

**PARK CENTER**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**

**June 30, 2007 and 2006**

**PARK CENTER**  
**TABLE OF CONTENTS**

Independent Auditor's Report.....	1 – 2
Financial Statements:	
Statements of Financial Position .....	3
Statements of Activities .....	4 – 5
Statements of Functional Expenses .....	6 – 7
Statements of Cash Flows.....	8
Notes to Financial Statements .....	9 – 16
Supplemental Information:	
Schedule of Expenditures of Federal and State Awards .....	17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18 – 19
Schedule of Findings and Responses .....	20 – 22



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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors of  
Park Center  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Park Center (a nonprofit organization) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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.

The accompanying financial statements do not include the accounts and balances related to Haley's Park, Inc. ("Haley's Park") and Park Center Housing Development Corporation ("Park Center Housing"). Haley's Park and Park Center Housing are affiliated by common control. In our opinion, accounting principles generally accepted in the United States of America require Haley's Park and Park Center Housing to be consolidated with the Organization. Consolidation of Haley's Park and Park Center Housing would increase assets and liabilities by \$1,457,040 as of June 30, 2007. There would be no impact on the change in net assets for the year ended June 30, 2007.

In our opinion, except for the effects of not consolidating Haley's Park and Park Center Housing, the financial statements referred to above present fairly, in all material respects, the financial position of Park Center as of June 30, 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 issued our report dated January 2, 2008 on our consideration of Park Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Park Center taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

Frasier Dean & Howard PLLC

January 2, 2008

**PARK CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,158,392	\$ 885,005
Investments	48,975	2,780
Accounts receivable, net	991,439	320,267
Contributions receivable	-	36,000
Prepaid expenses	<u>20,437</u>	<u>69,022</u>
Total current assets	2,219,243	1,313,074
Property and equipment, net	4,094,822	2,996,528
Other assets	<u>-</u>	<u>3,588</u>
Total assets	<u><u>\$ 6,314,065</u></u>	<u><u>\$ 4,313,190</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 42,737	\$ 41,118
Accrued expenses	156,837	146,817
Deferred revenues	35,000	-
Line of credit	-	12,612
Current portion of long-term debt	<u>570,665</u>	<u>37,044</u>
Total current liabilities	805,239	237,591
Long-term debt, less current portion	<u>215,472</u>	<u>243,184</u>
Total liabilities	<u><u>1,020,711</u></u>	<u><u>480,775</u></u>
Net assets:		
Unrestricted:		
Undesignated	4,201,235	3,028,068
Board designated	<u>708,407</u>	<u>387,579</u>
Total unrestricted	4,909,642	3,415,647
Temporarily restricted	<u>383,712</u>	<u>416,768</u>
Total net assets	<u><u>5,293,354</u></u>	<u><u>3,832,415</u></u>
Total liabilities and net assets	<u><u>\$ 6,314,065</u></u>	<u><u>\$ 4,313,190</u></u>

See accompanying notes.

**PARK CENTER**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenues:			
Public support:			
Grants and contracts	\$ 3,774,123	\$ -	\$ 3,774,123
Contributions	832,566	25,054	857,620
United Way	27,934	-	27,934
Total public support	<u>4,634,623</u>	<u>25,054</u>	<u>4,659,677</u>
Revenues:			
Rental income	341,999	-	341,999
Food service fees	7,681	-	7,681
Other	43,339	-	43,339
Investment and interest income	13,760	-	13,760
Net assets released from restrictions	58,110	(58,110)	-
Total revenues	<u>464,889</u>	<u>(58,110)</u>	<u>406,779</u>
Total public support and revenues	<u>5,099,512</u>	<u>(33,056)</u>	<u>5,066,456</u>
Expenses:			
Program services	3,241,342	-	3,241,342
Supporting services:			
Management and general	288,372	-	288,372
Fundraising	75,803	-	75,803
Total supporting services	<u>364,175</u>	<u>-</u>	<u>364,175</u>
Total expenses	<u>3,605,517</u>	<u>-</u>	<u>3,605,517</u>
Change in net assets	1,493,995	(33,056)	1,460,939
Net assets - beginning of year	<u>3,415,647</u>	<u>416,768</u>	<u>3,832,415</u>
Net assets - end of year	<u>\$ 4,909,642</u>	<u>\$ 383,712</u>	<u>\$ 5,293,354</u>

See accompanying notes.

**PARK CENTER**  
**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:			
Grants and contracts	\$ 2,656,500	\$ -	\$ 2,656,500
Contributions	203,862	36,000	239,862
United Way	51,980	-	51,980
Total public support	<u>2,912,342</u>	<u>36,000</u>	<u>2,948,342</u>
Revenues:			
Rental income	294,073	-	294,073
Food service fees	42,142	-	42,142
Other	25,413	-	25,413
Investment and interest income	7,860	-	7,860
Net assets released from restrictions	64,622	(64,622)	-
Total revenues	<u>434,110</u>	<u>(64,622)</u>	<u>369,488</u>
Total public support and revenues	<u>3,346,452</u>	<u>(28,622)</u>	<u>3,317,830</u>
Expenses:			
Program services	3,242,223	-	3,242,223
Supporting services:			
Management and general	64,518	-	64,518
Fundraising	93,055	-	93,055
Total supporting services	<u>157,573</u>	<u>-</u>	<u>157,573</u>
Total expenses	<u>3,399,796</u>	<u>-</u>	<u>3,399,796</u>
Change in net assets	(53,344)	(28,622)	(81,966)
Net assets - beginning of year	<u>3,468,991</u>	<u>445,390</u>	<u>3,914,381</u>
Net assets - end of year	<u>\$ 3,415,647</u>	<u>\$ 416,768</u>	<u>\$ 3,832,415</u>

See accompanying notes.

**PARK CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2007

		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and</u>		<u>Expenses</u>
		<u>General</u>		
Personnel services	\$ 1,773,907	\$ 186,083	\$ 58,829	\$ 2,018,819
Fringe benefits	180,103	11,723	3,706	195,532
Payroll taxes	134,653	14,235	4,500	153,388
Total personnel costs	2,088,663	212,041	67,035	2,367,739
Utilities	149,320	-	-	149,320
Contract services	128,880	17,575	-	146,455
Insurance	113,745	15,511	-	129,256
Rental assistance	117,951	-	-	117,951
Food and beverage	116,224	-	-	116,224
Rental and maintenance	60,308	8,224	-	68,532
Telephone	54,227	7,395	-	61,622
Miscellaneous	48,331	6,591	-	54,922
Professional fees	33,680	4,593	-	38,273
Janitorial supplies	35,139	-	-	35,139
Travel	30,621	4,176	-	34,797
Office supplies	25,423	3,467	-	28,890
Vehicle expense	19,210	2,620	-	21,830
Printing and publications	19,058	2,599	-	21,657
Conferences and meetings	15,811	2,156	-	17,967
Program services	15,764	-	-	15,764
Taxes and licenses	13,535	-	-	13,535
Fundraising - special events	-	-	8,768	8,768
Small equipment purchases	8,140	-	-	8,140
Postage and shipping	6,166	841	-	7,007
Interest	4,278	583	-	4,861
Medical supplies	3,695	-	-	3,695
Certifications and accreditations	1,224	-	-	1,224
				-
Total expense before depreciation	3,109,393	288,372	75,803	3,473,568
Depreciation	131,949	-	-	131,949
Total expenses	<u>\$ 3,241,342</u>	<u>\$ 288,372</u>	<u>\$ 75,803</u>	<u>\$ 3,605,517</u>

See accompanying notes.



**PARK CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2006**

	<b>Total Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Personnel services	\$ 1,773,684	\$ 37,183	\$ 48,359	\$ 1,859,226
Fringe benefits	138,419	2,824	-	141,243
Payroll taxes	137,582	2,808	-	140,390
Total personnel costs	2,049,685	42,815	48,359	2,140,859
Utilities	156,656	-	-	156,656
Contract services	110,935	2,264	-	113,199
Food and beverage	112,671	-	-	112,671
Rental assistance	110,456	-	-	110,456
Insurance	99,361	3,073	-	102,434
Rental and maintenance	70,270	709	-	70,979
Professional fees	69,236	1,413	-	70,649
Conferences and meetings	51,293	2,137	-	53,430
Telephone	49,540	149	-	49,689
Office supplies	45,657	1,655	-	47,312
Miscellaneous	46,360	-	-	46,360
Fundraising - special events	-	-	44,696	44,696
Janitorial supplies	36,619	-	-	36,619
Program services	23,830	-	-	23,830
Printing and publications	17,790	1,545	-	19,335
Vehicle expense	13,085	267	-	13,352
Interest	4,615	8,202	-	12,817
Small equipment purchases	12,016	-	-	12,016
Taxes and licenses	10,473	-	-	10,473
Certifications and accreditations	6,733	-	-	6,733
Postage and shipping	3,831	289	-	4,120
Total expense before depreciation	3,101,112	64,518	93,055	3,258,685
Depreciation	141,111	-	-	141,111
Total expenses	<u>\$ 3,242,223</u>	<u>\$ 64,518</u>	<u>\$ 93,055</u>	<u>\$ 3,399,796</u>

See accompanying notes.

**PARK CENTER**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,460,939	\$ (81,966)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	131,949	141,111
Gain on disposal of assets	(100)	(8,103)
Noncash contribution of property	(410,000)	-
Changes in operating assets and liabilities:		
Accounts receivable	(671,172)	(139,059)
Contributions receivable	36,000	(29,950)
Prepaid expenses	48,585	(28,829)
Other assets	3,588	6,474
Accounts payable	1,619	41,118
Accrued expenses	10,020	19,050
Deferred revenue	35,000	-
Net cash provided by (used in) operating activities	<u>646,428</u>	<u>(80,154)</u>
Cash flows from investing activities:		
Purchase of investments	(46,195)	-
Proceeds from disposal of assets	100	8,103
Purchase of property and equipment	<u>(820,243)</u>	<u>(28,344)</u>
Net cash used in investing activities	<u>(866,338)</u>	<u>(20,241)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	541,813	-
Payments on long-term debt	<u>(48,516)</u>	<u>(38,102)</u>
Net cash provided by (used in) financing activities	<u>493,297</u>	<u>(38,102)</u>
Net increase (decrease) in cash and cash equivalents	273,387	(138,497)
Cash and cash equivalents - beginning of year	<u>885,005</u>	<u>1,023,502</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,158,392</u></u>	<u><u>\$ 885,005</u></u>
Supplemental disclosure:		
Interest paid	<u>\$ 4,861</u>	<u>\$ 12,817</u>
Noncash contribution of property	<u><u>\$ 410,000</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007 and 2006**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**General**

Park Center (the “Center”) is a not-for-profit organization that provides psychosocial and vocational rehabilitation services and housing to emotionally and mentally ill individuals in Davidson County, Tennessee.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of the Center, and changes therein are classified and reported as follows:

**Unrestricted net assets**

Undesignated – net assets that are not subject to donor-imposed stipulations.

Designated – net assets designated by the Center’s Board for particular purposes, presently designated by the Board for long term investment and the benefits of certain programs.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

Client service revenue is reported at the estimated net realizable value from third-party payors in the period services are rendered. Management believes that accounts receivable are fully collectible at June 30, 2007 and 2006. As a result, no allowance for uncollectible accounts has been provided.

**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007 and 2006**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**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 change in net assets in the accompanying statement of activities as unrestricted revenues or expenses, unless specified by the donor.

**Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

The Center uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management believes that unconditional promises to give are fully collectible at June 30, 2007 and 2006. As a result, no allowance for uncollectible accounts has been provided.

**Donated Services**

Amounts are reported in the financial statements for voluntary donations of services only when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation. Volunteers donate significant amounts of their time in the Center's program services and its fund-raising efforts that have not been reported in the accompanying financial statements because the services do not create or enhance non-financial assets and no objective basis is available to measure the value of such donations.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Center.

**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007 and 2006**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Expense Allocation (Continued)**

The Center's major activities are as follows:

1. Park Center South – The Center offers food service, clerical, environmental, and vocational rehabilitation programs at its 801 12<sup>th</sup> Avenue South location.
2. Case Management – The Center operates a continuous mental health facility and provides other services to consumers diagnosed with mental illnesses.
3. Park Center East – The Center offers vocational and rehabilitation service programs at its 948 Woodland Street location.
4. Housing – The Center offers housing to consumers with a diagnosed mental illness through its owned and managed locations. Housing is offered to consumers in independent, assisted and supported living styles.
5. Housing Support – The Center offers a housing support program at its 4501 Gallatin Road location.

**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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax has been made.

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost at the date of purchase or fair market value at date of gift. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets (ranging from three to thirty years) on a straight-line basis. The Center generally capitalizes an asset if its life is estimated to be one year or greater and the cost is \$1,000 or greater.

**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007 and 2006**

**NOTE 2 – PROPERTY AND EQUIPMENT (Continued)**

The balances of the major classes of property and equipment are as follows at June 30:

	<u>2007</u>	<u>2006</u>
Land and land improvements	\$ 599,078	\$ 453,478
Buildings and building improvements	4,514,742	3,455,466
Equipment	311,397	304,140
Vehicles	86,131	69,593
Furniture	50,661	50,661
Land and land improvements restricted for housing program	<u>22,000</u>	<u>22,000</u>
	5,584,009	4,355,338
Less: accumulated depreciation	<u>(1,489,187)</u>	<u>(1,358,810)</u>
	<u>\$ 4,094,822</u>	<u>\$ 2,996,528</u>

In January 1989, the Center entered into an agreement with the Metropolitan Development and Housing Agency, the Tennessee Department of Mental Health and Developmental Disabilities, the Tennessee Department of Human Services, and the U.S. Department of Housing and Urban Development, whereby funds were made available to the Center by those governmental agencies to purchase and renovate four houses to be used by the Center to provide housing for the homeless mentally ill. Under the agreement, the Center is committed to operate the housing program for twenty to thirty years or be liable for repaying the prorated amounts of the original funds to the governmental agencies which provided them. Management currently plans to operate the program for the specified terms of the agreement. The net book value of the houses and land in the amount of \$357,565 and \$373,453 at June 30, 2007 and 2006, respectively, is included as temporarily restricted net assets.

**NOTE 3 – ACCRUED EXPENSES**

Employees of the Center are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees. Accrued vacation pay included in accrued expenses was \$82,504 and \$70,691 at June 30, 2007 and 2006, respectively.

**NOTE 4 – LINE OF CREDIT**

The Center had a \$35,000 revolving line of credit with Nashville Housing Fund. The agreement stated that interest on outstanding balances would be 0% with a maturity date of August 2006. Borrowings outstanding under the agreement at June 30, 2006 totaled \$12,612. All borrowings were repaid prior to maturation of the arrangement during the year ended June 30, 2007.

**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007 and 2006**

**NOTE 5 – LONG-TERM DEBT**

Long-term debt is as follows:

	<u>2007</u>	<u>2006</u>
Mortgage note payable to bank in monthly principal and interest installments of \$1,638, secured by land, interest at 4.5%, maturing July 2008.	\$ 20,803	\$ 36,004
Mortgage note payable to an organization in monthly principal and interest installments of \$1,960, secured by land, interest at 4.0%, maturing April 2010.	221,452	235,806
Mortgage note payable to an organization in monthly principal and interest installments of \$1,960, secured by land, interest at 2.5%, maturing July 2007. The note was repaid in July 2007.	525,275	-
Installment note payable to finance company in monthly principal and interest installments of \$405, secured by a vehicle, interest at 8.0%, maturing March 2012.	14,456	-
Installment note payable to finance company in monthly principal and interest installments of \$319, secured by a vehicle, interest at 0%, maturing July 2008.	<u>4,151</u>	<u>8,418</u>
	786,137	280,228
Less amount shown as current	<u>(570,665)</u>	<u>(37,044)</u>
Long-term debt, non-current	<u>\$ 215,472</u>	<u>\$ 243,184</u>

Annual principal maturities of the above obligation are as follows:

Year Ending	
<u>June 30,</u>	
2008	\$ 570,665
2009	24,500
2010	16,178
2011	16,837
2012	17,523
Thereafter	<u>140,434</u>
	<u>\$ 786,137</u>

**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007 and 2006**

**NOTE 6 – PENSION PLAN**

The Center has a non-contributory pension and retirement plan covering substantially all of its employees. The plan is a tax-deferred annuity plan with its participants owning all amounts held in their individual accounts. Pension expense for the years ended June 30, 2007 and 2006 was \$68,613 and \$46,505, respectively.

**NOTE 7 – IN-KIND CONTRIBUTIONS**

The Center received in-kind contributions in the amount of \$12,360 and \$30,480 for fundraising events during the years ended June 30, 2007 and 2006, respectively. During the year ended June 30, 2007, the Center received contributed buildings and land valued at \$410,000. These amounts are included with contributions in the statements of activities.

**NOTE 8 – RESTRICTIONS ON NET ASSETS**

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

	<u>2007</u>	<u>2006</u>
Property for housing program	\$ 357,565	\$ 373,453
Unconditional promises to give for future periods	-	36,000
Contributions restricted for Fitness Center	25,054	-
First-time homebuyer's counseling and outreach grant	<u>1,093</u>	<u>7,315</u>
	<u>\$ 383,712</u>	<u>\$ 416,768</u>

Designated net assets of the Center are available for the following purposes at June 30:

	<u>2007</u>	<u>2006</u>
Clubhouse	\$ 155,213	\$ 155,213
Safe Havens	232,366	232,366
Haley's Park furnishings	25,000	-
Long-term investment	<u>295,828</u>	<u>-</u>
	<u>\$ 708,407</u>	<u>\$ 387,579</u>

**NOTE 9 – LEASE COMMITMENT**

The Center has entered into lease agreements for office equipment that have been accounted for as operating leases. At June 30, 2007, future minimum annual lease payments under noncancelable lease obligations are as follows:



**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007 and 2006**

**NOTE 9 – LEASE COMMITMENT (Continued)**

Year Ending <u>June 30,</u>	
2008	\$ 7,394
2009	870
2010	870
2011	653
2012	<u>-</u>
	<u>\$ 9,787</u>

Rent expense amounted to \$9,069 and \$9,865 during the years ended June 30, 2007 and 2006, respectively.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The Center receives a substantial amount of its support from government grants and contracts. In the event of a significant reduction in the level of this support, the Center's programs and activities could be adversely affected.

**NOTE 11 – CONCENTRATIONS OF CREDIT RISK**

During the fiscal year, the Center's cash and cash equivalent balances exceeded federally insured limits. In management's opinion, the risk relating to the deposits is minimal.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Center's board of directors maintains the ability to approve the directors of two related organizations, Haley's Park, Inc. and Park Center Housing Development Corporation. The Center has chosen not to consolidate such entities in its financial statements in order to present the entities as separate organizations. Such organizations are ordinarily included in the financial statements of the controlling organization under accounting principles generally accepted in the United States of America. Although the board of directors of the Center may approve the boards of the two related entities, the Center has no responsibility for the liabilities incurred by either entity.

During 2007 and 2006, the Center sponsored the establishment of Haley's Park, Inc., a separate not-for-profit corporation, that was established in order to construct a facility to provide chronically mentally ill persons with housing and other services under guidelines of the U.S. Department of Housing and Urban Development, Section 811. The facility will include 14 one-bedroom units, one two-bedroom unit for a resident counselor as well as office space. Haley's Park building construction was in progress at June 30, 2007.

**PARK CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2007 and 2006**

**NOTE 13 – SUBSEQUENT EVENT**

In September 2007, the Center obtained a revolving line of credit in the amount of \$475,000 from a financial institution. Amounts drawn on the line of credit are due on demand and bear interest at the prime rate. This arrangement is secured by the Center's deposits with the financial institution, accounts receivable, property and equipment.

## **SUPPLEMENTAL INFORMATION**

**PARK CENTER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the year ended June 30, 2007

	CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2006	Cash Receipts	Expenditures	Balance Receivable June 30, 2007
<b>Federal Awards:</b>						
<u>U.S. Department of Human Services, State of Tennessee</u>						
Emergency Shelter Program	14.231	Z 06-026078	\$ 756	\$ 756	-	\$ -
Evaluation, Work Adjustment Program	84.126	GR-05-16631-02	-	19,797	19,797	-
Emergency Shelter Program	14.231	Z 07-031493-02	-	13,956	14,285	329
<u>U.S. Department of Mental Health and Developmental Disabilities, State of Tennessee</u>						
Assisted Living Program	93.958	GR-06-17151-01	5,000	5,000	-	-
Assisted Living Program	93.958	GR-07-18018-03	-	26,376	35,000	8,624
SETH Specialist Program	93.958	GR-07-18130-01	-	5,100	5,100	-
Data Infrastructure Grant	93.243	Z-07-033431-00	-	-	900	900
<u>U.S. Federal Emergency Management Agency</u>						
Emergency Food & Shelter Program	97.024		-	6,000	6,000	-
<u>U.S. Department of Housing and Urban Development</u>						
Supportive Housing Program	14.235	TN37B204007	19,478	19,478	-	-
Supportive Housing Program	14.235	TN37B504008	-	115,421	124,655	9,234
Total Federal Awards			25,234	211,884	205,737	19,087
<b>State Awards:</b>						
<u>Department of Mental Health and Developmental Disabilities, State of Tennessee</u>						
Co-Occurrence Project		GR-06-17022-00	2,540	2,540	-	-
Creating Homes and Other Programs		GR-06-17151-01	35,676	35,676	-	-
Americorp Vista Program		GR-06-17780-00	1,079	1,079	-	-
Mental Health Safety Net Program		Z-06-028779	6,983	6,983	-	-
Co-Occurrence Project		GR-07-17971-00	-	36,000	36,000	-
Homes and Other Programs		GR-07-18018-03	-	661,636	973,758	312,122
SETH Specialist Program		GR-07-18130-01	-	33,999	54,775	20,776
Mental Health Safety Net Program		Z-07-033257-01	-	53,441	57,771	4,330
			46,278	831,354	1,122,304	337,228
Total Federal and State Awards			\$ 71,512	\$ 1,043,238	\$ 1,328,041	\$ 356,315

NOTES TO THE SCHEDULE OF FEDERAL AND STATE AWARDS

Note 1 - Basis of Accounting - The Supplemental Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.