

LADIES OF CHARITY OF NASHVILLE, INC.
(A TENNESSEE CORPORATION – NOT FOR PROFIT)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(Together with Independent Auditor's Report)

David P. Guenther
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LADIES OF CHARITY OF NASHVILLE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ladies of Charity of Nashville, Inc.
Nashville, Tennessee

I have audited the accompanying financial statements of Ladies of Charity of Nashville, Inc. (A Tennessee Corporation, not-for-profit) which comprise the statements of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that I 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 judgment, 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, I express no such opinion. An audit also includes 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.

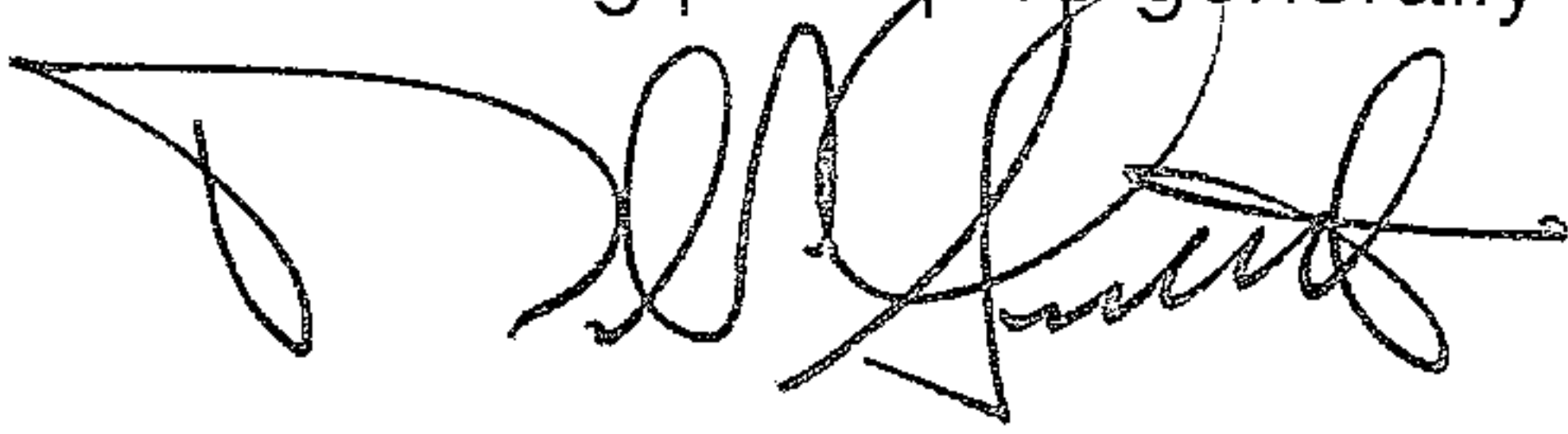
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 5 to the financial statements, depreciation on the building owned and used by the Organization has not been recorded in the financial statements. Accounting principles generally accepted in the United States of America require the recording of such depreciation. The effects on the accompanying financial statements of the failure to record this depreciation have not been determined.

Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Ladies of Charity of Nashville, Inc. as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be "J. M. Smith", written over the end of the Opinion paragraph.

Goodlettsville, Tennessee

June 24, 2013

LADIES OF CHARITY OF NASHVILLE, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

Current assets:

Cash on hand and in banks	\$	185,188
Certificate of deposit		82,018
Total current assets	\$	<u>267,206</u>

Fixed assets:

Building	\$	311,037
Equipment & furniture		6,078
	\$	<u>317,115</u>
Less: accumulated depreciation		<u>5,497</u>

Total fixed assets	\$	311,618
Total assets	\$	<u><u>578,824</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Payroll withholdings	\$	3,573
Total current liabilities	\$	<u>3,573</u>

Net assets:

Unrestricted	\$	575,251
Total net assets	\$	<u>575,251</u>
Total liabilities and net assets	\$	<u><u>578,824</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**LADIES OF CHARITY OF NASHVILLE, INC.
(A TENNESSEE CORPORATION-NOT FOR PROFIT)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Public support and revenue:

Public support:

Contributions	\$ 126,501
Membership Dues	11,822
Fund-raising activities, net of direct expenses of \$320	170,874
United Way	<u>79,647</u>

Total public support \$ 388,844

Revenue:

Interest income	\$ <u>86</u>
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Total public support and revenue \$ 388,930

Expenses:

Program services	\$ 221,395
Management & general	144,928
Fund raising	<u>-</u>
Total expenses	\$ <u>366,323</u>

Increase in net assets \$ 22,607

Net assets, December 31, 2011 552,644

Net assets, December 31, 2012 \$ 575,251

The accompanying notes to financial statements are an integral part of this statement.

LADIES OF CHARITY OF NASHVILLE, INC.
(A TENNESSEE CORPORATION FOR NOT PROFIT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Cash flows from operating activities:

Change in net assets	\$ 22,607
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Adjustments to reconcile change in net assets to net cash used by operating activities:

Depreciation	924
Increase in payroll withholdings	<u>2,528</u>

Net cash provided by operating activities	\$ <u>26,059</u>
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Cash flows from investing activities:

Fixed asset additions	\$ <u>(4,748)</u>
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Net cash flow from investing activities	\$ <u>(4,748)</u>
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Net increase in cash	\$ 21,311
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Cash, beginning of period	<u>245,895</u>
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Cash, end of period	<u><u>\$ 267,206</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

LADIES OF CHARITY OF NASHVILLE, INC.
(A TENNESSEE CORPORATION-NOT FOR PROFIT)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total All Programs</u>
Compensation expense:				
Salaries	\$ -	\$ 58,892	\$ -	\$ 58,892
Employee benefits	-	769	-	769
Payroll taxes	-	4,586	-	4,586
Total compensation expense	<u>\$ -</u>	<u>\$ 64,247</u>	<u>\$ -</u>	<u>\$ 64,247</u>
Other expenses:				
Assistance to clients	\$ 221,395	\$ -	\$ -	\$ 221,395
Depreciation	-	924	-	924
Dues	-	5,579	-	5,579
Occupancy expense	-	56,496	-	56,496
Office expenses	-	5,765	-	5,765
Other expenses	-	6,211	-	6,211
Printing and postage	-	2,937	-	2,937
Professional fees	-	2,769	-	2,769
Total other expenses	<u>\$ 221,395</u>	<u>\$ 80,681</u>	<u>\$ -</u>	<u>\$ 302,076</u>
Total expenses	<u><u>\$ 221,395</u></u>	<u><u>\$ 144,928</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 366,323</u></u>

The accompanying notes to financial statements are an integral part of this statement.

LADIES OF CHARITY OF NASHVILLE, INC.
(A TENNESSEE CORPORATION – NOT FOR PROFIT)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(1) SIGNIFICANT ACCOUNTING POLICIES:

Accrual Basis – The financial statements of the Organization are prepared using the accrual basis of accounting, under which income is recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Basis of Presentation – The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification ASC 958-225 (formerly SFAS No. 117). Under ASC 958-225, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by 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 and Changes in Net Assets as net assets released from restrictions. As of December 31, 2012, there were no temporarily restricted net assets.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At December 31, 2012, there were no permanently restricted net assets.

Use of Estimates – Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Cash Equivalents – For purposes of the Statement of Cash Flows, cash equivalents include any liquid investments with an original maturity of three months or less. At December 31, 2012, there were no cash equivalents.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Fixed Assets – Equipment is stated at cost or, if donated, at fair market value at the date of gift. Upon retirement or disposition, costs and accumulated depreciation are removed from the accounts, and the resulting profit or loss is reflected in income. Equipment is depreciated using declining balance method over the estimated useful lives of the assets, which range from five to seven years. As more fully described in Note 5, depreciation has not been recorded on the Organization's building.

Contributions – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Income Taxes – The Internal Revenue Service granted the Organization exempt status under Code Section 501(c)(3) as a charitable organization, and has classified it as other than a private foundation as defined in Code Section 590(a).

Contributed Services – A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort under ASC 958-605 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*), have not been satisfied.

(2) ORGANIZATION & GENERAL:

Ladies of Charity of Nashville, Inc. is a non-profit Catholic women's civic and social club which engages in philanthropic activities. The Organization provides services without regard to race, creed or nationality.

The Ladies of Charity of Nashville, Inc. provides emergency assistance to individuals and families who cannot be serviced immediately by other social service agencies. For example, it administers funds provided for Nashville Electric Service to assist needy persons with their electric bills.

The Organization receives public support primarily through the United Way of Middle Tennessee and direct public contributions.

(3) TAX STATUS:

The Organization is a nonprofit organization, exempt from income tax under Section 501 (C) 3 of the U. S. Internal Revenue Code. Contributions to the Organization qualify for the 50 percent charitable contributions limitation. Tax returns for 2010, 2011 and 2012 are subject to routine audit by the Internal Revenue Service.

(4) SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through June 24, 2013, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the Organization as of that date.

(5) DEPRECIATION ON BUILDING:

Due to the lack of sufficient dated property records, the Organization is unable to properly compute depreciation expense on its building, and therefore no depreciation has been recorded. The effect of this omission on the accompanying financial statements is not reasonably determinable.