

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012 AND 2011**

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

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## 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, 2012 and 2011, 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, 2012 and 2011, 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 15, 2013

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,732,955	\$ 1,042,829
Contributions receivable, no allowance considered necessary	664,778	30,561
Inventories	10,250	10,250
Other assets	20,838	-
Property and equipment, net	<u>1,468,912</u>	<u>888,940</u>
Total assets	<u>\$ 3,897,733</u>	<u>\$ 1,972,580</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 205,513	\$ 67,876
Client deposits	587	7,193
Unearned revenue	13,200	-
Note payable	<u>289,128</u>	<u>-</u>
Total liabilities	<u>508,428</u>	<u>75,069</u>

NET ASSETS

Unrestricted	2,417,619	1,849,450
Temporarily restricted	<u>971,686</u>	<u>48,061</u>
Total net assets	<u>3,389,305</u>	<u>1,897,511</u>
Total liabilities and net assets	<u>\$ 3,897,733</u>	<u>\$ 1,972,580</u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENTS OF ACTIVITIES

	<u>Year Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Change in unrestricted net assets:		
Revenues and gains:		
Contributions	\$ 348,445	\$ 1,345,140
United Way	18,768	23,302
Fundraising events	397,677	349,491
In-kind contributions	76,302	60,800
Grants	132,304	299,208
Interest	1,699	1,792
Net assets released from restrictions	<u>647,594</u>	<u>216,072</u>
Total revenues and gains	<u>1,622,789</u>	<u>2,295,805</u>
Expenses and losses:		
Program services	<u>798,550</u>	<u>839,857</u>
Supporting services:		
Management and general	50,458	56,046
Fundraising	<u>205,612</u>	<u>133,511</u>
Total supporting services	<u>256,070</u>	<u>189,557</u>
Total expenses and losses	<u>1,054,620</u>	<u>1,029,414</u>
Change in unrestricted net assets	<u>568,169</u>	<u>1,266,391</u>
Change in temporarily restricted net assets:		
Contributions	1,571,219	38,061
Net assets released from restriction	<u>(647,594)</u>	<u>(216,072)</u>
Change in temporarily restricted net assets	<u>923,625</u>	<u>(178,011)</u>
Change in net assets	1,491,794	1,088,380
Net assets, beginning of year	<u>1,897,511</u>	<u>809,131</u>
Net assets, end of year	<u><u>\$ 3,389,305</u></u>	<u><u>\$ 1,897,511</u></u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 330,987	\$ 26,941	\$ 26,941	\$ 53,882	\$ 384,869
Payroll taxes	27,947	2,275	2,275	4,550	32,497
Employee benefits	32,598	2,653	2,653	5,306	37,904
Total salaries and related expenses	391,532	31,869	31,869	63,738	455,270
Program supplies (including in-kind of \$48,000)	58,153	-	-	-	58,153
Professional fees	47,287	10,410	-	10,410	57,697
Building maintenance and general liability insurance	57,482	-	-	-	57,482
Utilities	32,586	4,444	-	4,444	37,030
Contract labor	11,570	-	-	-	11,570
Individual family assistance	30,821	-	-	-	30,821
Vehicle maintenance	2,632	-	-	-	2,632
Office supplies	7,193	1,370	-	1,370	8,563
Public relations	10,725	-	564	564	11,289
Employee travel and mileage	3,784	-	-	-	3,784
Bank fees and other	3,318	507	78	585	3,903
Dues, memberships and training	12,937	1,438	-	1,438	14,375
Equipment rental	13,835	-	-	-	13,835
General fundraising	-	-	172,723	172,723	172,723
Other	59,862	-	-	-	59,862
Newsletter	13,631	-	-	-	13,631
Total other expenses	365,816	18,169	173,365	191,534	557,350
Total expenses before depreciation	757,348	50,038	205,234	255,272	1,012,620
Depreciation	41,202	420	378	798	42,000
Total expenses	\$ 798,550	\$ 50,458	\$ 205,612	\$ 256,070	\$ 1,054,620

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2011

	Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 361,978	\$ 29,463	\$ 29,463	\$ 58,926	\$ 420,904
Payroll taxes	29,247	2,380	2,380	4,760	34,007
Employee benefits	32,542	2,649	2,649	5,298	37,840
Total salaries and related expenses	423,767	34,492	34,492	68,984	492,751
Program supplies (including in-kind of \$60,800)	69,112	-	-	-	69,112
HPRP program services	44,746	-	-	-	44,746
Professional fees	17,003	10,870	-	10,870	27,873
Building maintenance and general liability insurance	83,848	-	-	-	83,848
Utilities	38,528	5,254	-	5,254	43,782
Contract labor	27,573	-	-	-	27,573
Individual family assistance	23,045	-	-	-	23,045
Vehicle maintenance	1,674	-	-	-	1,674
Office supplies	11,401	2,172	-	2,172	13,573
Public relations	6,006	-	316	316	6,322
Employee travel and mileage	4,770	-	-	-	4,770
Bank fees and other	4,401	673	104	777	5,178
Dues, memberships and training	20,115	2,235	-	2,235	22,350
Equipment rental	12,847	-	-	-	12,847
General fundraising	-	-	98,284	98,284	98,284
Other	5,941	-	-	-	5,941
Newsletter	10,745	-	-	-	10,745
Total other expenses	381,755	21,204	98,704	119,908	501,663
Total expenses before depreciation	805,522	55,696	133,196	188,892	994,414
Depreciation	34,335	350	315	665	35,000
Total expenses	\$ 839,857	\$ 56,046	\$ 133,511	\$ 189,557	\$ 1,029,414

See notes to financial statements.



NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 1,491,794	\$ 1,088,380
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,000	35,000
(Increase) decrease in current assets:		
Contributions receivable	(634,217)	(24,485)
Other assets	(20,838)	4,832
Increase (decrease) in current liabilities:		
Accounts payable	137,637	58,871
Client deposits	(6,606)	(4,656)
Unearned revenue	13,200	-
Net cash provided by operating activities	1,022,970	1,157,942
Cash flows from investing activities:		
Purchase of property and equipment	(621,972)	(472,624)
Cash flows from financing activities:		
Proceeds from note payable	289,128	-
Net change in cash and cash equivalents	690,126	685,318
Cash and cash equivalents, beginning of year	1,042,829	357,511
Cash and cash equivalents, end of year	\$ 1,732,955	\$ 1,042,829

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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, 2012 AND 2011

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. Contributions receivable totaled \$664,778 and \$30,561 as of December 31, 2012 and 2011, respectively.

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, 2012 AND 2011

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:

Contributions receivable, 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. The carrying value of the note payable is not materially different from the estimated fair value of this instrument.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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.

B. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Unconditional promises expected to be collected in:		
Less than one year	\$424,244	\$30,561
One year to five years	<u>240,534</u>	<u>-</u>
	<u>\$664,778</u>	<u>\$30,561</u>

C. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 282,305	\$ 282,305
Buildings	863,290	863,290
Building improvements	114,077	45,515
Equipment	57,600	56,601
Furnishings	52,197	44,795
Software	6,753	6,753
Construction in progress	<u>638,540</u>	<u>93,531</u>
	2,014,762	1,392,790
Less: accumulated depreciation	<u>( 545,850)</u>	<u>( 503,850)</u>
Property and equipment, net	<u>\$ 1,468,912</u>	<u>\$ 888,940</u>

The estimated cost to complete construction in progress at December 31, 2012 was approximately \$1,300,000, relating primarily to the construction and renovation of buildings.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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, 2012). 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, 2012 was \$289,128.

Safe Haven also has an available \$100,000 line-of-credit under the above mentioned note payable agreement. The line-of-credit matures in October 2013. Interest is payable monthly at the bank's prime rate plus 1.0% (4.50% at December 31, 2012). There was no outstanding balance at December 31, 2012 and 2011.

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

The note payable contains certain restrictive covenants, including a minimum debt service coverage ratio. Safe Haven is in compliance with the covenants and ratios at December 31, 2012.

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2012</u>	<u>2011</u>
Purpose or time restrictions:		
Shelter renovations	\$906,202	\$ -
Children's Programs	9,390	10,500
Operations	56,094	30,561
Other	<u>-</u>	<u>7,000</u>
	<u>\$971,686</u>	<u>\$48,061</u>

Net assets of \$647,594 and \$216,072 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, 2012 and 2011, respectively.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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 \$48,000 and \$60,800 in 2012 and 2011, respectively, and \$28,302 related to construction on the expansion project in 2012. 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 15, 2013, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.