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**MONROE HARDING, INC.**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**DECEMBER 31, 2007 AND 2006**

MONROE HARDING, INC.

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT .....	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position .....	3
Statements of Activities .....	4 - 5
Statements of Cash Flows .....	6
Statements of Functional Expenses .....	7 - 10
Notes to Financial Statements .....	11 - 16
SUPPLEMENTAL INFORMATION	
Schedule 1 - Comparison of Public Support and Revenue with Budget .....	17
Schedule 2 - Comparison of Expenses with Budget .....	18 - 22
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	23 - 24



## Independent Auditors' Report

The Board of Directors  
Monroe Harding, Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Monroe Harding, Inc. as of December 31, 2007 and 2006, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Monroe Harding, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 audits provide 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 Monroe Harding, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2008, on our consideration of Monroe Harding, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Board of Directors  
Monroe Harding, Inc.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Monroe Harding, Inc. taken as a whole. The accompanying schedules of comparison of public support and revenue with budget and comparison of expenses with budget are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the procedures applied in the audit of the 2007 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Crosslin & Associates, P.C.*

Nashville, Tennessee  
April 16, 2008

MONROE HARDING, INC.  
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>December 31.</u>	
	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 491,466	\$ 433,702
Accounts receivable	234,910	137,989
Pledges receivable (Note B)	-	23,545
Prepaid expenses	13,885	54,123
Investments (Note C)	5,846,973	6,463,230
Beneficial interests in perpetual trusts (Note J)	620,811	613,964
Land, buildings and equipment - net (Note D)	<u>971,398</u>	<u>1,014,062</u>
Total assets	<u>\$8,179,443</u>	<u>\$8,740,615</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 78,518	\$ 42,488
Accrued expenses	30,190	33,044
Childrens' account	18,413	17,649
Medical reimbursement	<u>2,868</u>	<u>3,385</u>
Total liabilities	<u>129,989</u>	<u>96,566</u>

NET ASSETS

Unrestricted (Note A)		
Undesignated	1,329,675	1,321,879
Board designated for capital improvements (Note G)	156,197	233,262
Board designated endowment	5,846,973	6,463,230
Temporarily restricted (Note E)	95,798	11,714
Permanently restricted (Note J)	<u>620,811</u>	<u>613,964</u>
Total net assets	<u>8,049,454</u>	<u>8,644,049</u>
Total liabilities and net assets	<u>\$8,179,443</u>	<u>\$8,740,615</u>

See accompanying notes to financial statements.

MONROE HARDING, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public support				
Church and private gifts	\$ 259,285	\$ 60,702	\$ -	\$ 319,987
Governmental contracts and sub-contracts	2,238,136	120,433	-	2,358,569
USDE	29,991	-	-	29,991
Special events	163,030	-	-	163,030
Miscellaneous	27,855	-	-	27,855
Gifts-in-kind	14,426	-	-	14,426
Net assets released from restriction	<u>98,348</u>	<u>( 98,348)</u>	<u>-</u>	<u>-</u>
Total public support	2,831,071	82,787	-	2,913,858
Revenue				
Income and net (loss) gain on investments	( 19,758)	-	-	( 19,758)
Income and net gain on beneficial interests in trusts	25,755	-	6,847	32,602
Interest	<u>7,938</u>	<u>1,297</u>	<u>-</u>	<u>9,235</u>
Total public support and revenue	<u>2,845,006</u>	<u>84,084</u>	<u>6,847</u>	<u>2,935,937</u>
<b>EXPENSES</b>				
Program services				
Residential care	2,747,776	-	-	2,747,776
General and occupancy	<u>329,698</u>	<u>-</u>	<u>-</u>	<u>329,698</u>
Total program services	<u>3,077,474</u>	<u>-</u>	<u>-</u>	<u>3,077,474</u>
Supporting services				
Administrative	253,263	-	-	253,263
General and occupancy	34,308	-	-	34,308
Fund raising	<u>165,487</u>	<u>-</u>	<u>-</u>	<u>165,487</u>
Total supporting services	<u>453,058</u>	<u>-</u>	<u>-</u>	<u>453,058</u>
Total expenses	<u>3,530,532</u>	<u>-</u>	<u>-</u>	<u>3,530,532</u>
Net increase (decrease) in net assets	( 685,526)	84,084	6,847	( 594,595)
Net assets, beginning of year	<u>8,018,371</u>	<u>11,714</u>	<u>613,964</u>	<u>8,644,049</u>
Net assets, end of year	<u>\$ 7,332,845</u>	<u>\$ 95,798</u>	<u>\$ 620,811</u>	<u>\$ 8,049,454</u>

2006			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Restricted</u>	<u>Total</u>
\$ 256,234	\$ 28,198	\$ -	\$ 284,432
1,117,046	59,643	-	1,176,689
23,800	-	-	23,800
158,809	-	-	158,809
27,406	-	-	27,406
23,706	-	-	23,706
<u>114,533</u>	<u>(114,533)</u>	<u>-</u>	<u>-</u>
1,721,534	( 26,692)	-	1,694,842
699,821	-	-	699,821
23,752	-	50.758	74,510
<u>10,831</u>	<u>-</u>	<u>-</u>	<u>10,831</u>
<u>2,455,938</u>	<u>( 26,692)</u>	<u>50,758</u>	<u>2,480,004</u>
1,636,748	-	-	1,636,748
<u>278,237</u>	<u>-</u>	<u>-</u>	<u>278,237</u>
<u>1,914,985</u>	<u>-</u>	<u>-</u>	<u>1,914,985</u>
238,394	-	-	238,394
34,392	-	-	34,392
<u>162,976</u>	<u>-</u>	<u>-</u>	<u>162,976</u>
<u>435,762</u>	<u>-</u>	<u>-</u>	<u>435,762</u>
<u>2,350,747</u>	<u>-</u>	<u>-</u>	<u>2,350,747</u>
105,191	( 26,692)	50.758	129,257
<u>7,913,180</u>	<u>38,406</u>	<u>563,206</u>	<u>8,514,792</u>
<u>\$ 8,018,371</u>	<u>\$ 11,714</u>	<u>\$ 613,964</u>	<u>\$8,644,049</u>

See accompanying notes to financial statements.

MONROE HARDING, INC.  
STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31.</u>	
	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (594,595)	\$ 129,257
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	88,152	82,524
Gifts of fixed assets	( 10,285)	-
Net loss (gain) on investments and beneficial interests in trusts	235,712	(500,521)
Increase in accounts and other receivables	( 96,921)	( 27,301)
Decrease (increase) in pledges receivable	23,545	( 3,222)
Decrease (increase) in other prepaid expenses	40,238	( 6,077)
Increase in accounts payable	36,030	16,270
(Decrease) increase in other accrued expenses	( 2,854)	8,225
Increase in children's account	764	1,949
Decrease in medical reimbursement	( 517)	( 525)
Net cash used in operating activities	<u>(280,731)</u>	<u>(299,421)</u>
Cash flows from investing activities:		
Net sales of investments, net of brokerage fees	373,698	359,942
Purchase of fixed assets	( 35,203)	( 66,075)
Net cash provided by investing activities	<u>338,495</u>	<u>293,867</u>
Net increase (decrease) in cash and cash equivalents	57,764	( 5,554)
Cash and cash equivalents at beginning of year	<u>433,702</u>	<u>439,256</u>
Cash and cash equivalents at end of year	<u>\$ 491,466</u>	<u>\$ 433,702</u>

See accompanying notes to financial statements.



MONROE HARDING, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	
	<u>Residential Care</u>	<u>General and Occupancy</u>
Total salaries, wages and benefits	<u>\$1,663,384</u>	<u>\$ -</u>
Other expenses:		
Food and kitchen supplies	59,087	-
Medical	1,316	-
Clothing	1,804	-
School and educational	14,889	-
Dorm supplies	11,252	-
Allowances	11,185	-
Recreational and special	32,698	-
Travel and transportation	12,714	-
Automobile gas and oil	12,148	-
Utilities	-	63,671
Contracted services	729,220	-
Maintenance	-	148,868
Insurance	-	36,533
Supplies and small equipment	34,684	-
Telephone	30,561	-
Postage	3,155	-
Training	78,835	-
Professional, legal and accounting	22,553	-
Dues and publications	3,380	-
Licenses and permits	722	-
Banking fees	-	-
Haircuts	138	-
Life skills	5,145	-
Fire and safety	-	3,374
Volunteer services	4,122	-
Printing	4,124	-
Recruitment	8,660	-
Provision for depreciation	-	77,252
Provision for doubtful accounts	<u>2,000</u>	<u>-</u>
Total other expenses	<u>1,084,392</u>	<u>329,698</u>
Total expenses	<u>\$2,747,776</u>	<u>\$329,698</u>

<u>Supporting Services</u>			
<u>Administrative</u>	<u>General and Occupancy</u>	<u>Fund Raising</u>	<u>Total</u>
<u>\$217,325</u>	<u>\$ -</u>	<u>\$107,227</u>	<u>\$1,987,936</u>
-	-	-	59,087
-	-	-	1,316
-	-	-	1,804
-	-	-	14,889
-	-	-	11,252
-	-	-	11,185
2,519	-	15,771	50,988
966	-	1,062	14,742
-	-	-	12,148
-	16,396	-	80,067
702	-	4,109	734,031
-	3,236	-	152,104
-	3,592	-	40,125
4,188	-	9,724	48,596
2,386	-	388	33,335
510	-	9,340	13,005
2,793	-	530	82,158
19,415	-	220	42,188
2,077	-	342	5,799
70	-	300	1,092
142	-	1,666	1,808
-	-	-	138
-	-	-	5,145
-	184	-	3,558
-	-	-	4,122
60	-	14,410	18,594
110	-	398	9,168
-	10,900	-	88,152
-	-	-	2,000
<u>35,938</u>	<u>34,308</u>	<u>58,260</u>	<u>1,542,596</u>
<u>\$253,263</u>	<u>\$34,308</u>	<u>\$165,487</u>	<u>\$3,530,532</u>

See accompanying notes to financial statements.

MONROE HARDING, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2006

	<u>Program Services</u>	
	<u>Residential</u>	<u>General</u>
	<u>Care</u>	<u>and</u>
		<u>Occupancy</u>
Total salaries, wages and benefits	<u>\$1,363,391</u>	<u>\$ -</u>
Other expenses:		
Food and kitchen supplies	48,257	-
Medical	865	-
Clothing	6,409	-
School and educational	4,173	-
Dorm supplies	12,461	-
Allowances	7,443	-
Recreational and special	26,740	-
Travel and transportation	5,221	-
Automobile gas and oil	9,052	-
Utilities	-	62,043
Contracted services	22,969	-
Maintenance	-	110,517
Insurance	-	31,167
Supplies and small equipment	30,058	-
Telephone	26,742	-
Postage	2,427	-
Training	26,700	-
Professional, legal and accounting	9,746	-
Dues and publications	4,852	-
Licenses and permits	934	-
Banking fees	-	-
Haircuts	244	-
Life skills	2,740	-
Fire and safety	-	4,126
Volunteer services	2,694	-
Printing	1,212	-
Recruitment	20,410	-
Provision for depreciation	-	70,384
Provision for double accounts	<u>1,008</u>	<u>-</u>
Total other expenses	<u>273,357</u>	<u>278,237</u>
Total expenses	<u>\$1,636,748</u>	<u>\$278,237</u>

<u>Supporting Services</u>			
<u>Administrative</u>	<u>General and Occupancy</u>	<u>Fund Raising</u>	<u>Total</u>
<u>\$198,569</u>	<u>\$ -</u>	<u>\$102,489</u>	<u>\$1,664,449</u>
-	-	-	48,257
-	-	-	865
-	-	-	6,409
-	-	-	4,173
-	-	-	12,461
-	-	-	7,443
1,015	-	14,323	42,078
549	-	1,226	6,996
-	-	-	9,052
-	15,618	-	77,661
804	-	3,709	27,482
-	1,665	-	112,182
-	4,733	-	35,900
5,182	-	9,032	44,272
2,336	-	403	29,481
408	-	9,195	12,030
3,530	-	1,302	31,532
22,704	-	573	33,023
2,115	-	525	7,492
20	-	300	1,254
188	-	1,656	1,844
-	-	-	244
-	-	-	2,740
-	236	-	4,362
-	-	-	2,694
-	-	18,243	19,455
974	-	-	21,384
-	12,140	-	82,524
-	-	-	1,008
<u>39,825</u>	<u>34,392</u>	<u>60,487</u>	<u>686,298</u>
<u>\$238,394</u>	<u>\$34,392</u>	<u>\$162,976</u>	<u>\$2,350,747</u>

See accompanying notes to financial statements.

MONROE HARDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and General

Monroe Harding, Inc. ("MH") is a not-for-profit organization that provides care and lodging for abused and neglected children.

Accrual Basis and Financial Statement Presentation

The financial statements of MH have been prepared on the accrual basis of accounting.

MH classifies its revenue, expenses, gains and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of MH 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 MH and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they must be maintained permanently by MH. Generally, the donors of these assets permit MH to use all or part of the income earned on related investments for general or specific purposes.

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.

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, MH 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.

MONROE HARDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

MH reports gifts of cash and other assets 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 restrictions.

MH reports gifts of land, buildings, and equipment 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, MH reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Investments

MH reports investments at fair value with gains and losses included in the statement of activities.

Land, Buildings, and Equipment

Land, buildings, and equipment are carried at cost. The fair value of donated labor services associated with fixed assets 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 three to thirty-nine years.

Pledges Receivable

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.

MONROE HARDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Tax Status

MH is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code; and accordingly, no provision for income tax is included in the accompanying financial statements.

Use of Estimates in the Preparation of Financial Statements

Judgment and estimation is exercised by management in certain areas of the preparation of financial statements. The more significant areas include the recovery period for buildings and equipment and the collectibility of pledges receivable. 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 carrying value of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments.

B. PLEDGES RECEIVABLE

Pledges receivable were due within one year of December 31, 2006. No allowance for uncollectible pledges receivable was considered necessary at December 31, 2006. There were no pledges receivable at December 31, 2007.

C. INVESTMENTS

Investments at December 31, 2007 and 2006, consisted of the following:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Stocks and bonds	\$5,394,827	\$5,313,449	\$5,221,712	\$5,547,484
Interest bearing				
accounts	295,744	295,744	689,736	689,736
Mutual funds	<u>221,055</u>	<u>237,780</u>	<u>198,070</u>	<u>226,010</u>
Total	<u>\$5,911,626</u>	<u>\$5,846,973</u>	<u>\$6,109,518</u>	<u>\$6,463,230</u>

MONROE HARDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

C. INVESTMENTS - Continued

The yield on investments for 2007 and 2006, was as follows:

	<u>2007</u>		<u>2006</u>	
Dividends and interest	\$ 222,801	3.62%	\$250,058	3.90%
Gain on sale of investments, net of brokerage fees	179,612	2.92%	401,720	6.26%
Unrealized gains (losses) on investments	<u>(422,171)</u>	<u>(6.86)%</u>	<u>48,043</u>	<u>0.75%</u>
Total	<u><u>\$ ( 19,758)</u></u>	<u><u>( .32)%</u></u>	<u><u>\$699,821</u></u>	<u><u>10.91%</u></u>

D. LAND, BUILDINGS AND EQUIPMENT

Land, buildings, and equipment at December 31, 2007 and 2006, consisted of the following:

	<u>2007</u>	<u>2006</u>
Land	\$ 22,055	\$ 22,055
Buildings and contents	948,941	929,368
Scarborough Cottage	130,092	130,092
Grace Cottage	41,227	41,227
Grana Cottage	338,062	338,062
Gymnasium	68,485	68,485
Automobiles	148,316	122,401
Water, sewer, and roadway	107,223	107,223
Recreation Cottage	11,891	11,891
Wilson Cottage	<u>416,446</u>	<u>416,446</u>
	2,232,738	2,187,250
Less accumulated depreciation	<u>(1,261,340)</u>	<u>(1,173,188)</u>
Net land, buildings, and equipment	<u><u>\$ 971,398</u></u>	<u><u>\$ 1,014,062</u></u>



MONROE HARDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2007</u>	<u>2006</u>
Special project funds	<u>\$95,798</u>	<u>\$11,714</u>

Net assets of \$98,348 and \$114,533 were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended December 31, 2007 and 2006, respectively. The purpose restrictions accomplished were for program services and the acquisition of capital assets.

F. RETIREMENT PLAN

MH has a retirement plan with Mutual of American Life Insurance Company in accordance with Internal Revenue Code, Section 401. The plan is a defined contribution plan that covers full-time employees who have a minimum of one year of service with MH or another non-profit organization. MH contributes an amount equal to 8% of the participants' compensation which is fully vested after 4 years of service with MH or any other nonprofit health or social service organization.

Retirement expense under the plans totaled \$63,723 and \$59,846 for 2007 and 2006, respectively.

G. CAPITAL IMPROVEMENT RESTRICTIONS

The Board of Directors and certain donors have designated funds for capital improvements and fixed asset additions. The designated balances were \$156,197 and \$233,262 as of December 31, 2007 and 2006, respectively.

H. AUXILIARY ACTIVITIES

The ladies auxiliary club raises funds annually on behalf of MH, the proceeds of which are used to satisfy various needs of MH. The accounts of the ladies auxiliary club have not been combined with the financial statements of MH since the financial transactions are considered immaterial.

MONROE HARDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

I. CONCENTRATION OF CREDIT RISK

MH maintains its cash and cash equivalents in high credit quality financial institutions at balances which, at times, may be uninsured or may exceed federally insured limits. MH 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.

J. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

During 2007 and 2006, MH received interest and dividends of \$25,755 and \$23,752, respectively, on funds held in trust amounting to \$620,811 and \$613,964 respectively. These funds were held by the Presbyterian Church of Nashville and First Presbyterian Church of Clarksville, Tennessee.

K. GIFT IN KIND

MH records donated materials and services at fair value on the date of donation. During 2007 and 2006, MH recorded donated labor and materials with a fair value of \$14,426 and \$23,706, respectively.

## **SUPPLEMENTAL INFORMATION**

MONROE HARDING, INC.  
COMPARISON OF PUBLIC SUPPORT AND REVENUE WITH BUDGET  
YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
PUBLIC SUPPORT AND REVENUE (BUDGETARY):			
Middle Tennessee Churches	\$ 95,634	\$ 92,000	\$ 3,634
West Tennessee Churches	450	700	( 250)
Other churches	500	600	( 100)
Individual gifts	90,559	91,000	( 441)
Memorials	17,273	16,000	1,273
Foundation and corporate gifts	83,541	145,000	( 61,459)
Special offerings	5,573	5,700	( 127)
Special events	163,030	160,900	2,130
Governmental Contracts and Sub-contracts	2,296,361	3,634,300	(1,337,939)
USDE reimbursement	29,991	23,000	6,991
United Way	7,823	11,500	( 3,677)
Income and net gain on investments	( 19,758)	600,000	( 619,758)
Interest - Plummer Fund	21,302	15,000	6,302
Other income	89,862	19,000	70,862
Rental income	20,910	22,700	( 1,790)
Stanley income	4,453	4,300	153
Clubs and organizations	<u>4,772</u>	<u>7,000</u>	<u>( 2,228)</u>
	2,912,276	4,848,700	(1,936,424)
PUBLIC SUPPORT AND REVENUE (NONBUDGETARY):			
Education fund interest	-	10,000	( 10,000)
Interest - Capital Account	9,235	8,000	1,235
Gifts In-kind	<u>14,426</u>	<u>4,000</u>	<u>10,426</u>
	<u>23,661</u>	<u>22,000</u>	<u>1,661</u>
Total Public Support and Revenue	<u>\$ 2,935,937</u>	<u>\$4,870,700</u>	<u>\$(1,934,763)</u>

See accompanying independent auditors' report.

MONROE HARDING, INC.  
COMPARISON OF EXPENSES WITH BUDGET  
YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
EXPENSES			
SALARIES AND WAGES			
Staff Salaries and Wages	\$ 1,631,901	\$1,610,000	\$ ( 21,901)
Salary/Wages-Accrued Vacation	<u>( 2,829)</u>	<u>1,000</u>	<u>3,892</u>
Total Salaries and Wages	1,629,072	1,611,000	( 18,072)
EMPLOYEE BENEFIT			
Medical and Dental Plan Premiums	129,254	140,000	10,746
Life & Disability Insurance	7,255	8,000	745
Pension Plan Benefits	63,723	80,000	16,277
Cafeteria Plan-Medical Reimb.	4,762	7,000	2,238
Other	<u>1,500</u>	<u>-</u>	<u>( 1,500)</u>
Total Employee Benefits	206,494	235,000	28,506
PAYROLL TAXES			
Employer FICA	99,907	100,000	93
Employer Medicare Tax	23,370	23,300	( 70)
Employer Unemployment Premiums	2,914	3,300	386
Worker's Compensation	<u>26,179</u>	<u>33,400</u>	<u>7,221</u>
Total Payroll Taxes	152,370	160,000	7,630
PROFESSIONAL FEES			
Auditing Fees	11,650	15,000	3,350
Accounting Services	1,500	2,000	500
Legal Fees	-	1,000	1,000
Therapy Session	440	-	( 440)
Payroll Processing Services	6,045	6,000	( 45)
Other Professional Consultant Fees	<u>22,553</u>	<u>7,000</u>	<u>( 15,553)</u>
Total Professional Fees	42,188	31,000	( 11,188)
RECRUITMENT			
Classified Advertisement	891	10,000	9,109
Background checks	5,361	9,000	3,639
Fingerprinting	<u>2,916</u>	<u>2,500</u>	<u>( 416)</u>
Total Recruitment	9,168	21,500	12,332
VOLUNTEER SERVICES			
Volunteer Food and Supplies	763	300	( 463)
Recognition Awards	1,102	800	( 302)
Other Volunteer Expenses	2,689	1,500	( 1,189)
Board Retreat	1,041	1,000	( 41)
Board/Committee Meetings	632	500	( 132)
Board Recognition Awards	<u>583</u>	<u>-</u>	<u>( 583)</u>
Total Volunteer Services	6,810	4,100	( 2,710)

MONROE HARDING, INC.  
COMPARISON OF EXPENSES WITH BUDGET - Continued  
YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
<b>CONTRACTED SERVICES</b>			
Maintenance	3,286	2,400	( 886)
Housekeeping	7,020	7,100	80
Siminar/Comp. Training Class	593	500	( 93)
Contracted Program Services	<u>719,024</u>	<u>2,042,300</u>	<u>1,323,276</u>
Total Contracted Services	729,923	2,052,300	1,322,377
<b>SPECIAL EVENTS</b>			
Facility Costs	4,064	3,500	( 564)
Food and Beverages	10,372	11,000	628
Entertainment and Related Expense	1,477	1,500	23
Favors and Giveaways	698	200	( 498)
Presentation Costs	838	1,000	162
Prizes/Gifts Certificates	<u>59</u>	<u>-</u>	<u>( 59)</u>
Total Special Events	17,508	17,200	( 308)
<b>SUPPLIES</b>			
Office Supplies	31,443	26,500	( 4,943)
Stationery	229	1,000	771
Cleaning Supplies	1,285	1,200	( 85)
Kitchen Supplies	1,095	2,200	1,105
Chaplain Supplies	-	100	100
Promotional Items	180	1,000	820
Other	<u>25</u>	<u>-</u>	<u>( 25)</u>
Total Supplies	34,257	32,000	( 2,257)
<b>POSTAGE &amp; SHIPPING</b>			
General Postage	12,732	14,000	1,268
Express Delivery	<u>272</u>	<u>100</u>	<u>( 172)</u>
Total Postage & Shipping	13,004	14,100	1,096
<b>TELEPHONE</b>			
Long Distance Telephone	900	1,200	300
Local Telephone	12,715	15,000	2,285
Internet Service Provider	7,463	6,500	( 963)
Pagers & Cellular Phones	<u>12,258</u>	<u>12,500</u>	<u>242</u>
Total Telephone	33,336	35,200	1,864

MONROE HARDING, INC.  
COMPARISON OF EXPENSES WITH BUDGET - Continued  
YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
<b>OCCUPANCY</b>			
Rental fee - Off Campus Homes	95,529	66,000	( 29,529)
Repairs & Maintenance-Buildings	20,928	12,800	( 8,128)
Repairs & Maintenance-Autos	5,650	3,000	( 2,650)
Repairs & Maintenance-Equipment	7,743	6,000	( 1,743)
Fire and Security	3,557	4,000	443
Extermination	3,754	4,000	246
Garbage Service	2,738	3,500	762
Grounds Maintenance	<u>15,808</u>	<u>16,500</u>	<u>692</u>
Total Occupancy	155,707	115,800	( 39,907)
<b>UTILITIES</b>			
Electric	39,118	40,000	882
Water	10,570	14,000	3,430
Gas	<u>30,380</u>	<u>41,000</u>	<u>10,620</u>
Total Utilities	80,068	95,000	14,932
<b>EQUIPMENT &amp; EQUIPMENT RENTAL</b>			
Equipment Rental	4,103	5,000	897
Equipment Maint. contracts	10,988	7,000	( 3,988)
Equipment Purchases (not capitalized)	<u>110</u>	<u>5,000</u>	<u>4,890</u>
Total Equipment & Equipment Rental	15,201	17,000	1,799
<b>PUBLIC RELATIONS &amp; MARKETING</b>			
Printing and Binding	15,529	20,000	4,471
Artwork, Photos, Design & Layout	-	50	50
Promotional Efforts	1,239	150	( 1,089)
Web Page Hosting	1,292	1,000	( 292)
Advertising Fees	511	700	189
Other Printing and Publications	<u>24</u>	<u>-</u>	<u>( 24)</u>
Total Public Relations & Marketing	18,595	21,900	3,305
<b>TRAVEL</b>			
General Travel-Staff	14,085	25,000	10,915
Auto Gas and Oil	<u>12,148</u>	<u>8,000</u>	<u>( 4,148)</u>
Total Travel	26,233	33,000	6,767

See accompanying independent auditors' report.

MONROE HARDING, INC.  
COMPARISON OF EXPENSES WITH BUDGET - Continued  
YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
<b>CONFERENCES, MTGS &amp; COURSES</b>			
Staff Development	19,019	23,000	3,981
Staff Travel & Out-of-Pocket	8,179	9,000	821
Professional Meetings	261	200	( 61)
Other Meeting Expenses	<u>811</u>	<u>500</u>	<u>( 311)</u>
Total Conferences, Meetings and Courses	28,270	32,700	4,430
<b>SPECIAL OCCASIONS</b>			
Staff Retreat	122	1,000	878
Holiday Gifts-Employee	5,138	4,000	( 1,138)
Holiday Gifts-Resident	-	-	-
Recognition Gifts & Awards-Public	578	500	( 78)
Recognition Gifts & Awards-Employee	5,258	4,000	( 1,258)
Recognition Gifts & Awards-Youth	988	4,500	3,512
Special Lunches/Banquets	<u>17,069</u>	<u>16,600</u>	<u>( 469)</u>
Total Special Occasions	29,153	30,600	1,447
<b>MEMBERSHIPS &amp; SUBSCRIPTIONS</b>			
Membership Dues-Other Organizations	5,509	6,200	691
Agency Affiliation Fees	-	700	700
Subscription & Publication	<u>289</u>	<u>1,000</u>	<u>711</u>
Total Memberships and Subscriptions	5,798	7,900	2,102
<b>INSURANCE EXPENSE</b>			
Auto Insurance	4,451	7,500	3,049
Multi-Peril Insurance	28,060	26,000	( 2,060)
Umbrella Insurance	5,654	4,000	( 1,654)
Director & Officers Liability	<u>1,960</u>	<u>2,400</u>	<u>440</u>
Total Insurance Expense	40,125	39,900	( 225)
<b>RESIDENT'S EXPENSES</b>			
Allowances	11,186	12,500	1,314
Clothing	1,804	10,000	8,196
Food	56,866	63,000	6,134
Resident supplies	4,300	2,500	( 1,800)
Dorm & Cottage supplies	6,295	11,000	4,705
Resident Travel	522	1,750	1,228
Haircuts	138	400	262
Medical	1,316	2,000	684
Outings	5,702	11,500	5,798
Arts and Enrichment	140	500	360
Education	9,745	1,750	( 7,995)



MONROE HARDING, INC.  
COMPARISON OF EXPENSES WITH BUDGET - Continued  
YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Actual (Over) Under Budget</u>
G.E.D. Materials	1,635	2,500	865
Life Skills	5,145	10,300	5,155
Vocation	233	4,000	3,767
Summer Programs-Education	3,135	3,500	365
Resident's Training	17,428	20,000	2,572
Furniture & Appliances	658	3,000	2,342
Youth Specific Assistance	36,459	-	( 36,459)
Emergency Housing Food	1,175	15,000	13,825
Emergency Youth Transportation	<u>135</u>	<u>2,500</u>	<u>2,365</u>
Total Resident's Expense	164,017	177,700	13,683
DEPRECIATION & AMORTIZATION			
Depreciation-Furniture, Fixtures & Equipment	35,688	27,000	( 8,688)
Depreciation-Building & Land Improvements	<u>52,464</u>	<u>55,000</u>	<u>2,536</u>
Total Depreciation & Amortization	88,152	82,000	( 6,152)
MISCELLANEOUS EXPENSES			
Provision for Doubtful Accounts	2,000	-	( 2,000)
Miscellaneous Banking Fees	1,809	1,500	( 309)
Filing Fees-Licenses & Permits	1,092	1,800	708
Other Miscellaneous Expenses	<u>182</u>	<u>500</u>	<u>318</u>
Total Miscellaneous Expense	<u>5,083</u>	<u>3,800</u>	<u>( 1,283)</u>
 Total Expenses	 <u>\$3,530,532</u>	 <u>\$4,870,700</u>	 <u>\$ 1,340,168</u>

See accompanying independent auditors' report.