

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT .....	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements .....	8 - 13



## Independent Auditor's Report

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

We have audited the accompanying financial statements of Nashville Safe Haven Family Shelter, Inc. ("Safe Haven"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from 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.



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

***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, 2014 and 2013, 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.

*Crosslin & Associates, P.C.*

Nashville, Tennessee  
May 14, 2015

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 345,411	\$ 536,489
Cash and cash equivalents - board designated	1,163,758	1,013,432
Grants receivable, no allowance	53,025	-
Contributions receivable, no allowance	271,960	661,573
Inventories	10,250	10,250
Other assets	15,567	16,670
Property and equipment, net	<u>2,622,521</u>	<u>2,995,338</u>
Total assets	<u>\$ 4,482,492</u>	<u>\$ 5,233,752</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>LIABILITIES</b>		
Accounts payable	\$ 40,717	\$ 13,065
Client deposits	3,441	2,671
Unearned revenue	-	17,916
Note payable	<u>832,000</u>	<u>1,480,000</u>
Total liabilities	<u>876,158</u>	<u>1,513,652</u>
<b>NET ASSETS</b>		
Unrestricted	3,309,526	3,053,019
Temporarily restricted	<u>296,808</u>	<u>667,081</u>
Total net assets	<u>3,606,334</u>	<u>3,720,100</u>
Total liabilities and net assets	<u>\$ 4,482,492</u>	<u>\$ 5,233,752</u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Change in unrestricted net assets:		
Revenues and gains:		
Contributions	\$ 405,342	\$ 356,839
United Way	18,062	12,862
Fundraising events, net of direct expenses of \$79,903 and \$72,227 in 2014 and 2013, respectively	409,154	324,479
In-kind contributions	67,200	148,498
Grants	351,599	131,744
Interest	5,092	5,847
Other	-	18,322
Net assets released from restrictions	<u>565,339</u>	<u>868,161</u>
Total revenues and gains	<u>1,821,788</u>	<u>1,866,752</u>
Expenses and losses:		
Program services	<u>1,229,275</u>	<u>979,465</u>
Supporting services:		
Management and general	137,758	58,585
Fundraising	<u>198,249</u>	<u>193,302</u>
Total supporting services	<u>336,007</u>	<u>251,887</u>
Total expenses and losses	<u>1,565,282</u>	<u>1,231,352</u>
Change in unrestricted net assets	<u>256,506</u>	<u>635,400</u>
Change in temporarily restricted net assets:		
Contributions	195,067	563,556
Net assets released from restriction	<u>(565,339)</u>	<u>(868,161)</u>
Change in temporarily restricted net assets	<u>(370,272)</u>	<u>(304,605)</u>
Change in net assets	(113,766)	330,795
Net assets, beginning of year	<u>3,720,100</u>	<u>3,389,305</u>
Net assets, end of year	<u><u>\$ 3,606,334</u></u>	<u><u>\$ 3,720,100</u></u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 359,587	\$ 58,738	\$ 107,086	\$ 165,824	\$ 525,411
Payroll taxes	27,073	4,796	8,192	12,988	40,061
Employee benefits	46,563	5,172	9,132	14,304	60,867
Total salaries and related expenses	433,223	68,706	124,410	193,116	626,339
Program supplies (including in-kind of \$67,200)	77,272	-	-	-	77,272
Professional fees	60,601	16,276	31,978	48,254	108,855
Building maintenance and general liability insurance	102,558	3,397	3,397	6,794	109,352
Utilities	60,346	3,303	1,652	4,955	65,301
Contract labor	1,934	-	-	-	1,934
Individual family assistance	12,814	-	-	-	12,814
Vehicle maintenance	3,248	-	-	-	3,248
Office supplies	20,777	4,793	68	4,861	25,638
Public relations	2,067	225	7,393	7,618	9,685
Employee travel and mileage	13,840	562	400	962	14,802
Bank fees and other	1,552	2,075	2,943	5,018	6,570
Dues, memberships and training	17,352	6,321	880	7,201	24,553
Equipment rental	9,603	3,075	547	3,622	13,225
Rent assistance	122,988	-	-	-	122,988
Capital campaign expenses	-	-	16,248	16,248	16,248
Newsletter	-	-	3,032	3,032	3,032
Other	2,882	6,165	5,301	11,466	14,348
Total other expenses	509,834	46,192	73,839	120,031	629,865
Total expenses before depreciation, amortization, and loss on sale	943,057	114,898	198,249	313,147	1,256,204
Loss on disposal of asset	119,728	-	-	-	119,728
Depreciation and amortization	166,490	22,860	-	22,860	189,350
Total expenses	<u>\$ 1,229,275</u>	<u>\$ 137,758</u>	<u>\$ 198,249</u>	<u>\$ 336,007</u>	<u>\$ 1,565,282</u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 360,284	\$ 29,325	\$ 29,325	\$ 58,650	\$ 418,934
Payroll taxes	43,710	3,558	3,558	7,116	50,826
Employee benefits	33,740	2,746	2,746	5,492	39,232
Total salaries and related expenses	437,734	35,629	35,629	71,258	508,992
Program supplies (including in-kind of \$67,650)	76,696	-	-	-	76,696
Professional fees	77,414	11,514	-	11,514	88,928
Building maintenance and general liability insurance	58,205	-	-	-	58,205
Utilities	44,600	5,503	-	5,503	50,103
Contract labor	1,250	-	-	-	1,250
Individual family assistance	14,259	-	-	-	14,259
Vehicle maintenance	2,365	-	-	-	2,365
Office supplies	9,233	1,759	-	1,759	10,992
Public relations	2,233	-	118	118	2,351
Employee travel and mileage	3,514	-	-	-	3,514
Bank fees and other	2,252	345	53	398	2,650
Dues, memberships and training	24,146	2,683	-	2,683	26,829
Equipment rental	11,732	-	-	-	11,732
Rent assistance	60,823	-	-	-	60,823
Capital campaign expenses	-	-	156,466	156,466	156,466
Newsletter	12,858	-	-	-	12,858
Other	27,171	-	-	-	27,171
Total other expenses	428,751	21,804	156,637	178,441	607,192
Total expenses before depreciation	866,485	57,433	192,266	249,699	1,116,184
Depreciation	112,980	1,152	1,036	2,188	115,168
Total expenses	\$ 979,465	\$ 58,585	\$ 193,302	\$ 251,887	\$ 1,231,352

See notes to financial statements.



NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (113,766)	\$ 330,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	189,350	115,168
In-kind donations for the renovation and expansion of facility	-	(80,848)
Loss on disposal of assets	119,728	-
(Increase) decrease in current assets:		
Contributions receivable	389,613	3,205
Grants receivable	(53,025)	-
Other assets	1,103	-
Increase (decrease) in current liabilities:		
Accounts payable	27,652	(192,448)
Client deposits	770	2,084
Unearned revenue	(17,916)	4,716
Net cash provided by operating activities	<u>543,509</u>	<u>182,672</u>
Cash flows from investing activities:		
Purchase of property and equipment	(60,511)	(1,556,578)
Proceeds from sale of land	124,250	-
Net cash provided by (used in) investing activities	<u>63,739</u>	<u>(1,556,578)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	1,190,872
Payments on note payable	(648,000)	-
Net cash (used in) provided by financing activities	<u>(648,000)</u>	<u>1,190,872</u>
Net change in cash and cash equivalents	(40,752)	(183,034)
Cash and cash equivalents, beginning of year	<u>1,549,921</u>	<u>1,732,955</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,509,169</u></u>	<u><u>\$ 1,549,921</u></u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

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, 2014 AND 2013

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 receives 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.

Contributions receivable are recorded at their fair value and reflect discounts for payment terms greater than one year. They represent pledges which 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. Contributions receivable totaled \$271,960 and \$661,573 as of December 31, 2014 and 2013, respectively.

Safe Haven evaluates receivables for uncollectibility whenever facts or circumstances indicate that a balance might not be collectible. An allowance is established for those receivables that are not considered collectible based on historical experience and a review of the current status of receivables. Receivables are written off when all collection efforts have been exhausted and collection is considered remote. No allowance was considered necessary as of December 31, 2014 or 2013.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 three 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.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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:

Contributions receivable, accounts payable and client deposits: the carrying amounts reported in the statement of financial position approximate fair values due to the short-term nature of those instruments. The carrying value of the note payable is not materially different from the estimated fair value of the instrument.

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 reclassifications have been made to 2013 financial statement amounts to conform to the 2014 presentation.

B. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Unconditional promises expected to be collected in:		
Less than one year	\$251,938	\$451,022
One year to five years	<u>20,022</u>	<u>210,551</u>
	<u>\$271,960</u>	<u>\$661,573</u>

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

C. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 272,305	\$ 282,305
Buildings	2,496,883	3,000,862
Building improvements	111,146	114,077
Equipment	44,933	61,201
Furnishings	188,859	186,990
Software	<u>-</u>	<u>6,753</u>
	3,114,126	3,652,188
Less: accumulated depreciation	<u>( 491,605)</u>	<u>( 656,850)</u>
Property and equipment, net	<u><u>\$ 2,622,521</u></u>	<u><u>\$ 2,995,338</u></u>

D. NOTE PAYABLE

Safe Haven has a note payable agreement with a bank that provides for a construction loan and a line-of-credit. Under the construction loan, Safe Haven has an available \$1,480,000 to draw towards the renovation and expansion of their current facility through March 2014. During the draw period, interest is payable monthly at the bank's prime rate less 4.0%, not to fall below 0%, (0% at December 31, 2014 and 2013). At the end of the draw period, annual principal payments are due at a minimum of 10% of the outstanding principal balance plus monthly interest payments through March 2016. Beginning in April 2016, monthly interest and principal payments are payable based on a 20-year amortization schedule with the remaining outstanding principal balance of the loan being due and payable in April 2018. The outstanding balance at December 31, 2014 and 2013 was \$832,000 and \$1,480,000, respectively.

Safe Haven also has an available \$100,000 line-of-credit under the above mentioned note payable agreement. The line-of-credit matures in November 2015. Interest is payable monthly at the bank's prime rate plus 1.0%, not to fall below 4.5% (4.50% at December 31, 2014 and 2013). There was no outstanding balance at December 31, 2014 and 2013.

The note payable is collateralized by cash, contributions receivable, capital campaign funds, and retainage accounts related to the construction contract.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
Purpose or time restrictions:		
Shelter renovations	\$233,108	\$661,573
Operations	54,600	-
Housing	9,100	-
Children's programs	<u>-</u>	<u>5,508</u>
	<u>\$296,808</u>	<u>\$667,081</u>

Net assets of \$565,339 and \$868,161 were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended December 31, 2014 and 2013, respectively.

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.

G. IN-KIND CONTRIBUTIONS

During the year, Safe Haven received in-kind contributions of food and other program supplies valued at \$67,200 and \$67,650 in 2014 and 2013, respectively, and \$80,848 related to construction on the expansion project in 2013. 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 14, 2015, the date the financial statements were available for issuance.