

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

FINANCIAL STATEMENTS

DECEMBER 31, 2011

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

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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. ("Safe Haven") as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Safe Haven's management. 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, 2011, 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.

Crosslin & Associates, P.C.

Nashville, Tennessee
June 5, 2012

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 1,042,829
Contributions receivable	30,561
Inventories	10,250
Property and equipment, net	<u>888,940</u>
Total assets	<u><u>\$ 1,972,580</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 67,876
Client deposits	<u>7,193</u>
Total liabilities	<u>75,069</u>

NET ASSETS

Unrestricted	1,849,450
Temporarily restricted	<u>48,061</u>
Total net assets	<u>1,897,511</u>
Total liabilities and net assets	<u><u>\$ 1,972,580</u></u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Change in unrestricted net assets:

Revenues:

Contributions	\$ 1,345,140
United Way	23,302
Fundraising events	349,491
In-kind contributions	60,800
Grants	299,208
Interest	1,792
Net assets released from restrictions	<u>216,072</u>

Total revenues	<u>2,295,805</u>
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Expenses and losses:

Program services	<u>839,857</u>
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Supporting services:

Management and general	56,046
Fundraising	<u>133,511</u>

Total supporting services	<u>189,557</u>
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Total expenses	<u>1,029,414</u>
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Increase in unrestricted net assets	<u>1,266,391</u>
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Change in temporarily restricted net assets:

Contributions	38,061
Net assets released from restriction	<u>(216,072)</u>

Decrease in temporarily restricted net assets	<u>(178,011)</u>
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Increase in net assets	1,088,380
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Net assets, beginning of year	<u>809,131</u>
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Net assets, end of year	<u><u>\$ 1,897,511</u></u>
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See notes to financial statements.

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

Cash flows from operating activities:	
Increase in net assets	\$ 1,088,380
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	35,000
(Increase) decrease in current assets:	
Grants and contributions receivable	(24,485)
Prepaid expenses	4,832
Increase (decrease) in current liabilities:	
Accounts payable	58,871
Client deposits	<u>(4,656)</u>
Net cash provided by operating activities	<u>1,157,942</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(472,624)</u>
Net cash used in investing activities	<u>(472,624)</u>
Net increase in cash and cash equivalents	685,318
Cash and cash equivalents, beginning of year	<u>357,511</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,042,829</u></u>

See notes to financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 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, 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 \$30,561 as of December 31, 2011.

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, 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:

Cash, contributions receivable, inventories, 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.

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

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

B. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 282,305
Buildings	863,290
Building improvements	45,515
Equipment	56,601
Furnishings	33,540
Software	6,753
Construction in progress	<u>93,531</u>
	1,381,535
Less: accumulated depreciation	<u>(492,595)</u>
Property and equipment, net	<u>\$ 888,940</u>

C. LINE-OF-CREDIT

Safe Haven has an available \$100,000 line-of-credit under a note payable agreement with a bank. The line-of-credit is payable on demand and is collateralized by property and equipment. Interest is payable monthly at the bank's prime rate plus 1.25% (4.50% at December 31, 2011). There was no outstanding balance at December 31, 2011.

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

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Time restrictions	\$30,561
Purpose restrictions:	
Children's Programs	10,500
Other	<u>7,000</u>
	<u>\$48,061</u>

Net assets of \$216,072 were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended December 31, 2011. The purpose restriction accomplished was for the acquisition of capital assets.

E. COMMITMENTS AND CONTINGENCIES

Safe Haven leases certain equipment under operating leases, which expire in 2012. Minimum future rental payments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	<u>\$8,052</u>

In the normal course of business, operating leases are generally renewed annually or replaced by other leases. Total rental expense for operating leases was \$12,847 for 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.

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

G. IN-KIND CONTRIBUTIONS

During the year, Safe Haven received in-kind contributions of food and other program supplies valued at \$60,800. 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. INFREQUENT CONTRIBUTIONS

During the year, Safe Haven received two significant contributions. The first contribution was the result of a class action lawsuit settlement by a large pharmaceutical company whereby the trustee unexpectedly named Safe Haven as beneficiary for an amount of \$650,000. The second contribution was a \$250,000 distribution from a decedent's estate also naming Safe Haven as beneficiary. Though the Board has not formally designated these amounts, Safe Haven intends to maintain a portion of these funds in a reserve capacity and apply the remaining portion towards its upcoming capital campaign.

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 5, 2012, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.