

THE CAMPUS FOR HUMAN DEVELOPMENT

FINANCIAL STATEMENTS

JUNE 30, 2004

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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, 2004, 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. 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, 2004, 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

December 8, 2005

-Debbie Medd

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

ASSETS

Cash and cash equivalents	\$ 215,853
Contributions receivable, net	271,988
Contract and grants receivable	<u>82,231</u>
Total current assets	570,072
Contributions receivable, net	39,792
Investments	12,367
Land, building and equipment, net	<u>694,834</u>
Total assets	<u><u>\$1,317,065</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 24,209</u>
Total current liabilities	<u>24,209</u>
Net assets:	
Unrestricted	949,695
Temporarily restricted	330,794
Permanently restricted	<u>12,367</u>
Total net assets	<u>1,292,856</u>
Total liabilities and net assets	<u><u>\$1,317,065</u></u>

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

Unrestricted net assets:

Revenue:

Grants and contracts	\$ 691,602
Contributions	614,556
In-kind contributions	159,137
Fundraising events	55,992
Other	17,444

Total revenue 1,538,731

Disbursements:

Program services	1,222,125
Supporting services	270,036

Total disbursements 1,492,161

Increase in unrestricted net assets 46,570

Temporarily restricted net assets:

Contributions 311,780

Increase in temporarily restricted net assets 311,780

Increase in net assets 358,350

Net assets at beginning of year 934,506

Net assets at end of year \$1,292,856

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2004

	Program Services					Supporting Services			Total
	Guest House	Day Center	Respite	Case Management	Total	Management and General	Fundraising	Total	
Salaries and related expenses	\$ 149,305	\$ 273,439	\$ 71,679	\$ 165,329	\$ 659,752	\$ 158,817	\$ -	\$ 158,817	\$ 818,569
Utilities	13,461	41,128	15,166	13,477	83,232	15,075	-	15,075	98,307
Depreciation expense	26,017	30,891	-	18,856	75,764	20,447	-	20,447	96,211
Contract labor	28,471	16,592	33,877	5,505	84,445	10,305	-	10,305	94,750
Food (including \$60,000 in-kind)	74,282	1,450	9,810	247	85,789	17	-	17	85,806
Insurance	16,402	11,949	12,212	12,212	52,775	16,224	-	16,224	68,999
Laundry in-kind	17,045	17,046	17,046	-	51,137	-	-	-	51,137
Rent expenses in-kind	6,000	6,000	36,000	-	48,000	-	-	-	48,000
Maintenance and security	3,729	18,452	2,159	5,527	29,867	5,562	-	5,562	35,429
Fund raising event costs	608	-	-	-	608	14,197	15,105	29,302	29,910
Office equipment maintenance	1,672	2,353	2,546	2,038	8,609	1,843	-	1,843	10,452
Transportation	-	6,994	-	3,322	10,316	-	-	-	10,316
Supplies	2,233	3,130	2,193	1,138	8,694	1,402	153	1,555	10,249
Program materials	192	4,714	357	368	5,631	1,865	1,500	3,365	8,996
Miscellaneous	-	3,663	-	29	3,692	2,959	-	2,959	6,651
Waste disposal	927	1,358	927	927	4,139	927	-	927	5,066
Housing costs	-	4,570	-	159	4,729	-	-	-	4,729
Postage	16	148	-	-	164	2,793	845	3,638	3,802
Cost of identification	-	2,912	-	12	2,924	-	-	-	2,924
Client medical	-	1,172	686	-	1,858	-	-	-	1,858
	<u>\$ 340,360</u>	<u>\$ 447,961</u>	<u>\$ 204,658</u>	<u>\$ 229,146</u>	<u>\$1,222,125</u>	<u>\$ 252,433</u>	<u>\$ 17,603</u>	<u>\$ 270,036</u>	<u>\$1,492,161</u>

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2004

Cash flows from operating activities:	
Change in net assets	\$ 358,350
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	96,211
Change in operating assets and liabilities:	
Contracts and grants receivable	(13,671)
Contributions receivable	(311,780)
Accounts payable and accrued expenses	<u>(9,992)</u>
Net cash provided by operating activities	<u>119,118</u>
Net increase in cash	119,118
Cash and cash equivalents at beginning of year	<u>96,735</u>
Cash and cash equivalents at end of year	<u><u>\$ 215,853</u></u>

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The Organization

The Campus for Human Development ("Campus") is a religious non-profit organization that was formed in 1995 by the merger of three organizations, Faith Organizations in Covenant for Understanding and Service, The Guest House, and Room in the Inn. 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. 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. 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. 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.

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, 2004

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 statement 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.

Unconditional Promises to Give

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.

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. No donated services met the criteria for recognition during 2004.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2004

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

Donated Materials and Services (Continued)

Additionally, a number of non-professional volunteers donated approximately 8,500 hours during 2004 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, 2004:

Contributions receivable	\$ 318,654
Less: discount to net present value	<u>(6,874)</u>
Net contributions receivable	<u>\$ 311,780</u>
Receivable in less than one year, net	\$ 271,988
Receivable in one to five years, net	<u>39,792</u>
	<u>\$ 311,780</u>

NOTE 3 – LAND, BUILDING AND EQUIPMENT

A summary of land, building and equipment at June 30, 2004 follows:

Real Estate	\$ 112,678
Leasehold improvements – Eighth Avenue South	1,036,836
Furniture and laundry equipment	105,855
Automobiles	16,300
Office equipment	<u>121,950</u>
	1,393,619
Less: accumulated depreciation	<u>(698,785)</u>
	<u>\$ 694,834</u>

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2004

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, 2004.

NOTE 4 – RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2004:

World Share	\$ 8,028
HIV+	1,441
Strobel Endowment	9,545
Unconditional promises to give due in future periods	<u>311,780</u>
	<u>\$ 330,794</u>

Permanently restricted net assets consist of contributions whose principal is to be held in perpetuity in accordance with terms prescribed by donors.

NOTE 5 – DONATED MATERIALS AND SERVICES

During 2004, Campus received in-kind contributions as follows:

Rental facilities	\$ 48,000
Laundry services	51,137
Food	<u>60,000</u>
	<u>\$ 159,137</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's Respite program. This property was provided to Campus by MDHA, and requires the property to be used to assist the homeless. The payment of monthly rent is currently suspended and Campus recorded in-kind rent of \$36,000.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2004

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.

NOTE 7 – EMPLOYEE RETIREMENT PLAN

Campus adopted a 403(b) retirement 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 403(b) retirement plan.