

NASHVILLE SAFE HAVEN FAMILY SHELTER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2004

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

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B E L L E N F A N T & M I L E S , P . C .

C E R T I F I E D P U B L I C A C C O U N T A N T S

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Nashville Safe Haven Family Shelter, as of December 31, 2004, and the related statement 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. 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, as of December 31, 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.

Bellenfant & Miles, P.C.

September 20, 2005

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

ASSETS

CURRENT ASSETS:

| | |
|---------------------------|------------|
| Cash and cash equivalents | \$ 27,681 |
| Accounts receivable | <u>540</u> |

| | |
|----------------------|--------|
| Total Current Assets | 28,221 |
|----------------------|--------|

| | |
|------------------------------------|----------------|
| PROPERTY AND EQUIPMENT, NET | <u>677,239</u> |
|------------------------------------|----------------|

| | |
|---------------------|--------------------------|
| TOTAL ASSETS | <u><u>\$ 705,460</u></u> |
|---------------------|--------------------------|

LIABILITIES AND NET ASSETS

LIABILITIES:

| | |
|---------------------------------------|------------------|
| Accounts payable and accrued expenses | <u>\$ 21,695</u> |
|---------------------------------------|------------------|

| | |
|-------------------|--------|
| Total Liabilities | 21,695 |
|-------------------|--------|

NET ASSETS:

| | |
|--------------|----------------|
| Unrestricted | <u>683,765</u> |
|--------------|----------------|

| | |
|------------------|----------------|
| Total Net Assets | <u>683,765</u> |
|------------------|----------------|

| | |
|---|--------------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 705,460</u></u> |
|---|--------------------------|

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, 2004

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|-------------------------------|--------------------------|-----------------------------------|--------------------------|
| REVENUES: | | | |
| Contributions | \$ 281,475 | \$ - | \$ 281,475 |
| United Way | 95,428 | - | 95,428 |
| Fundraising events | 34,205 | - | 34,205 |
| Less: direct benefit costs | (11,558) | - | (11,558) |
| In-kind donations | 195,700 | - | 195,700 |
| Federal grants | 132,261 | - | 132,261 |
| Program fees | 1,516 | - | 1,516 |
| Grants - other | 52,500 | - | 52,500 |
| Interest income and other | 32,627 | - | 32,627 |
| | <u>814,154</u> | <u>-</u> | <u>814,154</u> |
| EXPENSES: | | | |
| Program services | <u>797,434</u> | <u>-</u> | <u>797,434</u> |
| Supporting services: | | | |
| Management and general | 82,197 | - | 82,197 |
| Fundraising | <u>48,051</u> | <u>-</u> | <u>48,051</u> |
| Total supporting services | <u>130,248</u> | <u>-</u> | <u>130,248</u> |
| Total expenses | <u>927,682</u> | <u>-</u> | <u>927,682</u> |
| CHANGE IN NET ASSETS | (113,528) | - | (113,528) |
| Net Assets, January 1, 2004 | 797,293 | 53,816 | 851,109 |
| Prior Period Adjustment | <u>-</u> | <u>(53,816)</u> | <u>(53,816)</u> |
| Net Assets, December 31, 2004 | <u><u>\$ 683,765</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 683,765</u></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, 2004

| | |
|---|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in Net Assets | \$ (113,528) |
| Adjustments to reconcile to net cash provided by operations | |
| Depreciation | 46,858 |
| (Increase) decrease in assets: | |
| Accounts receivable | 11,450 |
| Increase (decrease) in liabilities: | |
| Accounts payable | (3,846) |
| Net cash (used) by Operating Activities | (59,066) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | (50,935) |
| Net cash (used) by Investing Activities | (50,935) |
| NET DECREASE IN CASH | (110,001) |
| Cash and cash equivalents, January 1, 2004 | 137,682 |
| Cash and cash equivalents, December 31, 2004 | <u>\$ 27,681</u> |

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

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2004

| | <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 | \$ 224,591 | \$ 23,944 | \$ 6,609 | \$ 30,553 | \$ 255,144 |
| Payroll taxes | 19,940 | 2,202 | 587 | 2,789 | 22,729 |
| In-kind Salaries | 43,800 | - | - | - | 43,800 |
| Employee Benefits | 44,779 | 7,831 | 1,318 | 9,149 | 53,928 |
| | <u>333,110</u> | <u>33,977</u> | <u>8,514</u> | <u>42,491</u> | <u>375,601</u> |
| Total salaries and related expenses | | | | | |
| Program supplies (including in-kind of \$ 151,900) | 183,305 | - | - | - | 183,305 |
| Professional fees | 26,604 | 19,373 | 28,125 | 47,498 | 74,102 |
| Building maintenance and property insurance | 61,072 | 6,713 | - | 6,713 | 67,785 |
| Utilities | 50,364 | 915 | - | 915 | 51,279 |
| Contract labor | 12,648 | 1,200 | - | 1,200 | 13,848 |
| Individual family assistance | 22,780 | - | - | - | 22,780 |
| Vehicle maintenance | 16,835 | - | - | - | 16,835 |
| Office supplies | 11,876 | 4,565 | 1,098 | 5,663 | 17,539 |
| Public relations | 28,603 | 227 | 109 | 336 | 28,939 |
| Christmas campaign | 6,215 | - | 9,736 | 9,736 | 15,951 |
| Employee travel and mileage | 7,246 | - | - | - | 7,246 |
| Bank fees and other | 891 | 845 | - | 845 | 1,736 |
| Dues, memberships and training | 3,553 | 325 | - | 325 | 3,878 |
| | <u>431,992</u> | <u>34,163</u> | <u>39,068</u> | <u>73,231</u> | <u>505,223</u> |
| Total other expenses | | | | | |
| Total expenses before depreciation | 765,102 | 68,140 | 47,582 | 115,722 | 880,824 |
| Depreciation | 32,332 | 14,057 | 469 | 14,526 | 46,858 |
| Total expenses | <u>\$ 797,434</u> | <u>\$ 82,197</u> | <u>\$ 48,051</u> | <u>\$ 130,248</u> | <u>\$ 927,682</u> |

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

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

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's mission is to work in partnership with people from all walks of life, following Christ's teaching to provide housing, food, training and spiritual guidance necessary to assist homeless families throughout Middle Tennessee in becoming self-sufficient.

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. 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. Accordingly, net assets and changes therein are classified and reported 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 the Organization 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. All other donor restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization 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. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on nature of the restrictions.

Cash and Cash Equivalents:

Cash and cash equivalents include cash in bank money market and checking accounts as of December 31, 2004.

Property and Depreciation

The Organization generally capitalized 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 provide on the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 31.5 years.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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 support including contributed 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 support are offset by corresponding amounts included in expenses.

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 \$5 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 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, 2004:

| | |
|--------------------------------|------------------------|
| Land | \$ 74,338 |
| Buildings | 634,447 |
| Equipment | 59,219 |
| Furnishings | 28,351 |
| Software | 9,816 |
| | <hr/> 806,171 |
| Less: accumulated depreciation | (128,932) |
| Property and equipment, net | <hr/> <hr/> \$ 677,239 |

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

3. LINE OF CREDIT

The Organization has a line of credit that provides for maximum borrowings of \$75,000, with interest computed at the bank's prime rate plus 1.0% (5.5% at December 31, 2004) on outstanding balances. At December 31, 2004, no borrowings were outstanding under this line of credit agreement.

4. IN-KIND CONTRIBUTIONS AND EXPENSES

During the year ended December 31, 2004, the Organization received in-kind contributions of supplies and miscellaneous household items valued at \$151,900. They received in-kind contribution of 8,750 volunteer hours valued at \$43,800.

5. EMPLOYEE RETIREMENT PLAN

The Organization maintains a Simplified Employee Pension 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.

6. CONCENTRATIONS

The Organization maintains its cash balances at high credit quality institutions. The balances, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

The Organization receives a substantial amount of its support from United Way. Contributions from United Way comprised 11% of total revenues during 2004. 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. PRIOR PERIOD ADJUSTMENTS

Contributions receivable of \$53,816 reported at December 31, 2003 were later deemed unenforceable. Management decided to consider all contributions receivable at December 31, 2003 as uncollectible.