

THE CAMPUS FOR HUMAN DEVELOPMENT

FINANCIAL STATEMENTS

June 30, 2008 and 2007

THE CAMPUS FOR HUMAN DEVELOPMENT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Campus for Human Development
Nashville, Tennessee

We have audited the accompanying statements of financial position of The Campus for Human Development (a nonprofit organization) as of June 30, 2008 and 2007, 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. 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 The Campus for Human Development as of June 30, 2008 and 2007, 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.

Frasier, Dean & Howard, PLLC

February 22, 2009

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$2,006,326	\$1,388,588
Contract and grants receivable	72,374	97,202
Contributions receivable, net	485,224	75,000
Other	<u>3,609</u>	<u>3,188</u>
Total current assets	2,567,533	1,563,978
Contributions receivable, net of current portion	374,509	198,378
Land, building and equipment, net	<u>577,363</u>	<u>573,311</u>
Total assets	<u><u>\$3,519,405</u></u>	<u><u>\$2,335,667</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>\$ 144,174</u>	<u>\$ 70,520</u>
Total current liabilities	<u>144,174</u>	<u>70,520</u>
Net assets:		
Unrestricted	1,871,709	1,983,741
Temporarily restricted	<u>1,503,522</u>	<u>281,406</u>
Total net assets	<u>3,375,231</u>	<u>2,265,147</u>
Total liabilities and net assets	<u><u>\$3,519,405</u></u>	<u><u>\$2,335,667</u></u>

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 645,903	\$ 1,431,500	\$ 2,077,403
Grants and contracts	692,583	-	692,583
In-kind contributions	495,131	-	495,131
Other	56,202	-	56,202
Net assets released from restrictions	209,384	(209,384)	-
	<u>2,099,203</u>	<u>1,222,116</u>	<u>3,321,319</u>
Expenses:			
Program services	1,996,836	-	1,996,836
Supporting services	189,968	-	189,968
	<u>2,186,804</u>	<u>-</u>	<u>2,186,804</u>
Other gains (losses):			
Provision for uncollectible contributions	(1,033)	-	(1,033)
Loss on disposal of land, building and equipment	(23,398)	-	(23,398)
	<u>(24,431)</u>	<u>-</u>	<u>(24,431)</u>
Change in net assets	(112,032)	1,222,116	1,110,084
Net assets - beginning of year	1,983,741	281,406	2,265,147
Net assets - end of year	<u>\$ 1,871,709</u>	<u>\$ 1,503,522</u>	<u>\$ 3,375,231</u>

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 813,776	\$ 273,378	\$ 1,087,154
Grants and contracts	997,090	-	997,090
In-kind contributions	231,968	-	231,968
Other	45,857	-	45,857
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>2,088,691</u>	 <u>273,378</u>	 <u>2,362,069</u>
Expenses:			
Program services	1,875,711	-	1,875,711
Supporting services	<u>103,307</u>	<u>-</u>	<u>103,307</u>
 Total expenses	 <u>1,979,018</u>	 <u>-</u>	 <u>1,979,018</u>
Other gains (losses):			
Provision for uncollectible contributions	(30,000)	-	(30,000)
Gain on sale of assets	<u>122,477</u>	<u>-</u>	<u>122,477</u>
 Total other gains (losses)	 <u>92,477</u>	 <u>-</u>	 <u>92,477</u>
 Change in net assets	 202,150	 273,378	 475,528
 Net assets - beginning of year	 <u>1,781,591</u>	 <u>8,028</u>	 <u>1,789,619</u>
 Net assets - end of year	 <u><u>\$ 1,983,741</u></u>	 <u><u>\$ 281,406</u></u>	 <u><u>\$ 2,265,147</u></u>

See accompanying notes.

Program Services

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2007

	Program Services					Supporting Services		
	Guest House	Day Center	Respite	Veterans	Room in the Inn	Case Management	Management and General	Total
Salaries and related expenses	\$ 333,507	\$ 223,347	\$ 66,405	\$ 75,300	\$ 157,063	\$ 25,487	\$ 881,109	\$ 928,574
Grant recipient expense	-	-	-	-	-	206,252	206,252	206,252
Food (including \$104,079 in-kind)	84,331	100	20,053	36,038	-	597	141,119	141,119
Utilities	32,649	38,675	6,636	12,024	5,451	3,219	98,654	103,978
Insurance	38,845	21,762	2,138	15,508	12,815	1,856	92,924	94,355
Depreciation	63,899	-	-	21,300	-	-	85,199	85,199
Program materials	58,163	9,360	4,226	377	1,824	912	74,862	74,862
Rent expense in-kind	46,658	5,367	700	3,033	1,867	4,900	62,525	62,525
Laundry in-kind	18,797	15,663	2,593	6,265	18,796	-	62,114	62,114
Maintenance and security	20,749	19,457	3,956	8,397	4,256	961	57,776	60,796
Miscellaneous	-	36	51	81	13,781	-	13,949	13,949
Professional fees	9,508	14,598	2,230	3,893	7,054	1,673	38,956	52,535
Supplies	17,574	4,550	2,434	2,805	3,907	917	32,187	43,977
Transportation	7,787	5,549	74	58	-	1,228	14,696	33,359
Office equipment maintenance	3,827	2,131	932	1,611	615	190	9,306	14,702
Birth certificates and fees	41	3,978	10	-	-	54	4,083	10,588
								4,083
	\$ 736,335	\$ 364,573	\$ 112,438	\$ 186,690	\$ 227,429	\$ 248,246	\$ 87,484	\$ 1,979,018
							\$ 15,823	\$ 103,307

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,110,084	\$ 475,528
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	93,828	85,199
Loss (gain) on disposal of land, building, and equipment	23,398	(122,477)
Contributions restricted for capital campaign	(1,035,761)	-
Provision for loss on uncollectible contributions	1,033	30,000
Change in operating assets and liabilities:		
Contracts and grants receivable	24,828	313,696
Contributions receivable for operations	(187,388)	(303,378)
Other	(421)	(2,272)
Accounts payable and accrued expenses	73,654	13,154
Net cash provided by operating activities	<u>103,255</u>	<u>489,450</u>
Cash flows from investing activities:		
Purchase of equipment	(91,738)	(116,517)
Proceeds from sale of land, building, and equipment	-	142,100
Net cash (used in) provided by investing activities	<u>(91,738)</u>	<u>25,583</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	635,761	-
Net cash provided by financing activities	<u>635,761</u>	<u>-</u>
Net increase in cash and cash equivalents	647,278	515,033
Cash and cash equivalents - beginning of year	<u>1,388,588</u>	<u>873,555</u>
Cash and cash equivalents - end of year	<u><u>\$2,035,866</u></u>	<u><u>\$1,388,588</u></u>

See accompanying notes.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The Organization

The Campus for Human Development (“Campus”) is a religious non-profit organization based in Nashville, Tennessee. Campus is committed to providing enhanced services to the homeless while improving the system by which these services are delivered. Campus administers a variety of programs to provide a continuum of care that is emergency and long-term, residential and educational. Following is a description of selected Campus programs. The Guest House serves homeless substance abusers by offering shelter to individuals who are undergoing alcohol and drug addiction treatment through a partnership with the Metro Health Department and Veteran’s Administration. The Day Center serves homeless individuals with daytime shelter throughout the year. Respite Care offers homeless individuals who are medically fragile a place to recover. The Veterans program provides transitional housing and supportive services to homeless veterans. Room In The Inn, in partnership with more than 150 Middle Tennessee congregations, provides shelter for up to 225 men, women, and children each evening during the winter months. Case Management is a program that works with homeless individuals allowing them to create plans and goals to leave homelessness.

Basis of Presentation

Campus has adopted Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Campus is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, Campus is required to present a statement of cash flows. Net assets of Campus are presented 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 Campus 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.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by Campus. Generally, donors of these assets may permit Campus to use all or part of the income earned for general or specific purposes. Campus currently has no permanently restricted net assets.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

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

Land, Building and Equipment

Campus capitalizes all expenditures for land, building and equipment in excess of \$200. Purchases of land, building and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 – 27.5 years.

Income Taxes

Campus is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Campus considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to Campus 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Campus 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.

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

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

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

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt.

Donated use of facilities is recorded at the estimated fair market value.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of non-professional volunteers donated approximately 117,000 and 115,000 hours for the years ended June 30, 2008 and 2007 respectively to Campus' program services. However, these services do not meet the requirements above and have not been recorded.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

Reclassifications

Certain reclassifications have been made to 2007 balances to conform to 2008 presentation.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows at June 30:

	<u>2008</u>	<u>2007</u>
Contributions receivable	\$ 917,512	\$ 303,378
Less:		
Discount on contributions receivable	(29,779)	-
Allowance for doubtful accounts	<u>(28,000)</u>	<u>(30,000)</u>
Net contributions receivable	<u>\$ 859,733</u>	<u>\$ 273,378</u>
Receivable in less than one year, net	485,224	\$ 75,000
Receivable in one to five years, net	<u>374,509</u>	<u>198,378</u>
	<u>\$ 859,733</u>	<u>\$ 273,378</u>

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 3 – LAND, BUILDING AND EQUIPMENT

Land, building and equipment is summarized as follows at June 30:

	<u>2008</u>	<u>2007</u>
Real estate	\$ 107,097	\$ 165,731
Leasehold improvements – Eighth Avenue South	1,037,339	1,037,339
Furniture and laundry equipment	129,050	129,050
Automobiles	35,550	35,550
Office equipment	121,950	121,950
Construction in progress	<u>91,739</u>	<u>-</u>
	1,522,725	1,489,620
Less: accumulated depreciation	<u>(945,362)</u>	<u>(916,309)</u>
	<u>\$ 577,363</u>	<u>\$ 573,311</u>

There are restrictions on certain property owned by Campus. The real estate restrictions by the Department of Housing and Urban Development (“HUD”) require Campus to operate the transitional housing facilities for a period of ten years from the initial occupancy. Additionally, Metropolitan Development and Housing Agency (“MDHA”) grant funds have placed restrictions on leasehold improvements and office equipment that require Campus to use the assets for the benefit of homeless individuals.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2008</u>	<u>2007</u>
World Share	\$ 8,028	\$ 8,028
Unconditional promises to give due in future periods	459,733	273,378
Contributions receivable for capital campaign	400,000	-
Contributions received for capital campaign	<u>635,761</u>	<u>-</u>
	<u>\$ 1,503,522</u>	<u>\$ 281,406</u>

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 5 – DONATED MATERIALS AND SERVICES

Campus received in-kind contributions as follows during the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Rental facilities	\$ 179,196	\$ 62,525
Laundry services	53,783	62,114
Food	217,303	104,079
Other	<u>44,849</u>	<u>3,250</u>
	<u>\$ 495,131</u>	<u>\$ 231,968</u>

The property located at Eighth Avenue South is leased on a month-to-month basis from MDHA. The payment of monthly rent is currently suspended and Campus recorded in-kind rent of \$12,000 in 2007. The amount recorded for in-kind rent for the Eighth Avenue South property was increased to \$128,671 for 2008. The lease requires the property to be used for programs to help the homeless and The Guest House operations. The property at 625 Benton Avenue is used by Campus programs. This property is provided to Campus by MDHA, and requires the property to be used to assist the homeless. The payment of monthly rent is suspended and Campus recorded in-kind rent of \$36,000. The property located on Fifteenth Avenue is used by Campus programs. The property is provided to Campus by Belmont University and requires the property to be used for transitional housing. The payment of monthly rent is suspended and Campus recorded in-kind rent of \$14,525.

In-kind food represents donations of food to Campus and meals provided to individuals participating in Campus' various programs.

NOTE 6 – CONCENTRATIONS

Campus receives a major portion of its support from contracts and grants from government agencies. Campus also receives a significant amount of financial and other support from religious organizations. A major reduction of support from these organizations, should this occur, could have a material effect on the financial position of Campus.

In addition, at times throughout the year, the Organization maintains cash deposits in excess of federally insured limits. Credit risk is managed by maintaining all deposits in high quality financial institutions.

NOTE 7 – EMPLOYEE RETIREMENT PLAN

Campus adopted a defined contribution plan effective January 1, 1997. The Plan covers all employees who are at least 21 years of age and have completed 90 days of service. Campus does not match employee contributions to the defined contribution plan.

THE CAMPUS FOR HUMAN DEVELOPMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 8 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE INVESTMENTS

The Community Foundation of Middle Tennessee, a separate nonprofit organization, maintains investments on behalf of Campus. The Community Foundation has ultimate authority and control over the investments; accordingly, the net assets of Campus do not include these investments.

Investment earnings on its pro-rata share of the Community Foundation's assets are expected to be reinvested and added to the principal balance. The balance of the endowment fund held for the benefit of Campus totaled approximately \$21,000 at June 30, 2008 and 2007.

NOTE 9 – CAPITAL CAMPAIGN

During fiscal year 2007, Campus was approved for a \$1.6 million grant from the Tennessee Housing Development Agency. Campus also received approximately \$1,000,000 in contributions. These funds are to be used for the construction of a new building as well as improvements to existing structures. Campus also intends to fund the project through additional grants, contributions, and outside financing.