

**NASHVILLE SAFE HAVEN
FAMILY SHELTER, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

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Independent Auditors' Report

To the Board of Directors
Nashville Safe Haven Family Shelter, Inc.
Nashville, Tennessee

We have audited the accompanying statement of financial position of Nashville Safe Haven Family Shelter, Inc. ("Safe Haven") as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Safe Haven'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 Nashville Safe Haven Family Shelter, Inc. as of December 31, 2010, 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.

Crosslin & Associates, P.C.

Nashville, Tennessee
May 24, 2011

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Cash and cash equivalents	\$131,439
Grant receivable	6,076
Inventories	10,250
Prepaid expenses	4,832
Assets restricted to investment in property and equipment	226,072
Property and equipment, net	<u>451,316</u>
 Total assets	 <u><u>\$829,985</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 9,005
Client deposits	<u>11,849</u>
 Total liabilities	 <u>20,854</u>

NET ASSETS

Unrestricted	583,059
Temporarily restricted	<u>226,072</u>
 Total net assets	 <u>809,131</u>
 Total liabilities and net assets	 <u><u>\$829,985</u></u>

See accompanying notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Change in unrestricted net assets:	
Revenues and gains:	
Contributions	\$ 386,529
United Way	26,038
Fundraising events	273,061
In-kind contributions	64,994
Grants	169,918
Interest	99
Net assets released from restrictions	<u>7,500</u>
Total revenues and gains	<u>928,139</u>
Expenses and losses:	
Program services	<u>746,791</u>
Supporting services:	
Management and general	59,158
Fundraising	<u>80,544</u>
Total supporting services	<u>139,702</u>
Total expenses and losses	<u>886,493</u>
Reclassification of net assets	<u>(50,572)</u>
Change in unrestricted net assets	<u>(8,926)</u>
Change in temporarily restricted net assets:	
Contributions	173,000
Reclassification of net assets	50,572
Net assets released from restrictions	<u>(7,500)</u>
Change in temporarily restricted net assets	<u>216,072</u>
Change in net assets	207,146
Net assets, beginning of year	<u>601,985</u>
Net assets, end of year	<u>\$ 809,131</u>

See accompanying notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

		<u>Supporting Services</u>			
	<u>Program</u>	<u>Management</u>		<u>Total</u>	
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Supporting</u>	<u>Total</u>
				<u>Services</u>	
Salaries	\$342,084	\$27,844	\$27,844	\$ 55,688	\$397,772
Payroll taxes	29,135	2,372	2,372	4,744	33,879
Employee benefits	<u>31,441</u>	<u>2,559</u>	<u>2,559</u>	<u>5,118</u>	<u>36,559</u>
 Total salaries and related expenses	<u>402,660</u>	<u>32,775</u>	<u>32,775</u>	<u>65,550</u>	<u>468,210</u>
 Program supplies (including in-kind of \$64,994)	66,998	-	-	-	66,998
HPRP program services	31,231	-	-	-	31,231
Professional fees	15,721	10,051	-	10,051	25,772
Building maintenance and general liability insurance	54,073	-	-	-	54,073
Utilities	41,460	5,654	-	5,654	47,114
Contract labor	3,707	-	-	-	3,707
Individual family assistance	31,821	-	-	-	31,821
Vehicle maintenance	3,591	-	-	-	3,591
Office supplies	11,609	2,211	-	2,211	13,820
Public relations	9,128	-	480	480	9,608
Employee travel and mileage	3,695	-	-	-	3,695
Bank fees and other	3,073	470	72	542	3,615
Dues, memberships and training	11,165	1,241	-	1,241	12,406
Equipment rental	14,045	-	-	-	14,045
General fundraising	-	-	46,891	46,891	46,891
Other	8,939	-	-	-	8,939
Newsletter	1,647	-	-	-	1,647
Interest	<u>-</u>	<u>3,139</u>	<u>-</u>	<u>3,139</u>	<u>3,139</u>
 Total other expenses	<u>311,903</u>	<u>22,766</u>	<u>47,443</u>	<u>70,209</u>	<u>382,112</u>
 Total expenses before depreciation	714,563	55,541	80,218	135,759	850,322
 Depreciation	<u>32,228</u>	<u>3,617</u>	<u>326</u>	<u>3,943</u>	<u>36,171</u>
 Total expenses	<u>\$746,791</u>	<u>\$59,158</u>	<u>\$80,544</u>	<u>\$139,702</u>	<u>\$886,493</u>

See accompanying notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ 207,146
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	36,171
(Increase) decrease in current assets:	
Grants receivable	(6,076)
Inventories	(10,250)
Prepaid expenses	3,269
Increase (decrease) in current liabilities:	
Accounts payable	2,605
Client deposits	<u>1,242</u>
Net cash provided by operating activities	<u>234,107</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(16,587)</u>
Net cash used in investing activities	<u>(16,587)</u>
Cash flows from financing activities:	
Payments on note payable	<u>(68,335)</u>
Net cash used in financing activities	<u>(68,335)</u>
Net change in cash and cash equivalents	149,185
Cash and cash equivalents, beginning of year	<u>208,326</u>
Cash and cash equivalents, end of year	<u>\$ 357,511</u>
Amounts are presented in the statement of financial position as follows:	
Cash and cash equivalents	\$131,439
Assets restricted to investment in property and equipment	<u>226,072</u>
	<u>\$357,511</u>

See accompanying notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Nashville Save Haven Family Shelter, Inc. ("Safe Haven") is a nonprofit corporation located in Nashville, Tennessee. Safe Haven provides shelter, training, counseling, spiritual guidance, and education to homeless families in a faith-based setting in and around Middle Tennessee. The primary goal of Safe Haven is to help families overcome homelessness and achieve social and economic independence.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Revenue, expenses, gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets and changes therein are classified 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 Safe Haven and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they must be maintained permanently by Safe Haven.

The amount for each of these classes of net assets is presented in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. Safe Haven has no permanently restricted net assets.

In the event a donor makes changes to the nature of a restricted gift which affects its classification among the net asset categories, such amounts are reflected as reclassifications in the statement of activities.

Cash and Cash Equivalents

For financial statement purposes, Safe Haven considers all cash and all highly liquid investments not held for long-term investment, and which have original maturities of three months or less, to be cash equivalents.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 restriction.

Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Safe Haven reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Safe Haven records various types of in-kind contributions including food and other program supplies and volunteer services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by the donation. Donated food and other program supplies are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. The amounts reflected in the accompanying financial statements as in-kind donations are offset by corresponding amounts included in expenses.

Pledges receivable are recorded at their fair value and reflect discounts for payment terms greater than one year. Pledges receivable are considered to be either conditional or unconditional promises to give. A conditional contribution is one which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the pledge is received. Safe Haven has no outstanding pledges to give as of December 31, 2010.

Inventories

Inventories consist primarily of donated program supplies and are stated at the lower of cost or market. Cost has been determined on the first-in, first-out basis.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are carried at cost or at fair value as of the date contributed. The fair value of donated labor services associated with property and equipment are added to the cost of the asset. Repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 31.5 years.

Income Taxes

Safe Haven is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code; accordingly, no provision for income taxes is included in the accompanying financial statements.

Safe Haven accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for Safe Haven include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, Safe Haven has determined that such tax positions do not result in an uncertainty requiring recognition.

Estimates

Judgment and estimation are exercised by management in certain areas of the preparation of financial statements. The more significant area includes the recovery period for property and equipment. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The following methods and assumptions were used by Safe Haven to estimate the fair value of each class of financial instruments:

Cash, grant receivable, inventories, prepaid expenses, accounts payable and client deposits: the carrying amounts reported in the statement of financial position approximate fair values due to the short maturities of those instruments.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

Costs of providing Safe Haven's programs and services are summarized and reported on a functional basis. Program expenses included costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program and supporting services based on estimates made by management.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

B. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 62,438
Buildings	698,713
Building improvements	45,515
Equipment	54,451
Furnishings	8,530
Software	6,753
Construction in progress	<u>7,500</u>
	883,900
Less: accumulated depreciation	<u>(432,584)</u>
Property and equipment, net	<u>\$ 451,316</u>

C. LINE-OF-CREDIT

Safe Haven has an available \$100,000 line-of-credit under a note payable agreement with Pinnacle National Bank. The line-of-credit expires September 19, 2011 and is collateralized by property and equipment. Interest is payable monthly at the Pinnacle Base Rate (an effective rate of 5.50% at December 31, 2010). There was no outstanding balance at December 31, 2010.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Berry Hill Road Facility	\$200,572
Other	<u>25,500</u>
	<u>\$226,072</u>

Net assets of \$7,500 were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended December 31, 2010. The purpose restriction accomplished was for the acquisition of capital assets.

E. COMMITMENTS AND CONTINGENCIES

Safe Haven leases certain equipment under operating leases, which expire in 2012. Minimum future rental payments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 9,662
2012	<u>8,052</u>
Total	<u>\$17,714</u>

In the normal course of business, operating leases are generally renewed annually or replaced by other leases. Total rental expense for operating leases was \$14,045 for 2010.

F. CONCENTRATION OF CREDIT RISK

Safe Haven maintains its cash and cash equivalents in high credit quality financial institutions at balances which, at times, may exceed federally insured limits. Safe Haven has not experienced any losses in such accounts. Management believes it is not exposed to any significant concentration risk on cash and cash equivalents. Credit risk also extends to uncollateralized receivables.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

G. IN-KIND CONTRIBUTIONS

During the year, Safe Haven received in-kind contributions of food and other program supplies valued at \$64,994. In addition, individual volunteers contributed significant amounts of time to Safe Haven activities, which have not been reflected in the accompanying financial statements as they did not meet the recognition criteria.

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 24, 2011, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.