalents	\$ 1,388,588
Contract and grants receivable	97,202
Contributions receivable	75,000
Other	<u>3,188</u>
 Total current assets	 1,563,978
 Contribution receivable, net of current portion	 198,378
Land, building and equipment, net	<u>573,311</u>
 Total assets	 <u><u>\$ 2,335,667</u></u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	<u>\$ 70,520</u>
 Total current liabilities	 <u>70,520</u>
 Net assets:	
Unrestricted	1,983,741
Temporarily restricted	<u>281,406</u>
 Total net assets	 <u>2,265,147</u>
 Total liabilities and net assets	 <u><u>\$ 2,335,667</u></u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

Unrestricted net assets:	
Revenue:	
Grants and contracts	\$ 997,090
Contributions	813,776
In-kind contributions	231,968
Other	<u>45,857</u>
Total revenue	<u>2,088,691</u>
Disbursements:	
Program services	1,875,711
Supporting services	<u>103,307</u>
Total disbursements	<u>1,979,018</u>
Gains (losses):	
Provision for loss on uncollectible contributions	(30,000)
Gain on sale of assets	<u>122,477</u>
Increase in unrestricted net assets	202,150
Temporarily restricted net assets:	
Contributions	<u>273,378</u>
Increase in net assets	475,528
Net assets at beginning of year	<u>1,789,619</u>
Net assets at end of year	<u><u>\$2,265,147</u></u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2007**

	Program Services					Supporting Services		
	Guest House	Day Center	Respite	Veterans	Room in the Inn	Case Management	Management and General	Total
Salaries and related expenses	\$ 333,507	\$ 223,347	\$ 66,405	\$ 75,300	\$ 157,063	\$ 25,487	\$ 881,109	\$ 47,465
Grant recipient expense	-	-	-	-	-	206,252	206,252	-
Food (including \$104,079 in-kind)	84,331	100	20,053	36,038	-	597	141,119	-
Utilities	32,649	38,675	6,636	12,024	5,451	3,219	98,654	5,324
Insurance	38,845	21,762	2,138	15,508	12,815	1,856	92,924	1,431
Depreciation	63,899	-	-	21,300	-	-	85,199	-
Program materials	58,163	9,360	4,226	377	1,824	912	74,862	-
Rent expense in-kind	46,658	5,367	700	3,033	1,867	4,900	62,525	-
Laundry in-kind	18,797	15,663	2,593	6,265	18,796	-	62,114	-
Maintenance and security	20,749	19,457	3,956	8,397	4,256	961	57,776	3,020
Miscellaneous	-	36	51	81	13,781	-	13,949	22,776
Professional fees	9,508	14,598	2,230	3,893	7,054	1,673	38,956	5,021
Supplies	17,574	4,550	2,434	2,805	3,907	917	32,187	1,159
Transportation	7,787	5,549	74	58	-	1,228	14,696	6
Office equipment maintenance	3,827	2,131	932	1,611	615	190	9,306	1,282
Birth certificates and fees	41	3,978	10	-	-	54	4,083	-
	\$ 736,335	\$ 364,573	\$ 112,438	\$ 186,690	\$ 227,429	\$ 248,246	\$ 1,875,711	\$ 87,484
							\$ 15,823	\$ 103,307
								\$ 1,979,018

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2007**

Cash flows from operating activities:	
Increase in net assets	\$ 475,528
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	85,199
Gain on sale of property	(122,477)
Provision for loss on uncollectible contributions	30,000
Change in operating assets and liabilities:	
Contracts and grants receivable	313,696
Contributions receivable	(303,378)
Other	(2,272)
Accounts payable and accrued expenses	<u>13,154</u>
Net cash provided by operating activities	<u>489,450</u>
Cash flows from investing activities:	
Purchase of furniture and equipment	(116,517)
Proceeds from sale of property	<u>142,100</u>
Net cash provided by investing activities	<u>25,583</u>
Net increase in cash and cash equivalents	515,033
Cash and cash equivalents at beginning of year	<u>873,555</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,388,588</u></u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**The Organization**

The Campus for Human Development (“Campus”) is a religious non-profit organization based in Nashville, Tennessee. Campus is committed to providing enhanced services to the homeless while improving the system by which these services are delivered. Campus administers a variety of programs to provide a continuum of care that is emergency and long-term, residential and educational. Following is a description of selected Campus programs. The Guest House serves homeless substance abusers by offering shelter to individuals who are undergoing alcohol and drug addiction treatment through a partnership with the Metro Health Department and Veteran’s Administration. The Day Center serves homeless individuals with daytime shelter throughout the year. Respite Care offers homeless individuals who are medically fragile a place to recover. The Veterans program provides transitional housing and supportive services to homeless veterans. Room In The Inn, in partnership with more than 150 Middle Tennessee congregations, provides shelter for up to 225 men, women, and children each evening during the winter months. Case Management is a program that works with homeless individuals allowing them to create plans and goals to leave homelessness.

**Basis of Presentation**

Campus has adopted Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Campus 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. In addition, Campus is required to present a statement of cash flows. Net assets of Campus are presented 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 Campus 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 Campus. Generally, donors of these assets may permit Campus to use all or part of the income earned for general or specific purposes. Campus currently has no permanently restricted net assets.

**Land, Building and Equipment**

Campus capitalizes all expenditures for land, building and equipment in excess of \$200. Purchases of land, building and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 – 27.5 years.



**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Income Taxes**

Campus is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, Campus considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

**Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to Campus 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.

Campus uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Donated Materials and Services**

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt.

Donated use of facilities is recorded at the estimated fair market value.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Donated Materials and Services (Continued)**

Additionally, a number of non-professional volunteers donated approximately 115,000 hours during 2007 to Campus' program services. However, these services do not meet the requirements above and have not been recorded.

**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 functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

**NOTE 2 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are as follows at June 30, 2007:

Contributions receivable	\$ 303,378
Less: allowance for doubtful accounts	<u>(30,000)</u>
Net contributions receivable	<u><u>273,378</u></u>
Receivable in less than one year, net	75,000
Receivable in one to five years, net	<u>198,378</u>
	<u><u>\$ 273,378</u></u>

**NOTE 3 – LAND, BUILDING AND EQUIPMENT**

Land, building and equipment is summarized as follows at June 30, 2007:

Real estate	\$ 165,731
Leasehold improvements – Eighth Avenue South	1,037,339
Furniture and laundry equipment	129,050
Automobiles	35,550
Office equipment	<u>121,950</u>
	1,489,620
Less: accumulated depreciation	<u>(916,309)</u>
	<u><u>\$ 573,311</u></u>

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007**

**NOTE 3 – LAND, BUILDING AND EQUIPMENT (Continued)**

There are restrictions on certain property owned by Campus. The real estate restrictions by the Department of Housing and Urban Development (“HUD”) require Campus to operate the transitional housing facilities for a period of ten years from the initial occupancy. Additionally, Metropolitan Development and Housing Agency (“MDHA”) grant funds have placed restrictions on leasehold improvements and office equipment that require Campus to use the assets for the benefit of homeless individuals. Total gross restricted assets amounted to \$1,086,516 at June 30, 2007.

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2007:

World Share	\$ 8,028
Unconditional promises to give due in future periods	<u>273,378</u>
	<u>\$ 281,406</u>

**NOTE 5 – DONATED MATERIALS AND SERVICES**

Campus received in-kind contributions as follows during the year ended June 30, 2007:

Rental facilities	\$ 62,525
Laundry services	62,114
Food	104,079
Other	<u>3,250</u>
	<u>\$ 231,968</u>

The property located at Eighth Avenue South is leased on a month-to-month basis from MDHA. The payment of monthly rent is currently suspended and Campus recorded in-kind rent of \$12,000. The lease requires the property to be used for programs to help the homeless and The Guest House operations. The property at 625 Benton Avenue is used by Campus programs. This property is provided to Campus by MDHA, and requires the property to be used to assist the homeless. The payment of monthly rent is suspended and Campus recorded in-kind rent of \$36,000. The property located on Fifteenth Avenue is used by Campus programs. The property is provided to Campus by Belmont University and requires the property to be used for transitional housing. The payment of monthly rent is suspended and Campus recorded in-kind rent of \$14,525.

**NOTE 6 – CONCENTRATIONS**

Campus receives a major portion of its support from contracts and grants from government agencies. Campus also receives a significant amount of financial and other support from religious organizations. A major reduction of support from these organizations, should this occur, could have a material effect on the financial position of Campus.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007**

**NOTE 6 – CONCENTRATIONS (Continued)**

In addition, at times throughout the year, the Organization maintains cash deposits in excess of federally insured limits. Credit risk is managed by maintaining all deposits in high quality financial institutions.

**NOTE 7 – EMPLOYEE RETIREMENT PLAN**

Campus adopted a defined contribution plan effective January 1, 1997. The Plan covers all employees who are at least 21 years of age and have completed 90 days of service. Campus does not match employee contributions to the defined contribution plan.

**NOTE 8 – LEASES**

Campus has also entered into an operating lease for certain office equipment.

The future minimum lease payments are as follows for the years ending June 30:

2008	\$ 4,476
2009	<u>373</u>
	<u>\$ 4,849</u>

Rent expense for the year ended June 30, 2007 totaled \$4,894. Rent expense has been reported in various classifications based upon the related functional use.

**NOTE 9 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE INVESTMENTS**

The Community Foundation of Middle Tennessee, a separate nonprofit organization, maintains investments on behalf of Campus. The Community Foundation has ultimate authority and control over the investments; accordingly, the net assets of Campus do not include these investments.

Investment earnings on its pro-rata share of the Community Foundation's assets are expected to be reinvested and added to the principal balance. The balance of the endowment fund held for the benefit of Campus totaled approximately \$21,000 at June 30, 2007.

**NOTE 10 – CAPITAL CAMPAIGN AND SUBSEQUENT EVENTS**

During fiscal year 2007, Campus was approved for a \$1.6 million grant from the Tennessee Housing Development Agency. Campus also received \$600,000 in contributions subsequent to June 30, 2007. These funds are to be used for the construction of a new building as well as improvements to existing structures. Campus also intends to fund the project through additional grants, contributions, and outside financing.

Subsequent to year end, Campus donated property, with an estimated fair value of \$200,000, to another nonprofit organization.