

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2007

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

TABLE OF CONTENTS

DECEMBER 31, 2007

	<u>Page</u>
Independent Auditors' Report	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8



BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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. as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Nashville Safe Haven Family Shelter, Inc. 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, 2007, 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.

Bellenfant & Miles, P.C.

June 16, 2008

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 55,433
Prepaid expenses	14,699
Security deposits	<u>1,911</u>

Total current assets 72,043

PROPERTY AND EQUIPMENT, NET 517,941

OTHER ASSETS 8,323

TOTAL ASSETS \$ 598,307

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 29,003
Note Payable - current	<u>26,875</u>

Total current liabilities 55,878

Note Payable - long term 108,474

TOTAL LIABILITIES 164,352

NET ASSETS:

Unrestricted	<u>433,955</u>
--------------	----------------

TOTAL LIABILITIES AND NET ASSETS \$ 598,307

The accompanying notes are an integral part of these financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUES:

Contributions	\$ 442,885
United Way	67,837
Fundraising events	186,511
In-kind contributions	340,925
Grants	63,236
Thrift Store sales	34,411
Gain on sale of real estate	<u>71,470</u>
Total revenues	<u>1,207,275</u>

EXPENSES:

Program services	1,065,583
Supporting services:	
Management and general	78,432
Fundraising	<u>42,897</u>
Total supporting services	<u>121,329</u>
Total expenses	<u>1,186,912</u>

CHANGE IN NET ASSETS	20,363
----------------------	--------

Net Assets, January 1, 2007	<u>413,592</u>
-----------------------------	----------------

Net Assets, December 31, 2007	<u><u>\$ 433,955</u></u>
-------------------------------	--------------------------

The accompanying notes are an integral part of these financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2007

	<u>Supporting Services</u>				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Salaries	\$ 259,322	\$ 21,434	\$ 21,132	\$ 42,566	\$ 301,888
Payroll taxes	21,370	1,214	1,700	2,914	24,284
In-kind labor	104,342	-	-	-	104,342
Employee benefits	86,711	2,797	3,730	6,527	93,238
 Total salaries and related expenses	 471,745	 25,445	 26,562	 52,007	 523,752
 Program supplies (including in-kind of \$236,583)	 249,176	 750	 -	 750	 249,926
Professional fees	29,332	18,814	96	18,910	48,242
Building maintenance and general liability insurance	35,625	-	-	-	35,625
Utilities	57,137	7,791	-	7,791	64,928
Contract labor	28,664	-	-	-	28,664
Individual family assistance	11,168	-	-	-	11,168
Rent	14,726	-	-	-	14,726
Vehicle maintenance	8,839	-	-	-	8,839
Office supplies	9,485	1,807	-	1,807	11,292
Public relations	15,092	-	794	794	15,886
Christmas campaign	-	-	1,109	1,109	1,109
Employee travel and mileage	928	-	-	-	928
Bank fees and other	8,926	1,365	210	1,575	10,501
Dues, memberships and training	1,699	189	-	189	1,888
Equipment rental	14,429	-	-	-	14,429
General fundraising expense	-	-	13,730	13,730	13,730
Miscellaneous	10,543	-	-	-	10,543
Interest expense	-	17,870	-	17,870	17,870
Thrift Store	58,859	-	-	-	58,859
 Total other expenses	 554,628	 48,586	 15,939	 64,525	 619,153
 Total expenses before depreciation	 1,026,373	 74,031	 42,501	 116,532	 1,142,905
 Depreciation	 39,210	 4,401	 396	 4,797	 44,007
 Total expenses	 <u>\$ 1,065,583</u>	 <u>\$ 78,432</u>	 <u>\$ 42,897</u>	 <u>\$ 121,329</u>	 <u>\$ 1,186,912</u>

The accompanying notes are an integral part of these financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 20,363
Adjustments to reconcile to net cash provided by operations	
Depreciation	44,007
Increase in assets:	
Prepaid expenses	(14,699)
Other assets	(8,323)
Increase (decrease) in liabilities:	
Accounts payable	8,776
Client liabilities	<u>(3,089)</u>
Net cash provided by operating activities	<u>47,035</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(14,066)
Sale of real estate	<u>25,788</u>
Net cash provided by investing activities	<u>11,722</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of Note Payable	150,000
Payments on Note Payable	(14,651)
Payments on lines of credit, net of borrowings	<u>(168,174)</u>
Net cash used in financing activities	<u>(32,825)</u>
NET INCREASE IN CASH	25,932
Cash and cash equivalents, January 1, 2007	<u>29,501</u>
Cash and cash equivalents, December 31, 2007	<u><u>\$ 55,433</u></u>

The accompanying notes are an integral part of these financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Nature of Activities:

Nashville Safe Haven Family Shelter, Inc. (the "Organization") is a nonprofit corporation located in Nashville, Tennessee. The Organization 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 the Organization is to help families overcome homelessness and achieve social and economic independence. Additionally, the Organization operates a thrift store at an off-site leased location where it sells surplus donations for the benefit of the Organization as well as the surrounding community.

Financial Statement Presentation:

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-for-Profit Organizations" ("SFAS No. 117"). Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. There were no donor-imposed restrictions on net assets as of December 31, 2007.

Contributions:

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. As of December 31, 2007, there were no outstanding unconditional promises to give. Therefore, all contributions were received and recognized during 2007.

Cash and Cash Equivalents:

Cash represents amounts on deposit with financial institutions that are federally insured.

Property and Equipment:

The Organization generally capitalizes an asset if its life is estimated to be one year or greater and the cost is \$200 or greater. Property and equipment are recorded at cost or at fair value as of the date contributed. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 31.5 years.

Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made.

In-Kind Contributions:

The Organization records various types of in-kind contributions including donated facilities, materials, equipment and professional 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. The amounts reflected in the accompanying financial statements as in-kind donations are offset by corresponding amounts included in expenses.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Donated Property and Equipment:

Donated property and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Volunteer services are recorded at \$7 per hour.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses:

Costs of providing the Organization's programs and services are summarized and reported on a functional basis. Program expenses include 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.

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2007:

Land	\$ 62,438
Buildings	698,713
Equipment	70,921
Furnishings	46,518
Software	16,569
Building improvements	<u>36,870</u>
	932,029
Less: accumulated depreciation	<u>(414,088)</u>
Property and equipment, net	<u><u>\$ 517,941</u></u>

3. IN-KIND CONTRIBUTIONS AND EXPENSES

During the year ended December 31, 2007, the Organization received in-kind contributions of food, meal service supplies, and miscellaneous household items valued at \$236,583. Additionally, the Organization received in-kind contributions of 14,906 volunteer hours valued at \$104,342. Total valuation of in-kind donations was \$340,925.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

4. LONG-TERM DEBT

In May 2007, the Organization refinanced two of its existing lines of credit in to one new line of credit and issued a \$150,000 term note (the "Note Payable") with Pinnacle National Bank. The proceeds from the new line of credit and Note Payable were used to repay all amounts outstanding under the previous lines of credit as well as fund certain operational needs of the Organization.

During the year ended December 31, 2007, the Organization repaid all amounts outstanding under its refinanced line of credit with the proceeds from the sale of certain real estate as further described in Note 7.

The Note Payable bears interest at a rate 7.65% and as of December 31, 2007 is scheduled to be repaid in 53 monthly installments of \$3,025, which includes an interest component. As of December 31, 2007, the Organization had no amounts outstanding under its line of credit and had \$100,000 available for borrowing. Long-term debt consists of the following at December 31, 2007

Total Note Payable	\$ 135,349
Less current portion	<u>26,875</u>
Long-term portion	<u><u>\$ 108,474</u></u>

Future maturities of the Note Payable at December 31 are as follows for the years indicated:

2008	\$ 26,875
2009	29,006
2010	31,304
2011	33,784
2012	<u>14,380</u>
	<u><u>\$ 135,349</u></u>

5. EMPLOYEE RETIREMENT PLAN

The Organization maintains a Simplified Employee Pension Plan (the "Plan") available for eligible employees. Any employee who is at least 21 years old and has worked for the Organization for three of the last five years is permitted to participate in the Plan. Although contributions are not required, the Organization may contribute an amount that vests immediately, as determined by the Board of Directors based on each employee's total compensation. Employees may also make pre-tax contributions to the Plan. No contributions to the Plan were made in 2007.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

6. CONCENTRATIONS

The Organization receives a substantial amount of its support from United Way. Contributions from United Way comprised 8% of total revenues during 2007. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.

7. SALE OF REAL ESTATE

The Organization sold their New York Avenue building and land during 2007 for \$102,758. The gain on the sale was \$71,470.

8. LEASE COMMITMENTS

The Organization leases certain operating retail space for the sale of certain donated items through its Thrift Store. Future minimum lease commitments under the existing lease agreement with the lessor are \$1,733 per month through October 2008 for a total future lease commitment at December 31, 2007 of \$17,330.

9. SUBSEQUENT EVENT

In April 2008, the Organization gave notice to the lessor of the Organization's Thrift Store, that the Organization intended to terminate and not renew its lease agreement, upon conclusion of the lease in October 2008.