

ORGANIZED NEIGHBORS OF EDGEHILL, INC.

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2010 and 2009

ORGANIZED NEIGHBORS OF EDGEHILL, INC.

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

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HOSKINS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

1900 Church Street, Suite 200 ■ Nashville, TN 37203
phone 615.321.7333 ■ fax 615.523.1868

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Organized Neighbors of Edgehill, Inc. (ONE)
1001 Edgehill Avenue
Nashville, TN 37203-4915

We have audited the accompanying statements of financial position of Organized Neighbors of Edgehill, Inc. (ONE) (a not-for-profit organization) as of June 30, 2010 and June 30, 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of ONE's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ONE as of June 30, 2010 and June 30, 2009, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.


Hoskins & Company
June 10, 2011

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010 AND JUNE 30, 2009

Assets	2010	2009
Current assets		
Cash and cash equivalents	\$ 289,498	\$ 312,585
Accounts receivable	141	348
Grant receivable	4,504	1,205
Prepaid expense	158	105
Total current assets	<u>294,301</u>	<u>314,243</u>
Property and equipment		
Equipment	17,215	17,215
Accumulated depreciation	(13,489)	(12,556)
Property and equipment(Net)	<u>3,726</u>	<u>4,659</u>
Other assets		
Mortgage receivable (Note 3)	2,219	3,285
House held for sell- MDHA (Note 4)	122,834	122,834
Total other assets	<u>125,053</u>	<u>126,119</u>
Total assets	<u><u>\$ 423,080</u></u>	<u><u>\$ 445,021</u></u>
Liabilities and Net Assets		
Current liabilities		
Payroll liabilities	\$ 1,307	\$ 1,533
Total current liabilities	<u>1,307</u>	<u>1,533</u>
Long term liabilities		
Loan payable-MDHA(Note 4)	122,834	122,834
Total liabilities	<u>124,141</u>	<u>124,367</u>
Net assets		
Unrestricted	286,888	302,180
Temporarily restricted	12,051	18,474
Permanently restricted	-	-
Total net assets	<u>298,939</u>	<u>320,654</u>
Total liabilities and net assets	<u><u>\$ 423,080</u></u>	<u><u>\$ 445,021</u></u>

The accompanying notes are an integral part of these financial statements

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Revenue and support				
United Way-OBI	\$ 38,534	\$ 11,990	\$ -	\$ 50,524
United Way-FRC	47,488	-	-	47,488
United Way-Advisory Council	783	-	-	783
Vanderbilt University-Brochure	1,934	61	-	1,995
Scholarship donations	22,466	-	-	22,466
Other grants	2,920	-	-	2,920
Community shares	3,984	-	-	3,984
United Way-Designation	1,835	-	-	1,835
Donations/Membership fees	1,792	-	-	1,792
Interest	1,402	-	-	1,402
Total	123,138	12,051	-	135,189
Net asset released from restrictions	18,474	(18,474)	-	-
Total revenue, support and other income	141,612	(6,423)	-	135,189
Expenses				
Program services				
Organizing and resources	98,660	-	-	98,660
Housing	6,877	-	-	6,877
Scholarship	39,798	-	-	39,798
Total program services	145,335	-	-	145,335
Support services				
Management general	11,569	-	-	11,569
Total support services	11,569	-	-	11,569
Total expenses	156,904	-	-	156,904
Net decrease in net asset	(15,292)	(6,423)	-	(21,715)
Net assets, beginning of year	302,180	18,474	-	320,654
Net assets, end of year	\$ 286,888	\$ 12,051	\$ -	\$ 298,939

The accompanying notes are an integral part of these financial statements

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Revenue and support				
United Way-OBI	\$ 42,308	\$ 8,762	\$ -	\$ 51,070
United Way-FRC	44,413	608	-	45,021
United Way-Advisory Council	2,466	-	-	2,466
Vanderbilt University-Brochure	909	-	-	909
Vanderbilt University-AIDS	1,000	300	-	1,300
Vanderbilt University-Greenhouse	2,850	50	-	2,900
Community foundation	364	3,636	-	4,000
Scholarship donations	23,750	5,118	-	28,868
MDHA	8,437	-	-	8,437
Community shares	7,090	-	-	7,090
United Way-Designation	1,991	-	-	1,991
Donations/Membership fees	1,880	-	-	1,880
Interest	2,902	-	-	2,902
Total	140,360	18,474	-	158,834
Net asset released from restrictions	211,558	(207,206)	(4,352)	-
Total revenue, support and other income	351,918	(188,732)	(4,352)	158,834
Expenses				
Program services				
Organizing and resources	97,022	-	-	97,022
Housing	6,096	-	-	6,096
Scholarship	23,750	-	-	23,750
Total program services	126,868	-	-	126,868
Support services				
Management general	13,573	-	-	13,573
Total support services	13,573	-	-	13,573
Total expenses	140,441	-	-	140,441
Net increase (decrease) in net assets	211,477	(188,732)	(4,352)	18,393
Net assets, beginning of year	90,703	207,206	4,352	302,261
Net assets, end of year	\$ 302,180	\$ 18,474	\$ -	\$ 320,654

The accompanying notes are an integral part of these financial statements

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Net (decrease) increase in net assets	\$ (21,715)	\$ 18,393
Adjustments to reconcile (decrease) increase in net assets to net cash provided (used) by operating activities		
Depreciation	933	816
Decrease (increase) in accounts receivables	207	(67)
Increase in grant receivable	(3,299)	(1,205)
(Increase) decrease in prepaid expense	(53)	42
(Decrease) increase in payroll payables	(226)	108
Net cash (used) provided by operating activities	(24,153)	18,087
Cash flows from investing activities		
Purchase of equipment	-	(2,325)
Decrease in mortgage receivables	1,066	1,066
Net cash provided (used) by investing activities	1,066	(1,259)
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase in cash	(23,087)	16,828
Cash at beginning of year	312,585	295,757
Cash at end of year	<u>\$ 289,498</u>	<u>\$ 312,585</u>

The accompanying notes are an integral part of these financial statements

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services			Support Services				
	Organizing & Resources	Housing	Scholarships	Program Services Total	Management General	Fundraising	Support Services Total	Total Expenses
Salaries	\$ 62,063	\$ -	\$ -	\$ 62,063	\$ 7,339	\$ -	\$ 7,339	\$ 69,402
Employee benefits	6,058	-	-	6,058	998	-	998	7,056
Total salaries and benefits	68,121	-	-	68,121	8,337	-	8,337	76,458
Communication	1,393	-	-	1,393	172	-	172	1,565
Accounting & audit	5,000	-	-	5,000	1,200	-	1,200	6,200
Supplies	1,291	-	-	1,291	761	-	761	2,052
Postage & shipping	319	-	-	319	39	-	39	358
Scholarships	-	-	39,798	39,798	-	-	-	39,798
Printing	2,909	-	-	2,909	360	-	360	3,269
Travel	716	-	-	716	-	-	-	716
Insurance	120	974	-	1,094	52	-	52	1,146
Mortgage write-off	-	1,067	-	1,067	-	-	-	1,067
Depreciation	830	-	-	830	103	-	103	933
Dues, fees & miscellaneous	556	-	-	556	411	-	411	967
House project expense	-	4,836	-	4,836	-	-	-	4,836
Contracted services	5,820	-	-	5,820	134	-	134	5,954
Conferences, conventions & meetings	11,585	-	-	11,585	-	-	-	-
Total expenses	\$ 98,660	\$ 6,877	\$ 39,798	\$ 145,335	\$ 11,569	\$ -	\$ 11,569	\$ 156,904

The accompanying notes are an integral part of these financial statements

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services				Support Services			
	Organizing & Resources	Housing	Scholarships	Program Services Total	Management General	Fundraising	Support Services Total	Total Expenses
Salaries	\$ 63,968	\$ -	\$ -	\$ 63,968	\$ 8,500	\$ -	\$ 8,500	\$ 72,468
Employee benefits	6,823	-	-	6,823	1,221	-	1,221	8,044
Total salaries and benefits	70,791	-	-	70,791	9,721	-	9,721	80,512
Communication	2,959	-	-	2,959	329	-	329	3,288
Accounting & Audit	4,294	-	-	4,294	2,147	-	2,147	6,441
Supplies	1,550	-	-	1,550	91	-	91	1,641
Postage & shipping	1,100	-	-	1,100	43	-	43	1,143
Scholarships	-	-	23,750	23,750	-	-	-	23,750
Printing	2,311	-	-	2,311	257	-	257	2,568
Travel	1,407	-	-	1,407	-	-	-	1,407
Insurance	264	1,412	-	1,676	83	-	83	1,759
Mortgage write-off	-	1,067	-	1,067	-	-	-	1,067
Depreciation	734	-	-	734	82	-	82	816
Dues, fees & miscellaneous	1,117	-	-	1,117	469	-	469	1,586
House project expense	-	3,617	-	3,617	-	-	-	3,617
Contracted services	6,330	-	-	6,330	-	-	-	6,330
Conferences, conventions, & meetings	4,165	-	-	4,165	351	-	351	4,516
Total expenses	\$ 97,022	\$ 6,096	\$ 23,750	\$ 126,868	\$ 13,573	\$ -	\$ 13,573	\$ 140,441

The accompanying notes are an integral part of these financial statements

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

NOTE 1---NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organized Neighbors of Edgehill, Inc. (ONE) was established at 1001 Edgehill Avenue, Nashville, Tennessee on June 15, 1993. ONE was incorporated for the purpose of having a central headquarters that would be available to all residents and to provide activities and projects that would benefit the Edgehill Community.

Nature of Activities

ONE formed a Neighborhood Network that includes reporting crime, having monthly meeting for residents, starting a community garden, providing leadership training events, awarding scholarships to deserving resident students, promoting educational programs that are provided by other organizations and providing space for the Juvenile Justice Center to offer their services to delinquent youth and others who need counseling.

Basis of Accounting

The financial statements of ONE have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification No. 958, Financial Statements of Not-for Profit Organizations. Under Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) No. 958-210, the Organization 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Acquisitions of property and equipment are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight line method over the following estimated useful lives:

	<u>Years</u>
Equipment and furniture	3—10

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily 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.

Contributed Services

ONE receives a substantial amount of services donated by its members in carrying out the organization's functions. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) No. 958-605, Accounting for Contributions Received and Contributions Made.

Taxation

ONE qualifies as a tax exempt organization under Section 501 [c] [3] of the Internal Revenue Code and therefore, there is no provision for Federal Income Taxes. ONE has complied with Tennessee Charitable Solicitations Act and has a State of Tennessee Charitable Solicitations Permit.

Cash and Cash Equivalents

Cash and cash equivalents include all liquid investments with maturity of three months or less when purchased.

Functional Allocation of Expense

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

NOTE 2—SCHOLARSHIP PROGRAM

One of the major objectives of ONE is to provide educational assistance to Edgehill residents who have the scholastic ability to attend college or technical school. During the fiscal year ended June 30, 2010 and 2009, ONE provided \$39,798 and \$23,750 respectively in scholarships.

ORGANIZED NEIGHBORS OF EDGEHILL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

NOTE 3---MORTGAGE RECEIVABLE

The non-interest bearing third mortgage was acquired on July 28, 1997, from the sale of property located at 1310 Grand Avenue, Nashville, Tennessee. The instrument represents an agreed term of fifteen years from the original date, decreasing the principal by 1/15th of the original amount per year. This contract will expire on July 28, 2012. Mortgage receivable as of June 30, 2010 and June 30, 2009 was \$2,219 and \$3,285 respectively.

NOTE 4---REAL ESTATE HELD FOR SELL

ONE increased its community involvement by providing affordable homes through the Community Housing Development Organization, (CHDO), a program that is sponsored by the Metropolitan Development and Housing Agency, which receives federal funds from the Department of Housing and Urban Development.

On July 25, 2006, ONE purchased the property located at 922 14th Avenue, South, Nashville, Tennessee 37212 at a cost of \$100,285. The value of property was \$122,834 as of June 30, 2010 and as of June 30, 2009.

ONE is listed as the borrower on the settlement statement of this property. The related loan used to purchase the property was reported as loan payable to MDHA. The loan balance as of June 30, 2010 and as of June 30, 2009 was \$122,834.

NOTE 5---LEASE AGREEMENT

On October 1, 2008, ONE entered into an agreement with MDHA, whereby, MDHA leases to ONE, the property located at 1001 Edgehill Avenue, Unit 17108, Nashville, Tennessee, for a term of one year at no cost to ONE. The lease agreement requires ONE to use the property only for a central meeting/planning place for the ONE community organization to develop a partnership with police, churches, school system and Juvenile Court System.

NOTE 6---SUBSEQUENT EVENTS

There were no other subsequent events requiring disclosure as of June 10, 2011, the date management evaluated such events. The financial statements were available to be issued on June 10, 2011.