

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2017 and 2016**

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, 2017 and June 30, 2016, 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, 2017 and June 30, 2016, 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 blue ink that reads "Hoskins & Company". The signature is written in a cursive, flowing style.

Hoskins & Company
Nashville, TN
December 14, 2017

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

Assets	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 270,656	\$ 254,999
Grant receivable	1,703	575
Account receivable	2,113	741
Prepaid expense	150	245
Total current assets	<u>274,622</u>	<u>256,560</u>
Non-current assets		
Property and equipment, net (Note 3)	<u>113,921</u>	<u>111,525</u>
Total non-current assets	<u>113,921</u>	<u>111,525</u>
Total assets	<u>\$ 388,543</u>	<u>\$ 368,085</u>
Liabilities and net assets		
Current liabilities		
Accounts payable and rent deposits	\$ 518	\$ 400
Payroll liabilities	<u>285</u>	<u>2,698</u>
Total current liabilities	803	3,098
Non-current liabilities		
Loan payable-MDHA (Note 4)	<u>100,000</u>	<u>100,000</u>
Total liabilities	<u>100,803</u>	<u>103,098</u>
Net assets		
Temporarily restricted	21,636	-
Unrestricted	<u>266,104</u>	<u>264,987</u>
Total net assets	<u>287,740</u>	<u>264,987</u>
Total liabilities and net assets	<u>\$ 388,543</u>	<u>\$ 368,085</u>

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

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Revenue and support	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
United Way	\$ 51,703	\$ -	\$ -	\$ 51,703
Scholarship donations	16,250	21,636	-	37,886
Donations	11,613	-	-	11,613
Event income	1,640	-	-	1,640
Rental income	8,700	-	-	8,700
Interest	14	-	-	14
Total revenue and support	<u>89,920</u>	<u>21,636</u>	<u>-</u>	<u>111,556</u>
Expenses				
Program services				
Organizing & resources	46,035	-	-	46,035
Housing	7,757	-	-	7,757
Scholarship	16,514	-	-	16,514
Total program services	<u>70,306</u>	<u>-</u>	<u>-</u>	<u>70,306</u>
Support services				
Management & general	16,034	-	-	16,034
Fundraising	2,463	-	-	2,463
Total support services	<u>18,497</u>	<u>-</u>	<u>-</u>	<u>18,497</u>
Total expenses	<u>88,803</u>	<u>-</u>	<u>-</u>	<u>88,803</u>
Increase in net assets	1,117	21,636	-	22,753
Net assets, beginning of year	264,987	-	-	264,987
Net assets, end of year	<u>\$ 266,104</u>	<u>\$ 21,636</u>	<u>\$ -</u>	<u>\$ 287,740</u>

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

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Revenue and support	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
United Way	\$ 50,575	\$ -	\$ -	\$ 50,575
Scholarship donations	27,892	-	-	27,892
Other grants	11,386	-	-	11,386
Community shares	2,679	-	-	2,679
Donations	743	-	-	743
Event income	3,282	-	-	3,282
Rental income	7,975	-	-	7,975
Interest	34	-	-	34
Total revenue and support	<u>104,566</u>	<u>-</u>	<u>-</u>	<u>104,566</u>
Expenses				
Program services				
Organizing & resources	57,270	-	-	57,270
Housing	6,978	-	-	6,978
Scholarship	12,780	-	-	12,780
Total program services	<u>77,028</u>	<u>-</u>	<u>-</u>	<u>77,028</u>
Support services				
Management & general	14,221	-	-	14,221
Total support services	<u>14,221</u>	<u>-</u>	<u>-</u>	<u>14,221</u>
Total expenses	<u>91,249</u>	<u>-</u>	<u>-</u>	<u>91,249</u>
Increase in net assets	13,317	-	-	13,317
Net assets, beginning of year	<u>251,670</u>	<u>-</u>	<u>-</u>	<u>251,670</u>
Net assets, end of year	<u><u>\$ 264,987</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 264,987</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, 2017 AND JUNE 30, 2016

	2017	2016
Cash flows from operating activities		
Increase in net assets	\$ 22,753	\$ 13,317
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,704	3,612
Increase in grants receivable	(1,128)	(185)
Increase in accounts receivable	(1,372)	(213)
Decrease (increase) in prepaid expense	95	(65)
Increase in accounts payable	118	-
(Decrease) increase in payroll liabilities	(2,413)	2,031
Net cash provided by operating activities	21,757	18,497
Cash flows from investing activities		
Purchase of property	(6,100)	(5,675)
Net cash provided by investing activities	(6,100)	(5,675)
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	15,657	12,822
Cash and cash equivalents, beginning of year	254,999	242,177
Cash and cash equivalents, end of year	<u>\$ 270,656</u>	<u>\$ 254,999</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, 2017

	Program Services				Support Services			Total Expenses
	Organizing & Resources	Housing	Scholarships	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries	\$ 32,530	\$ -	\$ -	\$ 32,530	\$ 6,099	\$ 2,034	\$ 8,133	\$ 40,663
FICA	2,489	-	-	2,489	467	155	622	3,111
Total salaries and benefits	35,019	-	-	35,019	6,566	2,189	8,755	43,774
Accounting & audit	-	-	-	-	6,600	-	6,600	6,600
Office expenses	2,464	-	264	2,728	1,374	131	1,505	4,233
Information technology	1,782	-	-	1,782	334	111	445	2,227
Scholarships	-	-	16,250	16,250	-	-	-	16,250
Insurance	-	-	-	-	970	-	970	970
Depreciation	233	3,471	-	3,704	-	-	-	3,704
Contract services	1,000	1,595	-	2,595	-	-	-	2,595
Miscellaneous	-	-	-	-	92	-	92	92
Rent occupancy	520	-	-	520	98	32	130	650
House project expense	-	2,691	-	2,691	-	-	-	2,691
Meetings	5,017	-	-	5,017	-	-	-	5,017
Total expenses	\$ 46,035	\$ 7,757	\$ 16,514	\$ 70,306	\$ 16,034	\$ 2,463	\$ 18,497	\$ 88,803

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			Total Expenses
	Organizing & Resources	Housing	Scholarships	Total Program Services	Management & General	Fundraising	Total Support Services	
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
Total expenses	\$ 57,270	\$ 6,978	\$ 12,780	\$ 77,028	\$ 14,221	\$ -	\$ 14,221	\$ 91,249

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, 2017 AND JUNE 30, 2016

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. The Organization had \$21,636 in temporary restricted net assets as of June 30, 2017. There were no temporarily restricted net assets as of June 30, 2016.

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, 2017 and June 30, 2016.

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, 2017 AND JUNE 30, 2016

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, 2017 AND JUNE 30, 2016

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 \$16,250 and \$12,500 in scholarships during the fiscal years ended June 30, 2017 and June 30, 2016 respectively.

NOTE 3---PROPERTY AND EQUIPMENT

Depreciation expense as of June 30, 2017 and June 30, 2016 was \$3,704 and \$3,612 respectively. A summary of property and equipment as of June 30, 2017 and June 30, 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 14,889	\$ 14,889
Greenhouse	2,325	2,325
House	99,273	93,173
Land	35,336	35,336
Accumulated depreciation	<u>(37,902)</u>	<u>(34,198)</u>
Total property and equipment	<u>\$113,921</u>	<u>\$111,525</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 14th 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 \$110,233 and \$110,222 as of June 30, 2017 and June 30, 2016 respectively. The loan payable as of June 30, 2017 and June 30, 2016 was \$100,000 and \$100,000 respectively.

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

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, 2017 and June 30, 2016 was \$650 and \$400 respectively.

NOTE 6---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of December 14, 2017, the date management evaluated such events. The financial statements were available to be issued on December 14, 2017.