

THE CAMPUS FOR HUMAN DEVELOPMENT

FINANCIAL STATEMENTS

June 30, 2012 and 2011

THE CAMPUS FOR HUMAN DEVELOPMENT

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of The Campus for Human Development (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

November 30, 2012
Nashville, Tennessee

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--------------------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,975,688 | \$ 1,158,967 |
| Investments | - | 4,947 |
| Accounts receivable | - | 4,500 |
| Contract and grants receivable | 90,910 | 118,931 |
| Contributions receivable, net | 612,653 | 708,837 |
| Prepaid expenses | - | 67,048 |
| | <hr/> | <hr/> |
| Total current assets | 2,679,251 | 2,063,230 |
| Contributions receivable, net of current portion | 595,757 | 1,142,940 |
| Land, building and equipment, net | <u>13,389,258</u> | <u>13,416,821</u> |
| | <hr/> | <hr/> |
| Total assets | <u>\$ 16,664,266</u> | <u>\$ 16,622,991</u> |
| | <hr/> | <hr/> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 199,272 | \$ 405,945 |
| Notes payable, current portion | <u>173,146</u> | <u>268,284</u> |
| | <hr/> | <hr/> |
| Total current liabilities | 372,418 | 674,229 |
| Notes payable, noncurrent portion | <u>2,800,006</u> | <u>2,908,868</u> |
| | <hr/> | <hr/> |
| Total liabilities | <u>3,172,424</u> | <u>3,583,097</u> |
| | <hr/> | <hr/> |
| Net assets: | | |
| Unrestricted | 12,283,432 | 11,188,117 |
| Temporarily restricted | <u>1,208,410</u> | <u>1,851,777</u> |
| | <hr/> | <hr/> |
| Total net assets | <u>13,491,842</u> | <u>13,039,894</u> |
| | <hr/> | <hr/> |
| Total liabilities and net assets | <u>\$ 16,664,266</u> | <u>\$ 16,622,991</u> |
| | <hr/> | <hr/> |

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Revenues: | | | |
| Contributions | \$ 1,410,607 | \$ 371,302 | \$ 1,781,909 |
| Grants and contracts | 1,558,284 | - | 1,558,284 |
| In-kind contributions | 519,124 | - | 519,124 |
| Other | 141,792 | - | 141,792 |
| Net assets released from restrictions | <u>1,014,669</u> | <u>(1,014,669)</u> | <u>-</u> |
| Total revenues | <u>4,644,476</u> | <u>(643,367)</u> | <u>4,001,109</u> |
| Expenses: | | | |
| Program services | 3,166,908 | - | 3,166,908 |
| Supporting services | <u>382,253</u> | <u>-</u> | <u>382,253</u> |
| Total expenses | <u>3,549,161</u> | <u>-</u> | <u>3,549,161</u> |
| Change in net assets | 1,095,315 | (643,367) | 451,948 |
| Net assets - beginning of year | <u>11,188,117</u> | <u>1,851,777</u> | <u>13,039,894</u> |
| Net assets - end of year | <u><u>\$ 12,283,432</u></u> | <u><u>\$ 1,208,410</u></u> | <u><u>\$ 13,491,842</u></u> |

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------------------------|----------------------------|-----------------------------------|----------------------------|
| Revenues: | | | |
| Contributions | \$ 1,328,495 | \$ 908,179 | \$ 2,236,674 |
| Grants and contracts | 1,666,932 | - | 1,666,932 |
| In-kind contributions | 879,744 | - | 879,744 |
| Other | 71,478 | - | 71,478 |
| Net assets released from restrictions | <u>1,556,538</u> | <u>(1,556,538)</u> | <u>-</u> |
| Total revenues | <u>5,503,187</u> | <u>(648,359)</u> | <u>4,854,828</u> |
| Expenses: | | | |
| Program services | 3,226,656 | - | 3,226,656 |
| Supporting services | <u>472,374</u> | <u>-</u> | <u>472,374</u> |
| Total expenses | <u>3,699,030</u> | <u>-</u> | <u>3,699,030</u> |
| Losses: | | | |
| Provision for losses on uncollectible contributions | <u>249,819</u> | <u>-</u> | <u>249,819</u> |
| Change in net assets | 1,554,338 | (648,359) | 905,979 |
| Net assets - beginning of year | <u>9,633,779</u> | <u>2,500,136</u> | <u>12,133,915</u> |
| Net assets - end of year | <u><u>\$11,188,117</u></u> | <u><u>\$ 1,851,777</u></u> | <u><u>\$13,039,894</u></u> |

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

| | Program Services | | | | | | | | Supporting Services | | | Total |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|------------------------|------------------|-------------------|---------------------|
| | Day Center | Guest House | Veterans | Odyssey | Permanent Housing | Respite | Room in the Inn | Total | Management and General | Fundraising | Total | |
| Salaries and related expenses | \$ 416,532 | \$ 224,742 | \$ 254,216 | \$ 201,525 | \$ 53,571 | \$ 150,562 | \$ 151,531 | \$ 1,452,679 | \$ 213,080 | \$ 45,662 | \$ 258,742 | \$ 1,711,421 |
| Depreciation | 124,010 | 48,718 | 45,213 | 27,304 | 146,155 | 35,431 | - | 426,831 | 8,687 | - | 8,687 | 435,518 |
| Food (including \$253,825 in-kind) | 40 | 129,813 | 73,711 | 49,853 | 83 | 43,268 | 745 | 297,513 | 2,425 | - | 2,425 | 299,938 |
| Utilities | 56,401 | 18,610 | 20,422 | 17,457 | 59,504 | 13,534 | - | 185,928 | 18,952 | - | 18,952 | 204,880 |
| Professional fees | 48,041 | 10,278 | 22,747 | 8,565 | 4,673 | 10,447 | 7,980 | 112,731 | 53,196 | - | 53,196 | 165,927 |
| Rent expense in-kind | - | 50,258 | 57,438 | 16,154 | - | 16,154 | - | 140,004 | - | - | - | 140,004 |
| Insurance | 28,460 | 12,588 | 13,140 | 7,994 | 28,365 | 9,901 | 1,888 | 102,336 | 6,363 | - | 6,363 | 108,699 |
| Maintenance and security | 20,559 | 8,309 | 9,561 | 5,687 | 24,244 | 6,619 | 718 | 75,697 | 4,557 | - | 4,557 | 80,254 |
| Supplies (including \$48,549 in-kind) | 16,124 | 17,639 | 10,341 | 8,691 | 323 | 10,969 | 12,518 | 76,605 | 2,945 | - | 2,945 | 79,550 |
| Laundry in-kind | 6,762 | 28,981 | 15,806 | 10,546 | - | 8,855 | 5,796 | 76,746 | - | - | - | 76,746 |
| Interest | 21,362 | 8,392 | 9,155 | 4,577 | 25,176 | 6,103 | - | 74,765 | 1,527 | - | 1,527 | 76,292 |
| Program materials | 9,424 | 9,770 | 23,647 | 12,169 | 152 | 5,436 | 2,627 | 63,225 | 2,018 | - | 2,018 | 65,243 |
| Transportation | 21,759 | 2,090 | 8,932 | 12,782 | - | 4,283 | 90 | 49,936 | - | - | - | 49,936 |
| Miscellaneous | 66 | 865 | 114 | 140 | 25 | 63 | 8,136 | 9,409 | 12,299 | 8,617 | 20,916 | 30,325 |
| Office equipment maintenance | 2,272 | 1,416 | 6,864 | 1,223 | 325 | 1,407 | 843 | 14,350 | 1,925 | - | 1,925 | 16,275 |
| Birth certificates and fees | 8,116 | 9 | - | 28 | - | - | - | 8,153 | - | - | - | 8,153 |
| | <u>\$ 779,928</u> | <u>\$ 572,478</u> | <u>\$ 571,307</u> | <u>\$ 384,695</u> | <u>\$ 342,596</u> | <u>\$ 323,032</u> | <u>\$ 192,872</u> | <u>\$ 3,166,908</u> | <u>\$ 327,974</u> | <u>\$ 54,279</u> | <u>\$ 382,253</u> | <u>\$ 3,549,161</u> |

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

| | Program Services | | | | | | | | Supporting Services | | | Total |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|------------------------|------------------|-------------------|---------------------|
| | Day Center | Guest House | Veterans | Permanent Housing | Odyssey | Respite | Room in the Inn | Total | Management and General | Fundraising | Total | |
| Salaries and related expenses | \$ 355,304 | \$ 229,944 | \$ 185,801 | \$ 58,719 | \$ 203,341 | \$ 268,702 | \$ 132,278 | \$ 1,434,089 | \$ 330,014 | \$ 26,901 | \$ 356,915 | \$ 1,791,004 |
| Depreciation | 118,042 | 46,374 | 41,926 | 139,122 | 25,295 | 33,726 | - | 404,485 | 8,432 | - | 8,432 | 412,917 |
| Interest | 66,392 | 26,082 | 28,453 | 78,246 | 14,227 | 18,969 | - | 232,369 | 4,742 | - | 4,742 | 237,111 |
| Professional fees (including \$25,412 in-kind) | 148,679 | 12,043 | 7,422 | 4,260 | 10,260 | 8,256 | 5,650 | 196,570 | 36,385 | - | 36,385 | 232,955 |
| Utilities | 76,753 | 18,859 | 18,842 | 50,584 | 16,896 | 13,699 | 1,257 | 196,890 | 10,375 | - | 10,375 | 207,265 |
| Food (including \$165,517 in-kind) | 29 | 91,118 | 51,244 | 112 | 30,758 | 30,373 | 275 | 203,909 | 174 | - | 174 | 204,083 |
| Rent expense in-kind | 30,801 | 28,001 | 25,201 | - | 25,201 | 4,200 | 16,800 | 130,204 | 9,800 | - | 9,800 | 140,004 |
| Insurance | 28,584 | 14,546 | 13,123 | 28,214 | 10,096 | 10,784 | 3,036 | 108,383 | 11,944 | - | 11,944 | 120,327 |
| Maintenance and security | 21,508 | 8,126 | 9,640 | 21,717 | 5,134 | 2,169 | 2,003 | 70,297 | 2,690 | - | 2,690 | 72,987 |
| Program materials | 10,972 | 14,794 | 9,774 | 2,913 | 10,875 | 12,703 | 4,843 | 66,874 | 3,404 | - | 3,404 | 70,278 |
| Supplies (including \$37,740 in-kind) | 12,873 | 12,091 | 5,826 | 2,486 | 11,092 | 11,003 | 9,574 | 64,945 | 4,125 | - | 4,125 | 69,070 |
| Laundry in-kind | 14,727 | 11,571 | 5,786 | - | 5,785 | 2,104 | 12,623 | 52,596 | - | - | - | 52,596 |
| Transportation | 10,974 | 157 | 2,930 | 1,285 | 8,929 | 16,072 | - | 40,347 | 573 | - | 573 | 40,920 |
| Miscellaneous | 248 | 226 | 211 | 349 | 374 | 1,321 | 8,965 | 11,694 | 2,949 | 16,969 | 19,918 | 31,612 |
| Office equipment maintenance | 1,857 | 1,677 | 987 | 296 | 1,579 | 1,283 | 691 | 8,370 | 2,897 | - | 2,897 | 11,267 |
| Birth certificates and fees | 4,634 | - | - | - | - | - | - | 4,634 | - | - | - | 4,634 |
| | <u>\$ 902,377</u> | <u>\$ 515,609</u> | <u>\$ 407,166</u> | <u>\$ 388,303</u> | <u>\$ 379,842</u> | <u>\$ 435,364</u> | <u>\$ 197,995</u> | <u>\$ 3,226,656</u> | <u>\$ 428,504</u> | <u>\$ 43,870</u> | <u>\$ 472,374</u> | <u>\$ 3,699,030</u> |

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|----------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 451,948 | \$ 905,979 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 435,518 | 412,917 |
| Loss on disposal of land, building and equipment | 4,266 | 820 |
| Realized and unrealized gains | - | (45) |
| Grants received for long-term puposes | (30,000) | (591,084) |
| Contributions restricted for capital campaign | (371,302) | (908,179) |
| Donation of land, building and equipment | - | (458,475) |
| Provision for loss on uncollectible contributions | - | 249,819 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | 4,500 | 30 |
| Contract and grants receivable | 28,021 | 287,710 |
| Contributions receivable for operations | 63,300 | 139,410 |
| Prepaid expenses | 67,048 | (12,709) |
| Accounts payable and accrued expenses | (206,673) | (383,933) |
| Net cash provided by (used in) operating activities | <u>446,626</u> | <u>(357,740)</u> |
| Cash flows from investing activities: | | |
| Purchase of investments | - | (87) |
| Sale of investments | 4,947 | 45,000 |
| Proceeds from the sale of land, building and equipment | 295,734 | - |
| Purchase of land, building and equipment | (707,955) | (2,109,784) |
| Net cash used in investing activities | <u>(407,274)</u> | <u>(2,064,871)</u> |
| Cash flows from financing activities: | | |
| Proceeds from contributions restricted for capital campaign | 951,369 | 1,167,309 |
| Grants received for long-term purposes | 30,000 | 591,084 |
| Proceeds from borrowings on long-term debt | - | 1,474,640 |
| Payments on long-term debt | (204,000) | (1,622,846) |
| Net cash provided by financing activities | <u>777,369</u> | <u>1,610,187</u> |
| Net increase (decrease) in cash and cash equivalents | 816,721 | (812,424) |
| Cash and cash equivalents - beginning of year | <u>1,158,967</u> | <u>1,971,391</u> |
| Cash and cash equivalents - end of year | <u>\$ 1,975,688</u> | <u>\$ 1,158,967</u> |

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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 Day Center serves homeless individuals with daytime shelter and educational opportunities throughout the year. The Guest House serves homeless substance abusers by offering shelter to individuals who are undergoing alcohol and drug addiction treatment through a partnership with United Neighborhood Health and the chronic homeless program through the Veteran’s Administration. The Veterans program provides transitional housing and supportive services to homeless veterans. The Permanent Housing program provides income based housing for up to 38 homeless participants. The Odyssey program provides transitional housing and supportive services for homeless men from the general population. Respite offers homeless individuals who are medically fragile a place to recover. Room In The Inn, in partnership with more than 180 Middle Tennessee congregations, provides shelter for an average of 250 men, women, and children each evening during the winter months.

Basis of Presentation

In accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance, 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 statements 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.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

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

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.

Land, Building and Equipment

Campus capitalizes all expenditures for land, building and equipment in excess of \$1,000. 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 – 39 years.

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.

Campus follows FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Campus has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2009 through June 30, 2012.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

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

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 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.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying financial 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.

Additionally, a number of non-professional volunteers donated approximately 167,000 and 181,000 hours during the years ended June 30, 2012 and 2011, respectively, 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 statements of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation.

Subsequent Events

Campus evaluated subsequent events through November 30, 2012, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows at June 30:

| | <u>2012</u> | <u>2011</u> |
|--------------------------------------------|----------------------------|----------------------------|
| Contributions receivable | \$ 1,328,936 | \$ 2,049,623 |
| Less: Discount on contributions receivable | (84,326) | (86,245) |
| Allowance for doubtful accounts | <u>(36,200)</u> | <u>(111,601)</u> |
| Net contributions receivable | <u><u>\$ 1,208,410</u></u> | <u><u>\$ 1,851,777</u></u> |

The discount rates used to determine the present value of contributions receivable ranged from 1.67% to 3.53% and 0.37% to 3.53% at June 30, 2012 and 2011, respectively.

Contributions receivable are scheduled to be received as follows at June 30:

| | <u>2012</u> | <u>2011</u> |
|-----------------------------------------|----------------------------|----------------------------|
| Receivable in less than one year, net | \$ 612,653 | \$ 708,837 |
| Receivable in one to five years, net | 592,853 | 895,509 |
| Receivable in more than five years, net | <u>2,904</u> | <u>247,431</u> |
| | <u><u>\$ 1,208,410</u></u> | <u><u>\$ 1,851,777</u></u> |

During the year ended June 30, 2012, outstanding contributions receivable totaling \$75,401 were written off against the allowance for doubtful accounts. A provision for loss on uncollectible contributions of \$249,819 has been recorded in the accompanying statements of activities for the year ended June 30, 2011, based on management's evaluation of uncollectible promises to give at June 30, 2011.

NOTE 3 – LAND, BUILDING AND EQUIPMENT

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

| | <u>2012</u> | <u>2011</u> |
|----------------------------------------------|-----------------------------|-----------------------------|
| Real estate | \$ 709,072 | \$ 1,009,072 |
| Buildings | 9,764,334 | 9,764,334 |
| Leasehold improvements – Eighth Avenue South | 3,569,180 | 1,046,161 |
| Furniture and laundry equipment | 588,962 | 544,713 |
| Automobiles | 57,450 | 35,550 |
| Office equipment | 511,496 | 511,496 |
| Construction in progress | <u>-</u> | <u>1,884,213</u> |
| | 15,200,494 | 14,795,539 |
| Less: accumulated depreciation | <u>(1,811,236)</u> | <u>(1,378,718)</u> |
| | <u><u>\$ 13,389,258</u></u> | <u><u>\$ 13,416,821</u></u> |

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

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.

At June 30, 2011, construction in progress totaling \$1,884,213 consisted of architect and engineering fees, construction materials, and builder fees incurred related to the renovation of the building which formerly housed Campus programs.

NOTE 4 – NOTES PAYABLE

During July 2009, Campus secured financing in the amount of \$3,800,000 related to the construction of the new building. The financing agreement is secured by a deed of trust and required monthly principal and interest payments of \$28,814. Interest was calculated at the banks’ prime rate plus 25 basis points (minimum ranging from 4.625% - 4.825%). The term note was scheduled to mature on June 30, 2014 and was amortized over a 20-year period.

In January 2011, the agreement was amended to allow Campus to refinance \$1,000,000 of the existing outstanding balance. The amended portion required monthly principal payments of \$5,556. Interest is calculated at the bank’s prime rate less 400 basis points provided the rate does not fall below 0.00%. The amendment matures January 2026.

In December 2011, the note was further amended to refinance the remaining outstanding balance of \$2,129,713. The amendment requires monthly principal payments totaling \$8,874 and mature in November 2031. Interest is calculated at the bank’s prime rate less 400 basis points provided the rate does not fall below 0.00%.

Amounts outstanding under the amended notes totaled \$2,973,152 and \$3,177,152 at June 30, 2012 and 2011, respectively. Future principal payments on the notes are as follows at June 30, 2012:

| Year Ending <u>June 30,</u> | |
|--------------------------------|---------------------|
| 2013 | \$ 173,146 |
| 2014 | 173,146 |
| 2015 | 173,146 |
| 2016 | 173,146 |
| 2017 | 173,146 |
| Thereafter | <u>2,107,422</u> |
| | <u>\$ 2,973,152</u> |

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

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

| | <u>2012</u> | <u>2011</u> |
|------------------------------------------------------|---------------------|---------------------|
| Unconditional promises to give due in future periods | \$ <u>1,208,410</u> | \$ <u>1,851,777</u> |

NOTE 6 – DONATED MATERIALS AND SERVICES

Campus received in-kind contributions as follows during the years ended June 30:

| | <u>2012</u> | <u>2011</u> |
|-------------------|--------------------|--------------------|
| Food | \$ 253,825 | \$ 165,517 |
| Rental facilities | 140,004 | 140,004 |
| Laundry services | 76,746 | 52,596 |
| Other | 48,549 | 37,740 |
| Land | - | 458,475 |
| Professional fees | <u>-</u> | <u>25,412</u> |
| | <u>\$ 519,124</u> | <u>\$ 879,744</u> |

The property located at Eighth Avenue South is leased on a long-term basis from MDHA. The payment of monthly rent is currently suspended and Campus recorded in-kind rent of \$89,479 for 2012 and 2011, respectively. 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 for 2012 and 2011, respectively. 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 for 2012 and 2011, respectively.

In-kind food represents donations of food to Campus and meals provided to individuals participating in Campus' various programs.

NOTE 7 – CONCENTRATIONS

Campus receives a significant amount 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.

In addition, cash and cash equivalent balances are held primarily by financial institutions and at times may exceed federally insured limits.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 8 – 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.