

**FANNIE BATTLE DAY HOME FOR  
CHILDREN, INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**June 30, 2006 and 2005**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fannie Battle Day Home for Children, Inc. and affiliate

We have audited the accompanying consolidated statements of financial position of Fannie Battle Day Home for Children, Inc. and affiliate (a nonprofit organization) as of June 30, 2006 and 2005, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fannie Battle Day Home for Children, Inc. and affiliate as of June 30, 2006 and 2005, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying information on pages 13 through 16 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*Frasier, Dean & Howard, PLLC*

September 15, 2006

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2006 and 2005**

<b>ASSETS</b>			
		<u><b>2006</b></u>	<u><b>2005</b></u>
Current assets:			
Cash and cash equivalents	\$	116,850	\$ 45,179
Investments		1,295,682	1,234,849
Accounts receivable		91,510	96,191
Prepaid expenses		<u>12,418</u>	<u>15,102</u>
Total current assets		<u>1,516,460</u>	<u>1,391,321</u>
Property and equipment:			
Land		54,259	54,259
Buildings		458,741	434,039
Equipment		<u>152,319</u>	<u>126,532</u>
		665,319	614,830
Less: accumulated depreciation		<u>(355,502)</u>	<u>(328,502)</u>
		<u>309,817</u>	<u>286,328</u>
Other assets:			
Future interest in life income gift		<u>75,000</u>	<u>75,000</u>
Total assets	\$	<u><u>1,901,277</u></u>	<u><u>1,752,649</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable	\$	666	\$ 12,289
Accrued expenses		<u>23,550</u>	<u>19,424</u>
Total liabilities		<u>24,216</u>	<u>31,713</u>
Net assets:			
Board designated		616,862	589,330
Other unrestricted		<u>1,138,499</u>	<u>1,007,046</u>
Total unrestricted		<u>1,755,361</u>	<u>1,596,376</u>
Temporarily restricted		<u>121,700</u>	<u>124,560</u>
Total net assets		<u>1,877,061</u>	<u>1,720,936</u>
Total liabilities and net assets	\$	<u><u>1,901,277</u></u>	<u><u>1,752,649</u></u>

See accompanying notes.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenues:			
Public support:			
Contributions	\$ 216,795	\$ 46,700	\$ 263,495
Membership fund-raising activities	<u>57,309</u>	<u>-</u>	<u>57,309</u>
Total public support	<u>274,104</u>	<u>46,700</u>	<u>320,804</u>
Revenues:			
Grants	146,315	-	146,315
Day home fees	295,183	-	295,183
DHS food subsidies	44,022	-	44,022
Investment return, net	77,612	-	77,612
Other	<u>46,946</u>	<u>-</u>	<u>46,946</u>
Total revenues	<u>610,078</u>	<u>-</u>	<u>610,078</u>
Net assets released from restrictions	<u>49,560</u>	<u>(49,560)</u>	<u>-</u>
Total public support and revenues	<u>933,742</u>	<u>(2,860)</u>	<u>930,882</u>
Expenses:			
Program services	615,941	-	615,941
Supporting services	<u>158,816</u>	<u>-</u>	<u>158,816</u>
Total expenses	<u>774,757</u>	<u>-</u>	<u>774,757</u>
Change in net assets	158,985	(2,860)	156,125
Net assets - beginning of year	<u>1,596,376</u>	<u>124,560</u>	<u>1,720,936</u>
Net assets - end of year	<u><u>\$ 1,755,361</u></u>	<u><u>\$ 121,700</u></u>	<u><u>\$ 1,877,061</u></u>

See accompanying notes.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenues:			
Public support:			
Contributions	\$ 90,478	\$ 47,752	\$ 138,230
Membership fund-raising activities	<u>56,035</u>	<u>-</u>	<u>56,035</u>
Total public support	<u>146,513</u>	<u>47,752</u>	<u>194,265</u>
Revenues:			
Grants	65,180	-	65,180
Day home fees	263,520	-	263,520
DHS food subsidies	37,107	-	37,107
Investment return, net	78,662	-	78,662
Other	<u>35,848</u>	<u>-</u>	<u>35,848</u>
Total revenues	<u>480,317</u>	<u>-</u>	<u>480,317</u>
Net assets released from restrictions	<u>42,837</u>	<u>(42,837)</u>	<u>-</u>
Total public support and revenues	<u>669,667</u>	<u>4,915</u>	<u>674,582</u>
Expenses:			
Program services	441,415	-	441,415
Supporting services	<u>153,444</u>	<u>-</u>	<u>153,444</u>
Total expenses	<u>594,859</u>	<u>-</u>	<u>594,859</u>
Change in net assets	74,808	4,915	79,723
Net assets - beginning of year	<u>1,521,568</u>	<u>119,645</u>	<u>1,641,213</u>
Net assets - end of year	<u>\$ 1,596,376</u>	<u>\$ 124,560</u>	<u>\$ 1,720,936</u>

See accompanying notes.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2006**

	Program Services	Supporting Services			Total	Total Expenses
	Day Home	Fundraising Activities	General and Administrative			
Salaries	\$ 360,433	\$ 40,000	\$ 40,684	\$	\$ 80,684	\$ 441,117
Groceries	41,557	-	-		-	41,557
Children's enrichment	37,073	-	-		-	37,073
Classroom expenses	35,679	-	-		-	35,679
Payroll taxes	24,883	2,680	2,726		5,406	30,289
Utilities	21,680	-	4,000		4,000	25,680
Repairs and maintenance	20,178	-	4,580		4,580	24,758
Legal and professional fees	-	-	20,678		20,678	20,678
Employee benefits	17,681	1,463	1,488		2,951	20,632
Insurance	10,906	-	2,476		2,476	13,382
Office supplies and expenses	-	-	12,929		12,929	12,929
Advertising and other fundraising	-	9,176	-		9,176	9,176
Printing	-	-	9,111		9,111	9,111
Auto expense	7,187	-	-		-	7,187
Miscellaneous	3,803	-	3,166		3,166	6,969
Security	3,255	-	739		739	3,994
Teacher and family education	3,060	-	-		-	3,060
Postage	-	-	2,409		2,409	2,409
Dues and subscriptions	1,566	-	-		-	1,566
Tuition reimbursement	-	-	511		511	511
	588,941	53,319	105,497		158,816	747,757
Depreciation	27,000	-	-		-	27,000
Total	\$ 615,941	\$ 53,319	\$ 105,497		\$ 158,816	\$ 774,757

See accompanying notes.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2005**

	Program Services	Supporting Services			Total	Total Expenses
	Day Home	Fundraising Activities	General and Administrative			
Salaries	\$ 248,351	\$ 40,000	\$ 29,713	\$	\$ 69,713	\$ 318,064
Legal and professional fees	-	-	41,664		41,664	41,664
Groceries	37,535	-	-		-	37,535
Employee benefits	20,156	2,129	1,582		3,711	23,867
Repairs and maintenance	19,307	-	2,972		2,972	22,279
Utilities	17,843	-	3,972		3,972	21,815
Payroll taxes	15,895	2,989	2,220		5,209	21,104
Children's enrichment	19,448	-	-		-	19,448
Insurance	11,094	-	3,111		3,111	14,205
Classroom expenses	12,254	-	-		-	12,254
Advertising and other fundraising	-	9,046	-		9,046	9,046
Office supplies and expenses	-	-	6,048		6,048	6,048
Miscellaneous	2,895	-	918		918	3,813
Auto expense	3,355	-	-		-	3,355
Teacher and family education	2,260	-	930		930	3,190
Dues and subscriptions	2,288	-	-		-	2,288
Security	1,734	-	486		486	2,220
Tuition reimbursement	-	-	2,057		2,057	2,057
Printing	-	-	2,002		2,002	2,002
Postage	-	-	1,605		1,605	1,605
	414,415	54,164	99,280		153,444	567,859
Depreciation	27,000	-	-		-	27,000
Total	\$ 441,415	\$ 54,164	\$ 99,280		\$ 153,444	\$ 594,859

See accompanying notes.



**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 156,125	\$ 79,723
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of investments	(5,764)	(14,968)
Depreciation	27,000	27,000
Realized and unrealized gain on investments, net	(57,762)	(58,599)
Changes in operating assets and liabilities:		
Accounts receivable	4,681	(13,210)
Prepaid expenses	2,684	(10,369)
Accounts payable	(11,623)	3,044
Accrued expenses	4,126	(1,965)
	<u>(36,658)</u>	<u>(69,067)</u>
Total adjustments		
	<u>(36,658)</u>	<u>(69,067)</u>
Net cash provided by operating activities	<u>119,467</u>	<u>10,656</u>
Cash flows from investing activities:		
Proceeds from sale of investments	195,335	457,047
Purchase of investments	(192,642)	(633,458)
Purchase of property and equipment	(50,489)	-
	<u>(47,796)</u>	<u>(176,411)</u>
Net cash used in investing activities		
	<u>(47,796)</u>	<u>(176,411)</u>
Net increase (decrease) in cash and cash equivalents	71,671	(165,755)
Cash and cash equivalents - beginning of year	45,179	210,934
	<u>45,179</u>	<u>210,934</u>
Cash and cash equivalents - end of year	<u>\$ 116,850</u>	<u>\$ 45,179</u>
Supplemental disclosure:		
Contributed investments	<u>\$ 5,764</u>	<u>\$ 14,968</u>

See accompanying notes.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years ended June 30, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Fannie Battle Day Home for Children, Inc. (the “Organization”) is a not-for-profit corporation that maintains and operates a day home for the instruction and care of children of working parents and/or parents pursuing an education.

**Principles of Consolidation**

The financial statements include the accounts of the Fannie Battle Day Home for Children, Inc. and its affiliated supporting organization, Fannie Battle Day Home Endowment Fund, Inc. All significant inter-entity transactions and balances have been eliminated in consolidation.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent during the same fiscal year as permitted by SFAS No. 116.

**Investments**

In accordance with SFAS No. 124, “*Accounting for Certain Investments Held by Not-for-Profit Organizations*,” investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

**Income Tax Status**

The Organization and its affiliated supporting organization are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, and are classified as organizations that are not private foundations 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.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years ended June 30, 2006 and 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

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

**Reclassifications**

Certain reclassifications have been made to 2005 amounts to conform with the 2006 financial statement presentation.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

**Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**NOTE 2 – CONCENTRATIONS**

Cash and investments include funds deposited in FDIC insured bank accounts. Balances on deposit may at times exceed amounts covered by FDIC insurance. Management believes that risk of loss is mitigated by maintaining deposits in high quality financial institutions.

**NOTE 3 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2006</u>	<u>2005</u>
Future interest in life income gift	\$ 75,000	\$ 75,000
Technology enhancements	-	1,808
Operating resources in next fiscal year	46,700	37,091
Playground expenditures	<u>-</u>	<u>10,661</u>
	<u>\$ 121,700</u>	<u>\$ 124,560</u>

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years ended June 30, 2006 and 2005**

**NOTE 3 – RESTRICTIONS ON NET ASSETS (Continued)**

Board designated net assets are available for the following purpose at June 30:

	<u>2006</u>	<u>2005</u>
Board designated endowment fund	\$ 616,862	\$ 589,330

**NOTE 4 – DHS SUBSIDIES**

The Organization receives monthly subsidies under the Department of Human Services Food Nutrition and Child Assistance Programs. For the years ended June 30, 2006 and 2005, the Organization received \$270,261 and \$218,681 in subsidies, respectively, which are included in the accompanying statements of activities in DHS food subsidies and Day home fees. The Organization intends to reapply to DHS for continuation of the subsidies when the current contracts expire. At June 30, 2006 and 2005, there was a subsidy receivable of \$37,744 and \$22,683, respectively.

**NOTE 5 – INVESTMENTS**

Investments at fair value, as of June 30, 2006 and 2005, are summarized as follows:

	<u>2006</u>	<u>2005</u>
Corporate debt securities	\$ 87,665	\$ 93,111
Government backed securities	49,235	52,325
Equity funds	974,013	792,857
Certificates of deposit	184,769	266,000
Equities	<u>-</u>	<u>30,556</u>
	<u>\$ 1,295,682</u>	<u>\$ 1,234,849</u>

The following schedule summarizes the investment return for the year ended June 30:

	<u>2006</u>	<u>2005</u>
Interest and dividends	\$ 19,850	\$ 20,063
Realized and unrealized gains	<u>57,762</u>	<u>58,599</u>
	<u>\$ 77,612</u>	<u>\$ 78,662</u>

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years ended June 30, 2006 and 2005**

**NOTE 6 – 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, which range from 40 years for buildings to three years for equipment. Expenditures for repairs and maintenance are charged to expense as incurred.

**NOTE 7 – FUTURE INTEREST IN LIFE INCOME GIFT**

In 1989, the Organization received a Quitclaim deed that provides a remainder interest in residential property in Davidson County, while reserving the grantor's life estate. The fair value of the life income gift, estimated to be \$75,000 at June 30, 2006 and 2005, has been recorded as a temporarily restricted net asset.

**NOTE 8 – CONTRIBUTED SERVICES**

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund raising and special projects. No amounts have been recognized in the statements of activities because the criteria for recognition under generally accepted accounting principles has not been satisfied.

**NOTE 9 – EMPLOYEE BENEFIT PLAN**

The Organization has a 401(k) profit sharing plan covering all personnel who are at least 21 years old and have completed the eligibility requirements. Employees may defer a portion of their compensation into the plan in accordance with the plan document. The Organization's contribution to the plan is determined annually by the Board of Directors. The retirement plan expense for the years ended June 30, 2006 and 2005 was \$6,000 and \$6,023, respectively.

**NOTE 10 – FUNDRAISING**

The following is a summary of fundraising contributions received and expenses incurred for each major fundraising activity:

	<b>2006</b>			<b>2005</b>		
	<b>Contributions</b>	<b>Expenses</b>	<b>Net</b>	<b>Contributions</b>	<b>Expenses</b>	<b>Net</b>
Caroling	\$ 48,765	\$ 7,670	\$41,095	\$ 37,896	\$ 5,416	\$32,480
Other	8,544	1,506	7,038	18,139	2,596	15,543
	<u>\$ 57,309</u>	<u>\$ 9,176</u>	<u>\$48,133</u>	<u>\$ 56,035</u>	<u>\$ 8,012</u>	<u>\$48,023</u>

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Years ended June 30, 2006 and 2005**

**NOTE 11 – ENDOWMENT FUND**

The Fannie Battle Day Home Endowment Fund, Inc. (“Endowment”) was established effective May 16, 2001. Endowment was established as a separate 501(c)(3) entity to assist management of the Organization in the exercise of its fiduciary duty related to board designated endowment investments. All investments in the board designated endowment fund were transferred to Endowment during fiscal 2002. The financial statements of Endowment are consolidated with the Organization in the accompanying financial statements as the Organization controls Endowment through the appointment of its board of directors.

## **SUPPLEMENTAL INFORMATION**

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2006**

**ASSETS**

	<u>Organization</u>	<u>Endowment</u>	<u>Consolidated</u>
Current assets:			
Cash and cash equivalents	\$ 100,968	\$ 15,882	\$ 116,850
Investments	694,702	600,980	1,295,682
Accounts receivable	91,510	-	91,510
Prepaid expenses	12,418	-	12,418
	<u>899,598</u>	<u>616,862</u>	<u>1,516,460</u>
Total current assets			
Property and equipment:			
Land	54,259	-	54,259
Buildings	458,741	-	458,741
Equipment	152,319	-	152,319
	<u>665,319</u>	<u>-</u>	<u>665,319</u>
Less: accumulated depreciation	<u>(355,502)</u>	<u>-</u>	<u>(355,502)</u>
	<u>309,817</u>	<u>-</u>	<u>309,817</u>
Other assets:			
Future interest in life income gift	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total assets	<u>\$ 1,284,415</u>	<u>\$ 616,862</u>	<u>\$ 1,901,277</u>

**LIABILITIES AND NET ASSETS**

Liabilities:			
Accounts payable	\$ 666	\$ -	\$ 666
Accrued expenses	23,550	-	23,550
	<u>24,216</u>	<u>-</u>	<u>24,216</u>
Total liabilities			
Net assets:			
Board designated	-	616,862	616,862
Other unrestricted	1,138,499	-	1,138,499
	<u>1,138,499</u>	<u>616,862</u>	<u>1,755,361</u>
Total unrestricted			
Temporarily restricted	121,700	-	121,700
	<u>1,260,199</u>	<u>616,862</u>	<u>1,877,061</u>
Total net assets			
Total liabilities and net assets	<u>\$ 1,284,415</u>	<u>\$ 616,862</u>	<u>\$ 1,901,277</u>

See accompanying notes.



**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2006**

	<u>Organization</u>	<u>Endowment</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
Public support and revenues:				
Public support:				
Contributions	\$ 257,731	\$ 5,764	\$ -	\$ 263,495
Membership fund-raising activities	<u>57,309</u>	<u>-</u>	<u>-</u>	<u>57,309</u>
Total public support	<u>315,040</u>	<u>5,764</u>	<u>-</u>	<u>320,804</u>
Revenues:				
Contributions from Endowment	18,713	-	(18,713)	-
Grants	146,315	-	-	146,315
Day home fees	295,183	-	-	295,183
DHS food subsidies	44,022	-	-	44,022
Investment return, net	37,131	40,481	-	77,612
Other	<u>46,946</u>	<u>-</u>	<u>-</u>	<u>46,946</u>
Total revenues	<u>588,310</u>	<u>40,481</u>	<u>(18,713)</u>	<u>610,078</u>
Total public support and revenues	<u>903,350</u>	<u>46,245</u>	<u>(18,713)</u>	<u>930,882</u>
Expenses:				
Contributions to Day Home	-	18,713	(18,713)	-
Program services	615,941	-	-	615,941
Supporting services	<u>158,816</u>	<u>-</u>	<u>-</u>	<u>158,816</u>
Total expenses	<u>774,757</u>	<u>18,713</u>	<u>(18,713)</u>	<u>774,757</u>
Change in net assets	<u>\$ 128,593</u>	<u>\$ 27,532</u>	<u>\$ -</u>	<u>\$ 156,125</u>

See accompanying notes.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2005**

**ASSETS**

	<u>Organization</u>	<u>Endowment</u>	<u>Consolidated</u>
Current assets:			
Cash and cash equivalents	\$ 44,009	\$ 1,170	\$ 45,179
Investments	642,978	591,871	1,234,849
Accounts receivable	96,191	-	96,191
Prepaid expenses	15,102	-	15,102
	<u>798,280</u>	<u>593,041</u>	<u>1,391,321</u>
Property and equipment:			
Land	54,259	-	54,259
Buildings	434,039	-	434,039
Equipment	126,532	-	126,532
	<u>614,830</u>	<u>-</u>	<u>614,830</u>
Less: accumulated depreciation	<u>(328,502)</u>	<u>-</u>	<u>(328,502)</u>
	<u>286,328</u>	<u>-</u>	<u>286,328</u>
Other assets:			
Future interest in life income gift	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total assets	<u>\$ 1,159,608</u>	<u>\$ 593,041</u>	<u>\$ 1,752,649</u>

**LIABILITIES AND NET ASSETS**

Liabilities:			
Accounts payable	\$ 8,578	\$ 3,711	\$ 12,289
Accrued expenses	19,424	-	19,424
	<u>28,002</u>	<u>3,711</u>	<u>31,713</u>
Net assets:			
Board designated	-	589,330	589,330
Other unrestricted	1,007,046	-	1,007,046
	<u>1,007,046</u>	<u>589,330</u>	<u>1,596,376</u>
Temporarily restricted	<u>124,560</u>	<u>-</u>	<u>124,560</u>
Total net assets	<u>1,131,606</u>	<u>589,330</u>	<u>1,720,936</u>
Total liabilities and net assets	<u>\$ 1,159,608</u>	<u>\$ 593,041</u>	<u>\$ 1,752,649</u>

See accompanying notes.

**FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2005**

	<u>Organization</u>	<u>Endowment</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
Public support and revenues:				
Public support:				
Contributions	\$ 136,755	\$ 1,475	\$ -	\$ 138,230
Membership fund-raising activities	56,035	-	-	56,035
Total public support	<u>192,790</u>	<u>1,475</u>	<u>-</u>	<u>194,265</u>
Revenues:				
Contributions from Endowment	15,812	-	(15,812)	-
Grants	65,180	-	-	65,180
Day home fees	263,520	-	-	263,520
DHS food subsidies	37,107	-	-	37,107
Investment return, net	39,239	39,423	-	78,662
Other	35,848	-	-	35,848
Total revenues	<u>456,706</u>	<u>39,423</u>	<u>(15,812)</u>	<u>480,317</u>
Total public support and revenues	<u>649,496</u>	<u>40,898</u>	<u>(15,812)</u>	<u>674,582</u>
Expenses:				
Contributions to Day Home	-	15,812	(15,812)	-
Program services	441,415	-	-	441,415
Supporting services	153,444	-	-	153,444
Total expenses	<u>594,859</u>	<u>15,812</u>	<u>(15,812)</u>	<u>594,859</u>
Change in net assets	<u>\$ 54,637</u>	<u>\$ 25,086</u>	<u>\$ -</u>	<u>\$ 79,723</u>

See accompanying notes.