

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2016 and 2015**

# **ORGANIZED NEIGHBORS OF EDGEHILL, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Organized Neighbors of Edgehill, Inc.  
Nashville, TN

We have audited the accompanying financial statements of *Organized Neighbors of Edgehill, Inc.* (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2016 and June 30, 2015, and the related statement of activities, cash flows, and functional expenses for the years 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 controls 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 auditor's 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the *Organized Neighbors of Edgehill, Inc.* as of June 30, 2016 and June 30, 2015, 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.

A handwritten signature in cursive script that reads "Hoskins & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Hoskins & Company  
Nashville, TN  
December 15, 2016

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

<b>Assets</b>	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 254,999	\$ 242,177
Grant receivable	575	390
Account receivable	741	529
Prepaid expense	245	180
Total current assets	<u>256,560</u>	<u>242,886</u>
Non-current assets		
Property and equipment, net (Note 3)	111,525	109,462
Total non-current assets	<u>111,525</u>	<u>109,462</u>
<b>Total assets</b>	<u><u>\$ 368,085</u></u>	<u><u>\$ 352,348</u></u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and rent deposits	\$ 400	\$ 401
Payroll liabilities	2,698	667
Total current liabilities	3,098	1,068
Non-current liabilities		
Loan payable-MDHA (Note 4)	100,000	100,000
Total liabilities	<u>103,098</u>	<u>101,068</u>
Net assets		
Unrestricted	264,987	251,670
Total net assets	<u>264,987</u>	<u>251,670</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 368,085</u></u>	<u><u>\$ 352,738</u></u>

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

<b>Revenue and support</b>	<u>2016</u>	<u>2015</u>
United Way	\$ 50,575	\$ 51,591
Scholarship donations	27,892	22,457
Other grants	11,386	5,306
Community shares	2,679	1,511
Donations	743	2,310
Event income	3,282	-
Rental income	7,975	6,330
Interest	34	61
	<u>104,566</u>	<u>89,566</u>
Total revenue and support		
<b>Expenses</b>		
Program services		
Organizing & resources	57,270	67,423
Housing	6,978	6,491
Scholarship	12,780	18,575
Total program services	<u>77,028</u>	<u>92,489</u>
Support services		
Management & general	14,221	17,231
Fundraising	-	4,050
Total support services	<u>14,221</u>	<u>21,281</u>
Total expenses	<u>91,249</u>	<u>113,770</u>
Increase (decrease) in net assets	13,317	(24,204)
Net assets, beginning of year	<u>251,670</u>	<u>275,874</u>
<b>Net assets, end of year</b>	<u><u>\$ 264,987</u></u>	<u><u>\$ 251,670</u></u>

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

	2016	2015
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 13,317	\$ (24,204)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,612	3,414
Increase in grants receivable	(185)	(370)
(Increase) decrease in accounts receivable	(212)	1,471
(Increase) decrease in prepaid expense	(65)	20
Decrease in accounts payable	(1)	(1,076)
Increase (decrease) in payroll liabilities	2,031	(210)
Net cash used in operating activities	18,497	(20,955)
<b>Cash flows from investing activities</b>		
Purchase of property	(5,675)	-
Net cash provided by investing activities	(5,675)	-
<b>Cash flows from financing activities</b>	-	-
Net increase in cash and cash equivalents	12,822	(20,955)
Cash and cash equivalents, beginning of year	242,177	263,132
<b>Cash and cash equivalents, end of year</b>	<u>\$ 254,999</u>	<u>\$ 242,177</u>

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Program Services				Support Services			
	Organizing & Resources	Housing	Scholarships	Total Program Services	Management & General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 36,292	\$ -	\$ -	\$ 36,292	\$ 4,032	\$ -	\$ 4,032	\$ 40,324
FICA	2,776	-	-	2,776	309	-	309	3,085
Total salaries and benefits	39,068	-	-	39,068	4,341	-	4,341	43,409
Accounting & audit	-	-	-	-	6,614	-	6,614	6,614
Office expenses	4,999	-	280	5,279	1,785	-	1,785	7,064
Information technology	1,445	-	-	1,445	160	-	160	1,605
Scholarships	-	-	12,500	12,500	-	-	-	12,500
Insurance	-	938	-	938	937	-	937	1,875
Depreciation	232	3,380	-	3,612	-	-	-	3,612
Contract services	1,325	1,333	-	2,658	-	-	-	2,658
Telephone & internet	81	-	-	81	324	-	324	405
Rent occupancy	540	-	-	540	60	-	60	600
House project expense	-	1,327	-	1,327	-	-	-	1,327
Meetings	9,580	-	-	9,580	-	-	-	9,580
<b>Total expenses</b>	<b>\$ 57,270</b>	<b>\$ 6,978</b>	<b>\$ 12,780</b>	<b>\$ 77,028</b>	<b>\$ 14,221</b>	<b>-</b>	<b>\$ 14,221</b>	<b>\$ 91,249</b>

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



**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services				Support Services			
	Organizing & Resources	Housing	Scholarships	Total Program Services	Management & General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 47,855	\$ -	\$ -	\$ 47,855	\$ 6,221	\$ 3,110	\$ 9,331	\$ 57,186
Employee benefits	5,193	-	-	5,193	956	478	1,434	6,627
Total salaries and benefits	53,048	-	-	53,048	7,177	3,588	10,765	63,813
Accounting & audit	-	-	-	-	6,376	-	6,376	6,376
Office expenses	3,699	-	-	3,699	1,130	251	1,381	5,080
Information technology	269	-	-	269	32	16	48	317
Scholarships	-	-	18,575	18,575	-	-	-	18,575
Travel	137	-	-	137	-	-	-	137
Insurance	-	626	-	626	1,253	-	1,253	1,879
Depreciation	233	3,181	-	3,414	-	-	-	3,414
Contract services	3,396	-	-	3,396	-	-	-	3,396
Telephone & internet	1,873	-	-	1,873	364	195	559	2,432
Miscellaneous expenses	-	-	-	-	200	-	200	200
House project expense	-	2,684	-	2,684	-	-	-	2,684
Meetings	4,768	-	-	4,768	699	-	699	5,467
<b>Total expenses</b>	<b>\$ 67,423</b>	<b>\$ 6,491</b>	<b>\$ 18,575</b>	<b>\$ 92,489</b>	<b>\$ 17,231</b>	<b>\$ 4,050</b>	<b>\$ 21,281</b>	<b>\$ 113,770</b>

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

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

Organized Neighbors of Edgehill, Inc. (the "Organization") was established on June 15, 1993 in Nashville, Tennessee. The Organization was incorporated for the purpose of having a central headquarters available to all residents and to provide activities and projects that benefit the Edgehill Community. The Organization formed a Neighborhood Network that includes reporting crime, having monthly meetings for residents, growing a community garden, providing leadership training events, awarding scholarships to deserving student residents, promoting other educational programs outside the Organization, and providing space for the Juvenile Justice Center to offer services to delinquent youth and others in need of counseling.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, revenue is recognized when earned, support and promises to give are recognized when received, and expenses are recorded when incurred.

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958). Under FASB ASC 958, the Organization 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.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Unrestricted Net Assets — Net assets that are not temporarily or permanently restricted by explicit donor stipulations or by law.

Temporarily Restricted Net Assets — Net assets of gifts of cash and other assets, accepted by board actions, that are received with donor stipulations that limit the use of the donated assets, or designated as support for future periods. There were no temporary restricted net assets as of June 30, 2016 and June 30, 2015.

Permanently Restricted Net Assets — Net assets, accepted by board actions, subject to donor's stipulation that require the asset be invested in perpetuity. There were no permanently restricted net assets as of June 30, 2016 and June 30, 2015.

Donated Services

The Organization receives a substantial amount of services donated by its members in carrying out the Organization's functions. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under the FASB ASC 958.

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

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Revenue, Support, and Expenses

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary.

Fixed Assets

Disbursements for property and equipment, consisting of office equipment and building, are reflected in the statement of financial position at cost. Donated assets with donor stipulations as to specific purpose(s) are reported as restricted contributions until it is placed in the service for which it is restricted. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Machinery and equipment	3—10
Building	10—27

Functional Expenses

Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

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**NOTE 2---SCHOLARSHIP PROGRAM**

One of the major objectives of the Organization is to provide educational assistance to Edgehill residents who have the scholastic ability to attend college or technical school. The Organization provided \$12,500 and \$18,875 in scholarships during the fiscal years ended June 30, 2016 and June 30, 2015 respectively.

**NOTE 3---PROPERTY AND EQUIPMENT**

Depreciation expense as of June 30, 2016 and June 30, 2015 was \$3,612 and \$3,414 respectively. A summary of property and equipment as of June 30, 2016 and June 30, 2015 was as follows:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Equipment	\$ 14,889	\$ 14,889
Greenhouse	2,325	2,325
House	93,173	87,498
Land	35,336	35,336
Accumulated depreciation	<u>(34,198)</u>	<u>(30,586)</u>
Total property and equipment	<u><u>\$111,525</u></u>	<u><u>\$109,462</u></u>

**NOTE 4---RENTAL HOUSE AND LOAN PAYABLE**

The Organization increased its community involvement by providing affordable homes acquired through the Community Housing Development Organization, (CHDO), a program that is sponsored by the Metropolitan Development and Housing Agency (MDHA), which receives federal funds from the Department of Housing and Urban Development.

On July 25, 2006, the Organization purchased property located at 922 14<sup>th</sup> Avenue South, Nashville, Tennessee at a cost of \$100,000. The funds to purchase the property were obtained through a loan from MDHA in the amount of \$100,000. As part of its operations, the Organization purchases, rehabs and sells houses. The proceeds from the sales of the houses are deposited in the Organization's Home Fund bank account. As long as the Organization is operational, no amount is owed to MDHA. In the event the Organization goes out of business, any amount remaining in the Organization's Home Fund bank account is owed to MDHA. The cash amount remaining in the Home Fund bank account was \$110,222 and \$110,192 as of June 30, 2016 and June 30, 2015 respectively. The loan payable as of June 30, 2016 and June 30, 2015 was \$100,000 and \$100,000 respectively.

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015**

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**NOTE 5---LEASE AGREEMENT**

On October 1, 2008, the Organization entered into an agreement with MDHA, whereby MDHA leases the property occupied by the Organization for a term of one year at no cost to the Organization with no requirement that the Organization sign a new lease each year. Each year the lease is "continued" based on a vote taken at the Residents Association meeting. The lease agreement requires the Organization to only use the property for a central meeting place. On October 1, 2015, the Organization came to an agreement with MDHA that they would pay \$50 per month, and a 2% rent escalation will occur each subsequent year with an automatic renewal. The lease agreement will only be terminated with a thirty day notice being given. Rent expense as of June 30, 2016 and June 30, 2015 was \$400 and \$0 respectively.

**NOTE 6---SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure as of December 15, 2016, the date management evaluated such events. The financial statements were available to be issued on December 15, 2016.