BUILDING LIVES FOUNDATION, INC.

Financial Statements

JUNE 30, 2015

(With Independent Auditor's Report Thereon)

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

November 29, 2015

Board of Directors
Building Lives Foundation, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Building Lives Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Lives Foundation, Inc., as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Parsons and Associates

Parsons and Associates, CPAs

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Current Assets	
Cash and cash equivalents	$207,425
Accounts receivable, net of allowance for bad debts of $3,000	12,177
Grants receivable	12,500
Prepaid assets	1,959
Notes receivable	2,510
Property and equipment (net of accumulated depreciation)	3,357
Total Assets	$239,928

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	$ 6,471
Payroll taxes payable	1,300
Loans payable	868
Total Liabilities	8,639
Net Assets	
Unrestricted	195,387
Temporarily restricted	35,902
Total Net Assets	231,289
Total Liabilities and Net Assets	$239,928

See accompanying notes and auditor's report.

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Fundraising – annual events	$229,704	$	$229,704
Program services	97,306		97,306
Donations	26,304		26,304
Gifts-in-kind	61,286		61,286
Vehicle reimbursements	4,115		4,115
Grant proceeds	25,000	32,000	57,000
Interest income	175		175
Transfers from temporarily restricted net assets	32,000	(32,000)	0
Total Revenue and Support	475,890	0	475,890
Expenses			
Program services	261,412		261,412
Fundraising	157,406		157,406
Administrative	35,514		35,514
Total Expenses	454,332		454,332
Change in Net Assets	21,558		21,558
Unrestricted Net Assets – beginning of year	181,173	35,902	217,075
Prior period adjustments	(7,344)		(7,344)
Unrestricted Net Assets – end of year	$195,387	$35,902	$231,289

See accompanying notes and auditor's report.

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2015

Cash flows from operating activities	
Change in net assets	$ 21,558
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation on property and equipment	6,526
Provision for doubtful accounts	1,838
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	1,656
(Increase) decrease in notes receivable	6,253
(Increase) decrease in prepaid expenses	(214)
Increase (decrease) in accounts payable	4,874
Increase (decrease) in payroll taxes payable	(2,357)
Net cash provided by operating activities	40,134
Cash flows from financing activities	
Decrease in loans payable	(5,211)
Net cash provided (used) by financing activities	(5,211)
Net increase in cash and cash equivalents	34,976
Cash and cash equivalents – at beginning of year	172,449
Cash and cash equivalents – at end of year	$207,425

See accompanying notes and auditor's report.

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services	Fundraising	Administrative	Total
Apartment furnishings				
(including in-kind donations of $9,350)	$ 87,930	$	$	$ 87,930
Depreciation			6,526	6,526
Provision of doubtful accounts	1,838			1,838
Compensation	49,932	9,218	11,277	70,427
Client support	57,599			57,599
Vehicle expenses	10,147			10,147
Miscellaneous	1,915		696	2,611
Contributions			10,280	10,280
Food	1,690		375	2,065
Fees, dues and subscriptions			422	422
Fundraising expense		148,188		148,188
Insurance expense			2,960	2,960
Mobile phone	468		228	696
Postage and delivery	65		365	430
Professional fees			2,385	2,385
Rent expense	38,506			38,506
Utilities	11,322			11,322
Total	$261,412	$157,406	$35,514	$454,332

See accompanying notes and auditor's report.

NOTE 1 – Organization and Purpose

Organized in 2006, Building Lives Foundation, Inc. (BLF) is a not-for-profit corporation committed to assisting veterans, primarily in Middle Tennessee, by providing one-on-one-mentoring, health and psychological care referrals, employment transportation, housing and financial education. The singular goal is to support and transition each veteran/client to become a productive member of the community.

The BLF program includes five major components, which working together, build a solid foundation upon which a fulfilling life can be structured as follows: (1) Job Assistance, (2) Affordable Housing, (3) Apartment Furnishings, (4) Vehicle Program and (5) Guidance. Additionally, services are offered by the Foundation through a program known as "The Academy" which provides basic needs, housing, meals, transportation, etc., for the participants while taking part in a work-therapy program during a transition period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as established by the FASB Accounting Standards Codification. BLF 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 based upon the existence or absence of donor-imposed restrictions. BLF's ordinary practice is to report revenues and support whose restrictions are met in the same period as unrestricted revenue and support. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions, and are recorded as described below:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted.

Permanently Restricted Net Assets

Net assets that are subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes. As of June 30, 2015, the Foundation did not have any permanently restricted net assets.

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.

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 Activities. Accordingly, costs have been allocated among the programs and supporting services benefited.

Revenue Recognition
Revenue and support are generally recognized as income during the fiscal year in which they are earned or contributed. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted revenues depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.

Gifts-in-kind contributions consist of donated assets and other noncash contributions received from donors supporting the fundraising activities. These types of contributions are recorded based on their estimated fair value at the date of the contribution. Fundraising primarily consists of an annual benefit concert and a holiday product warehouse sale. Both events are organized by the Foundation. The portion of benefit concert ticket sales that represents the fair value of the concert based on prices of local comparable events is recorded as fundraising income and the excess sales are classified as donations on the statement of activities.

Grants and bequests may require the fulfillment of certain conditions as set forth in the grant or bequest documents. Failure to fulfill any such conditions could result in the return of the funds to the grantors. Although such a circumstance is a possibility, management deems the contingency remote because the Organization has historically complied satisfactorily with donor provisions. By accepting the gifts and their terms, the Organization has demonstrated its intent and its policy to accommodate the provisions of the gifts and to coordinate them with the objectives of the Organization.

Income Tax Status
The Internal Revenue Service has granted the Foundation exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, all highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

Accounts Receivable, Grants Receivable and Notes Receivable
Accounts receivable consist mostly of (1) third party billings to customers for work performed by participants in the work-therapy program and (2) billings to vehicle program participants for car repair and maintenance costs incurred.

Grants receivable consist of awards from one grant to be used (1) to support salaries of the veteran's program/case manager and its on-site house manager and (2) to improve the health and employment of the veterans in its program by helping them achieve self-sufficiency, consistent employment, financial management skills, permanent housing and citizenship skills.

Management periodically reviews all delinquent receivables and charges off accounts, grants and notes after collection efforts are exhausted. The allowance for doubtful accounts receivable represents an amount which, in management's judgment, reflects the net collectible balance of the accounts receivable. In determining the adequacy of the allowance, management considers general economic conditions, the client's and grantor's financial ability, the age of the receivable, and any potential collateral.

Property and Equipment
Purchased property and equipment are carried at cost. Donated equipment is recorded at estimated market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to ten years. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for improvements, renewals and extraordinary repairs that extend the useful life of an asset are capitalized.

Compensated Absences
Employees of BLF are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. BLF's policy is to recognize the cost of compensated absences when actually paid to employees.

Advertising Costs
The Foundation expenses all advertising costs as they are incurred.

Fair Values
The Foundation has an established process for determining fair values of financial assets and liabilities, primarily receivables to be received in over one year and payables to be paid in over one year. When applicable, fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data, including interest rate yield curves, option volatilities and third party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

NOTE 3 – PROPERTY AND EQUIPMENT, Net

Property and equipment, net at June 30, 2015 are as follows:

Property and equipment	$22,608
Less accumulated depreciation	(19,251)
Net	$ 3,357

NOTE 4 – NOTES RECEIVABLE

The BLF has one unsecured, non-interest bearing note receivable related to the sale of vehicles totaling $2,510. The remaining terms of the note is twelve months or less. No discounts or allowance for bad debts have been deemed applicable.

NOTE 5 – INTENTIONS TO GIVE

As of June 30, 2015, the BLF had no unfulfilled pledges from contributors. When received, such pledges are considered intentions to give; accordingly, since they are not considered unconditional promises to give, they are not recognized until collected.

NOTE 6 – DONATED SERVICES

Officers, members of the Board of Directors, and other volunteers of the BLF have assisted the BLF in the accomplishment of its goals and objectives by the donation of their time and services. No amounts have been reflected in the financial statements as it was not practicable to determine the valuation of such services to the BLF, and the BLF exercises no significant control over the major elements of donated services.

NOTE 7 – FUNDRAISING EVENTS AND SUBSEQUENT EVENTS

During the fiscal year ended June 30, 2015, BLF sponsored three fundraising events as sources of additional revenue and greater public awareness. Historically, the primary event has been a Christmas "warehouse sale" held in Franklin, Tennessee, which was funded primarily by merchandise donations from a retail organization that specializes in promoting/sponsoring fundraising events for nonprofit organizations (NPO's). This event produced gross revenues of approximately $66,000 in the fiscal year ended June 30, 2015. Another similar "warehouse sale" was held in the first time in Bloomingdale, Illinois, and generated gross revenues of approximately $102,000. BLF has mutually agreed to continue working with this retail organization to sponsor these events as its primary fundraising events.

NOTE 8 – LEASES

Historically, the BLF has entered into six month leases to provide a number of veterans with housing. The veterans are required to reimburse the BLF monthly. Leases are cancelable if a client moves out. As of June 30, 2015, there were no such leases to which the BLF was liable for payment of rents.

NOTE 9 – CONCENTRATIONS AND RELATED PARTIES

BLF maintains its cash in bank deposits accounts at a local branch of a well-known financial institution with operations in markets throughout the Southeastern region of the United States. The balances, at times, may exceed federally insured limits. BLF has not experienced any losses in such accounts. BLF believes it is not exposed to any significant credit risk on cash and cash equivalents in its deposit accounts.

BLF receives a significant amount of its support from the community, corporations, organizations and individuals, especially related to its fundraising events. Any significant reduction in the level of this support, if this were to occur, could have an adverse effect on its programs and activities. However, based on the current year operations, management expects appropriate levels of support for its mission to continue for the fiscal year ended June 20, 2016.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2014, a check in the amount of $7,344.00 was inadvertently voided twice.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 29, 2015, the date on which the financial statements were available to be issued. See Note 7 regarding future fundraising events.