

2014

Financial Statements

LADIES OF CHARITY OF NASHVILLE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

(With Independent Auditor's Report Thereon)

LADIES OF CHARITY OF NASHVILLE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2014

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PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Ladies of Charity of Nashville, Inc.

We have audited the accompanying financial statements of Ladies of Charity of Nashville, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ladies of Charity of Nashville, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Patterson Hardee & Ballentine

February 2, 2015

LADIES OF CHARITY OF NASHVILLE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

Current Assets:		
Cash	\$ 144,949	
Certificates of deposit	40,186	
Accounts receivable	200	
Investments	718	
Total current assets		\$ 186,053
Property and equipment, net		232,061
Asset Whose Use is Limited:		
Cash		88,030
		<u>\$ 506,144</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 4,846	
Deferred revenue	1,146	
Due to nationals	764	
Accrued payroll	1,838	
Accrued vacation	1,508	
Total current liabilities		\$ 10,102
Net Assets:		
Unrestricted	341,232	
Unrestricted - board-designated	66,780	
Total unrestricted net assets		408,012
Temporarily restricted		88,030
Total net assets		<u>496,042</u>
		<u>\$ 506,144</u>

See accompanying notes to financial statements.

LADIES OF CHARITY OF NASHVILLE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenues:			
Contributions	\$ 142,721	\$ 15,000	\$ 157,721
Grant	31,614	29,591	61,205
Membership dues	10,743	-	10,743
Fundraising activities, net of \$101,393 direct expenses	123,220	-	123,220
United Way	36,079	-	36,079
In-kind	810	-	810
Interest income	1	-	1
Investment income	170	-	170
Other income	5,235	-	5,235
Net assets released from restrictions	16,221	(16,221)	-
	<u>366,814</u>	<u>28,370</u>	<u>395,184</u>
Total public support and revenues			
Expenses:			
Program services			
Welfare Agency	214,280	-	214,280
Other Charitable Programs	116,098	-	116,098
Total program services	<u>330,378</u>	<u>-</u>	<u>330,378</u>
Management and general	24,712	-	24,712
Fundraising	43,661	-	43,661
	<u>398,751</u>	<u>-</u>	<u>398,751</u>
Total expenses			
Increase (decrease) in net assets	<u>(31,937)</u>	<u>28,370</u>	<u>(3,567)</u>
Net assets - beginning of year	<u>439,949</u>	<u>59,660</u>	<u>499,609</u>
Net assets - end of year	<u>\$ 408,012</u>	<u>\$ 88,030</u>	<u>\$ 496,042</u>

See accompanying notes to financial statements.

LADIES OF CHARITY OF NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services		Supporting Services		
	Welfare Agency	Other Charitable Programs	Total Program Services	Management and General	Fundraising
					Total
Compensation Expense:					
Salaries	\$ -	\$ 47,026	\$ 47,026	\$ 15,676	\$ -
Payroll taxes	-	3,471	3,471	1,157	-
	-	50,497	50,497	16,833	-
					67,330
Other Expenses:					
Advertising expense	-	-	-	-	2,433
Assistance to clients	186,669	-	186,669	-	186,669
Bank fees	-	-	-	174	234
Christmas basket expense	-	22,043	22,043	-	22,043
Depreciation	-	5,564	5,564	2,226	22,258
Donations	-	1,495	1,495	-	1,495
In-kind expense	-	810	810	-	810
Insurance	-	1,143	1,143	457	4,572
Licenses and permits	642	-	642	-	642
Miscellaneous	-	6,368	6,368	2,123	8,491
National dues and subscriptions	-	6,020	6,020	-	6,020
Printing and postage	196	2,912	3,108	-	3,108
Professional fees	3,500	3,596	7,096	-	7,096
Repairs and maintenance	-	2,333	2,333	934	9,335
Scholarship	-	8,000	8,000	-	8,000
Special events	-	-	-	-	4,715
Supplies	4,096	405	4,501	-	4,501
Telephone	5,307	-	5,307	-	5,307
Utilities	13,870	4,912	18,782	1,965	33,518
	\$ 214,280	\$ 116,098	\$ 330,378	\$ 24,712	\$ 43,661
					\$ 398,751

See accompanying notes to financial statements.

LADIES OF CHARITY OF NASHVILLE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash Flows From Operating Activities:

Decrease in net assets	\$	(3,567)
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Adjustments to reconcile decrease in net assets
to net cash used in operating activities:

Unrealized gain on investments		(170)
Depreciation		22,258

Changes in:

Certificates of deposit	\$	(11)	
Asset whose use is limited		(28,370)	
Accounts payable		(7,959)	
Deferred revenue		(1,286)	
Due to nationals		(857)	
Accrued payroll		702	
Accrued vacation		1,508	
Total adjustments			(36,273)
Net cash used in operating activities			(17,752)

Cash Flows From Investing Activities:

Purchase of property and equipment	(15,006)	
Net cash used in investing activities		(15,006)

Net decrease in cash	(32,758)
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Cash - beginning of year	177,707
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Cash - end of year	\$ 144,949
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See accompanying notes to financial statements.

LADIES OF CHARITY OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The terms "we", "us", or "our" are used throughout these notes to the financial statements to identify the Ladies of Charity of Nashville, Inc., a not-for-profit organization. We are a Catholic women's civic and social club which engages in philanthropic activities. Our motto is, "to serve rather than be served."

We provide emergency assistance to individuals and families who cannot be serviced immediately by other social service agencies. We provide services without regard to race, creed, or nationality.

Program Services:

The following program and supporting services are included in the accompanying financial statements:

Welfare Agency - provides assistance with utilities (electricity, gas, and water), rent, clothing, and food to individuals in need who meet specific qualifications. Limited amounts of funding are given to qualified individuals once every three years.

Other Charitable Programs:

Christmas Baskets - provides Christmas baskets to individuals in need

Scholarships - provides scholarships to high school students

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations, which may or will be met, either by our actions and/or by the passage of time. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. We had no permanently restricted net assets as of December 31, 2014.

Contribution Revenue

We receive contributions from the general public and donations from private organizations to fund our operations. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

LADIES OF CHARITY OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contribution Revenue (continued)

We recognize this revenue as it is received or promised to the organization in accordance with generally accepted accounting principles for nonprofit organizations. See NOTE 6 for discussion of restricted revenue.

Membership Dues

We also receive membership dues as a source of revenue. Normal dues are \$25 and consist of two parts, \$15 are our member dues and \$10 are national dues. We also collect lifetime member dues which consist of national dues only (\$10). Any national dues collected but not remitted to nationals at the end of the year are included in the current liabilities section of the Statement of Financial Position. The due to nationals balance at December 31, 2014, is \$764.

Membership dues are due from the "active" members on January 31. The collection period for the 2014 year was December 1, 2013, to November 30, 2014. The dues received in December of 2014, for 2015 membership dues, were recorded as deferred revenue on the Statement of Financial Position. The deferred revenue balance at December 31, 2014, is \$1,146.

There are no penalties for members who do not pay dues until they have not paid for three years then they are moved to an "inactive" membership status. Member may return to an "active" membership status if they pay the current year's membership dues. There is no obligation for the member to pay previous unpaid dues. Therefore no member dues receivable is set up for previously unpaid dues.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2014, we had no cash equivalents.

Investments

Investments in equity securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. The fair values for these investments are based on quoted market prices. Donated securities are recognized at the fair value on the date of the contribution. All interest, dividends and unrealized gains and losses are reported in the Statement of Activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The unrealized gain or loss on our investment is not considered material to the financial statements.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is provided using the straight line basis over the estimated useful lives of the respective assets. Purchases or donations of equipment over \$500 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At December 31, 2014, no assets were considered to be impaired.

Advertising

Advertising is expensed as incurred.

LADIES OF CHARITY OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies (continued)

Donated Goods, Facilities, and Services

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Donated Information Technology services, which amounted to \$810 in 2014, are recorded at their estimated fair value at the date of donation and have been included in the appropriate categories of revenue and expenses.

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes. We are not subject to examination by U.S. federal or state taxing authorities for years before 2011.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities, and restricted cash approximate fair values due to the short maturities of these instruments.

NOTE 2 - Certificates of Deposit

A summary of the certificates of deposits held at December 31, 2014, is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Certificate of deposit	.010 – .050%	11/10/2015	\$ 22,038
Certificate of deposit	.010 – .050%	4/1/2015	12,563
Certificate of deposit	.050%	2/28/2015	5,585
			<u>\$ 40,186</u>

The carrying amounts of the certificates of deposit approximate fair values at December 31, 2014.

LADIES OF CHARITY OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 - Investments

Investments consisted of the following at December 31, 2014:

	<u>Market Value</u>	<u>Cost</u>
Brookfield Office Properties, Inc.	\$ 229	\$ N/A
Vornado Realty Trust	471	N/A
Money Markets	18	N/A
	<u>\$ 718</u>	<u>\$ N/A</u>

NOTE 4 - Fair Value Measurements

This standard establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard defines fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. The adoption of the standard had no impact on any investment's financial position or results of operations. The standard applies to all assets and liabilities measured and reported on a fair value basis and enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires each asset and liability carried at fair value be classified into one of the following categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs not corroborated by market data

All investments use level 1 valuation inputs.

NOTE 4 - Property and Equipment

A summary of property and equipment at December 31, 2014, is as follows:

Land and buildings	\$ 606,100
Building improvements	90,015
Land improvements	26,345
Fixtures	13,462
Equipment	17,605
Furniture	240
	<u>753,767</u>
Less: accumulated depreciation	<u>(521,706)</u>
	<u>\$ 232,061</u>

NOTE 5 - Board-Designated Unrestricted Net Assets

A summary of board-designated unrestricted net assets at December 31, 2014, is as follows:

Memorial fund	\$ 891
Welfare agency program	65,889
Total board designated - unrestricted net assets	<u>\$ 66,780</u>

LADIES OF CHARITY OF NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 6 - Temporarily Restricted Net Assets

Restricted donations are restricted for donor selected purposes. These donor selected purposes include a Replacement Fund, used for large purchases to update or restore buildings. The Christmas Basket program is restricted by donors for use of supplies to fill Christmas Baskets. The Statue donor restriction is for the renovation of a Ladies of Charity statue. The NES Watts and NES Project Help are restricted by the grant agreement to pay past due electric bills for individuals in extreme need. FEMA monies are restricted for the purchase of food for individuals in need. All amounts received for these projects are recorded as restricted revenue when received or promised and are released from restriction in accordance with generally accepted accounting principles for nonprofit organizations as the restrictions are fulfilled. A summary of temporarily restricted net assets at December 31, 2014, is as follows:

Replacement Fund	\$ 49,445
Christmas Basket Program	20,906
NES Watts	12,908
NES Project Help	4,400
Frist Technology Grant	191
Statue	<u>180</u>
Total temporarily restricted net assets	<u>\$ 88,030</u>

NOTE 7 - Leases

In November 2013, we entered into a lease for dumpster services that expires November 2018. Expenses incurred under operating leases for the year ended December 31, 2014, were \$1,014.

A schedule of future minimum lease payments required under all noncancelable operating leases as of December 31, 2014, follows:

Year Ending December 31,

2015	\$ 1,014
2016	1,042
2017	1,073
2018	919
Thereafter	<u>-</u>
	<u>\$ 4,048</u>

NOTE 8 - Concentrations

At the year ended December 31, 2014, 64% of our total accounts payables are due to three vendors.

NOTE 9 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2014. As of February 2, 2015, the date the financial statements were available to be issued, no events subsequent to December 31, 2014, are considered necessary to be included in the financial statements.