

**NASHVILLE SAFE HAVEN
FAMILY SHELTER, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2008

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

TABLE OF CONTENTS

DECEMBER 31, 2008

	<u>Page</u>
Independent Auditors' Report	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8



BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nashville Safe Haven Family Shelter, Inc.
Nashville, Tennessee

We have audited the accompanying statement of financial position of Nashville Safe Haven Family Shelter, Inc. as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Nashville Safe Haven Family Shelter, Inc. 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 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 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 Nashville Safe Haven Family Shelter, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Bellenfant & Miles, PLLC

June 4, 2009

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 83,050
Prepaid expenses	<u>6,024</u>

Total current assets	89,074
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PROPERTY AND EQUIPMENT, NET	481,086
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OTHER ASSETS	<u>8,095</u>
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TOTAL ASSETS	<u><u>\$ 578,255</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 18,541
Note Payable - current	<u>29,006</u>

Total current liabilities	47,547
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Note Payable - long term	<u>69,070</u>
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TOTAL LIABILITIES	116,617
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NET ASSETS:

Unrestricted	<u>461,638</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 578,255</u></u>
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The accompanying notes are an integral part of these financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUES:

Contributions	450,973
United Way	49,016
Fundraising events	123,281
In-kind contributions	340,925
Grants	75,982
Thrift Store sales	29,528
Interest	114
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Total revenues	1,069,819

EXPENSES:

Program services	952,871
Supporting services:	
Management and general	61,146
Fundraising	28,119
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Total supporting services	89,265
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Total expenses	1,042,136

CHANGE IN NET ASSETS	27,683
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Net Assets, January 1, 2008	433,955
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Net Assets, December 31, 2008	<u>\$ 461,638</u>
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The accompanying notes are an integral part of these financial statements

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Supporting Services</u>				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Salaries	\$ 208,791	\$ 17,257	\$ 17,014	34,271	\$ 243,062
Payroll taxes	17,230	979	1,371	2,350	19,580
In-kind labor	104,342	-	-	-	104,342
Employee benefits	52,702	1,700	2,267	3,967	56,669
 Total salaries and related expenses	 383,065	 19,936	 20,652	 40,588	 423,653
 Program supplies (including in-kind of \$236,583)	 242,417	 729	 -	 729	 243,146
Professional fees	27,690	17,761	91	17,852	45,542
Building maintenance and general liability insurance	41,219	-	-	-	41,219
Utilities	42,773	5,833	-	5,833	48,606
Contract labor	41,114	-	-	-	41,114
Individual family assistance	5,869	-	-	-	5,869
Rent	11,338	-	-	-	11,338
Vehicle maintenance	6,142	-	-	-	6,142
Office supplies	8,901	1,695	-	1,695	10,596
Public relations	21,843	-	1,150	1,150	22,993
Employee travel and mileage	1,661	-	-	-	1,661
Bank fees and other	4,043	618	95	713	4,756
Dues, memberships and training	1,465	163	-	163	1,628
Equipment rental	22,716	-	-	-	22,716
General fundraising expense	-	-	5,771	5,771	5,771
Miscellaneous	4,025	-	-	-	4,025
Interest expense	-	10,406	-	10,406	10,406
Thrift Store	50,911	-	-	-	50,911
 Total other expenses	 534,127	 37,205	 7,107	 44,312	 578,439
 Total expenses before depreciation	 917,192	 57,141	 27,759	 84,900	 1,002,092
Depreciation	35,679	4,005	360	4,365	40,044
 Total expenses	 \$ 952,871	 \$ 61,146	 \$ 28,119	 \$ 89,265	 \$ 1,042,136

The accompanying notes are an integral part of these financial statements

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 27,683
Adjustments to reconcile to net cash provided by operations	
Depreciation	40,044
Decrease in assets:	
Prepaid expenses	8,675
Other assets	2,139
Decrease in liabilities:	
Accounts payable and accrued expenses	<u>(10,462)</u>
Net cash provided by operating activities	<u>68,079</u>

CASH FLOWS FROM INVESTING ACTIVITY

Purchase of property and equipment	<u>(3,189)</u>
Net cash used by investing activity	<u>(3,189)</u>

CASH FLOWS FROM FINANCING ACTIVITY

Payments on Note Payable	<u>(37,273)</u>
Net cash used in financing activity	<u>(37,273)</u>
NET INCREASE IN CASH	27,617
Cash and cash equivalents, January 1, 2008	<u>55,433</u>
Cash and cash equivalents, December 31, 2008	<u><u>\$ 83,050</u></u>

The accompanying notes are an integral part of these financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Nature of Activities:

Nashville Safe Haven Family Shelter, Inc. (the "Organization") is a nonprofit corporation located in Nashville, Tennessee. The Organization provides shelter, training, counseling, spiritual guidance, and education to homeless families in a faith-based setting in and around Middle Tennessee. The primary goal of the Organization is to help families overcome homelessness and achieve social and economic independence. Additionally, through October 2008, the Organization operated a thrift store at an off-site leased location where it sold surplus donations for the benefit of the Organization as well as the surrounding community. In October 2008, the Organization terminated its lease agreement with the lessor and ceased operations of its thrift store.

Financial Statement Presentation:

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-for-Profit Organizations" ("SFAS No. 117"). Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. There were no donor-imposed restrictions on net assets as of December 31, 2008.

Contributions:

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. As of December 31, 2008, there were no outstanding unconditional promises to give. Therefore, all contributions were received and recognized during 2008.

Cash and Cash Equivalents:

Cash represents amounts on deposit with financial institutions that are federally insured.

Property and Equipment:

The Organization generally capitalizes an asset if its life is estimated to be one year or greater and the cost is \$200 or greater. Property and equipment are recorded at cost or at fair value as of the date contributed. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 31.5 years.

Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

In-Kind Contributions:

The Organization records various types of in-kind contributions including donated facilities, materials, equipment and professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by the donation. The amounts reflected in the accompanying financial statements as in-kind donations are offset by corresponding amounts included in expenses.

Donated Property and Equipment:

Donated property and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Volunteer services are recorded at \$7 per hour.

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.

Functional Allocation of Expenses:

Costs of providing the Organization's programs and services are summarized and reported on a functional basis. Program expenses include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program and supporting services based on estimates made by management.

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2008:

Land	\$ 62,438
Buildings	698,713
Equipment	73,024
Furnishings	47,604
Software	16,569
Building improvements	36,870
	<u>935,218</u>
Less: accumulated depreciation	<u>(454,132)</u>
Property and equipment, net	<u><u>\$ 481,086</u></u>

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

3. IN-KIND CONTRIBUTIONS AND EXPENSES

During the year ended December 31, 2008, the Organization received in-kind contributions of food, meal service supplies, and miscellaneous household items valued at \$236,583. Additionally, the Organization received in-kind contributions of 14,906 volunteer hours valued at \$104,342. Total valuation of in-kind donations was \$340,925.

4. LONG-TERM DEBT

In May 2007, the Organization issued a \$150,000 term note (the "Note Payable") with Pinnacle National Bank. The Note Payable bears interest at a rate of 7.65%. As of December 31, 2008, the Note Payable is scheduled to be repaid in monthly installments including an interest component through 2012. The Organization has and may continue to make additional principal payments on the Note Payable throughout the year. As of December 31, 2008, the Organization had no amounts outstanding under its line of credit and had \$100,000 available for borrowing. Long-term debt consists of the following at December 31, 2008:

Total Note Payable	\$ 98,076
Less current portion	<u>(29,006)</u>
Long-term portion	<u><u>\$ 69,070</u></u>

Future maturities of the Note Payable at December 31 are as follows for the years indicated:

2009	\$ 29,006
2010	31,304
2011	33,784
2012	<u>3,982</u>
	<u><u>\$ 98,076</u></u>

5. EMPLOYEE RETIREMENT PLAN

The Organization maintains a Simplified Employee Pension Plan (the "Plan") available for eligible employees. Any employee who is at least 21 years old and has worked for the Organization for three of the last five years is permitted to participate in the Plan. Although contributions are not required, the Organization may contribute an amount that vests immediately, as determined by the Board of Directors based on each employee's total compensation. Employees may also make pre-tax contributions to the Plan. No contributions to the Plan were made in 2008.

6. CONCENTRATIONS

The Organization receives a substantial amount of its support from United Way. Contributions from United Way comprised 7% of total revenues during 2008. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.