

**ORGANIZED NEIGHBORS OF EDGEHILL, INC. (ONE)**

**INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2008**

# **HOSKINS & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS**

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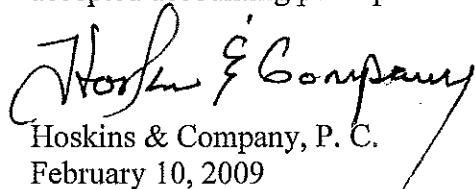
## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of Organized Neighbors of Edgehill, Inc. (ONE) (a not-for-profit organization) as of June 30, 2008 and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Organized Neighbors of Edgehill, Inc.'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 Organized Neighbors of Edgehill, Inc. (ONE) as of June 30, 2008 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.



Hoskins & Company, P. C.  
February 10, 2009

**ORGANIZED NEIGHBORS OF EDGEHILL, INC. (ONE)**

**Table of Contents**

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT.....</b>	<b>1</b>
<b>STATEMENT OF FINANCIAL POSITION.....</b>	<b>2</b>
<b>STATEMENT OF ACTIVITIES.....</b>	<b>3</b>
<b>STATEMENT OF CASH FLOWS.....</b>	<b>4</b>
<b>STATEMENT OF FUNCTIONAL EXPENSE.....</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS.....</b>	<b>6-8</b>

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2008**

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**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 295,757
Accounts Receivable	281
Prepaid Expense	147
Total Current Assets	<u>\$ 296,185</u>
Other Assets	
House Held for Sell- MDHA	\$ 122,834
Mortgage Receivable	4,351
Equipment	14,890
Accumulated Depreciation	<u>(11,740)</u>
Total Other Assets	<u>130,335</u>
Total Assets	<u><u>\$ 426,520</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Current Liabilities	
Payroll Liabilities	<u>\$ 1,425</u>
Total Current Liabilities	<u>\$ 1,425</u>
Long Term Liabilities	
Long Term Liabilities-MDHA	<u>\$ 122,834</u>
Total Liabilities	<u>\$ 124,259</u>

**NET ASSETS**

Net Assets	
Unrestricted	\$ 90,703
Temporarily Restricted	207,206
Permanently Restricted	<u>4,352</u>
Total Net Assets	<u>302,261</u>
Total Liabilities and Net Assets	<u><u>\$ 426,520</u></u>

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2008**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
<b>REVENUE AND SUPPORT</b>				
United Way-OBH	\$ -	\$ 35,845	\$ -	\$ 35,845
United Way-FRC	-	45,419	-	45,419
United Way-Advisory Council	-	2,500	-	2,500
MDHA	-	22,567	-	22,567
Other Grants	-	2,000	-	2,000
Scholarship Donations	-	35,628	-	35,628
Youth Advisory Council	-	5,000	-	5,000
Garden Fees & Donations	-	75	-	75
MDHA	15,000	-	-	15,000
Community Shares	5,396	-	-	5,396
United Way-Designation	1,693	-	-	1,693
Donations/Membership Fees	1,213	-	-	1,213
Interest	106	-	-	106
Subtotal	<u>23,408</u>	<u>149,034</u>	<u>-</u>	<u>172,442</u>
Net Asset Released From Restrictions	<u>1,067</u>	<u>-</u>	<u>(1,067)</u>	<u>-</u>
Total Revenue, Support and Other Income	<u>24,475</u>	<u>149,034</u>	<u>(1,067)</u>	<u>172,442</u>
<b>EXPENSES</b>				
Program Services				
Communications	\$ 1,312	\$ 706	\$ -	\$ 2,018
Supplies	786	644	-	1,430
Postage & Shipping	1,026	552	-	1,578
Printing	872	472	-	1,344
Contracted Services	2,199	21,727	-	23,926
Housing	-	2,737	-	2,737
Scholarships	-	27,325	-	27,325
Other Organizing & Resources	534	73,680	-	74,214
Total Program Services	<u>6,729</u>	<u>127,843</u>	<u>-</u>	<u>134,572</u>
Support Services				
Management	14,641	-	-	14,641
Fundraising	-	-	-	-
Total Support Services	<u>14,641</u>	<u>-</u>	<u>-</u>	<u>14,641</u>
Total Expenses	<u>21,370</u>	<u>127,843</u>	<u>-</u>	<u>149,213</u>
Net Increase (Decrease) in Net Asset	<u>3,105</u>	<u>21,191</u>	<u>(1,067)</u>	<u>23,229</u>
Net Assets, Beginning of Year	<u>87,598</u>	<u>186,015</u>	<u>5,419</u>	<u>279,032</u>
Net Assets, End of Year	<u>\$ 90,703</u>	<u>\$ 207,206</u>	<u>\$ 4,352</u>	<u>\$ 302,261</u>

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2008**

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	<u>2008</u>
Cash Flows From Operating Activities	
Net increase in net assets	\$ 23,229
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Increase in Accounts Receivable	(20)
Increase in Prepaid Expense	(147)
Increase in Accounts Payable	<u>64</u>
Net Cash Provided by Operating Activities	<u>23,126</u>
Cash Flows From Investing Activities	
Purchase of Equipment	(3,150)
Increase in House Held for sell	(101,382)
Decrease in Mortgage Receivables	<u>1,069</u>
Net Cash Used by Investing Activities	<u>(103,463)</u>
Cash Flows From Financing Activities	
Loan for House for sell	<u>100,833</u>
Net Cash Provided by Financing Activities	<u>100,833</u>
NET INCREASE IN CASH	\$ 20,496
CASH AT BEGINNING OF YEAR	<u>275,261</u>
CASH AT END OF YEAR	<u><u>\$ 295,757</u></u>

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2008**

	Program Services				Support Services			
	Organizing & Resources	Housing	Scholarships	Program Services Total	Management General	Fundraising	Support Services Total	Total Expenses
Salaries	\$ 55,942	\$ -	\$ -	\$ 55,942	\$ 7,681	\$ -	\$ 7,681	\$ 63,623
Employee Benefits	5,530			5,530	1,004		1,004	6,534
Total Salaries and Benefits	61,472	-	-	61,472	8,685	-	8,685	70,157
Communication	2,018	-	-	2,018	275	-	275	2,293
Accounting	-	-	-	-	3,990	-	3,990	3,990
Supplies	1,430	-	-	1,430	182	-	182	1,612
Postage & Shipping	1,578	-	-	1,578	215	-	215	1,793
Scholarships	-	-	27,325	27,325	-	-	-	27,325
Printing	1,344	-	-	1,344	183	-	183	1,527
Travel	1,065	-	-	1,065	-	-	-	1,065
Insurance	-	-	-	-	128	-	128	128
Mortgage Write-Off	1,067	-	-	1,067	-	-	-	1,067
Depreciation	308	-	-	308	42	-	42	350
Equip Rental & Maint	160	-	-	160	22	-	22	182
Dues, Fees & Miscell	431	-	-	431	609	-	609	1,040
House Project Expense	-	2,737	-	2,737	-	-	-	2,737
Contracted Services	23,926	-	-	23,926	310	-	310	24,236
Conferences, Conventions, & Meetings	9,711	-	-	9,711	-	-	-	9,711
Total Expenses	\$ 104,510	\$ 2,737	\$ 27,325	\$ 134,572	\$ 14,641	\$ -	\$ 14,641	\$ 149,213

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

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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Organized Neighbors of Edgehill, Inc. (ONE) was established at 1001 Edgehill Avenue, Nashville, Tennessee on June 15, 1991. 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.

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**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 Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for Profit Organizations. Under SFAS No. 117, 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 as of June 30, 2008.

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**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 SFAS No. 116, 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 Metropolitan Government of Davidson County Charitable Solicitation Permit.

**CASH AND CASH EQUIVALENTS**

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

**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, 2008, ONE provided \$27,325.00, in scholarships.

**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 1/15<sup>th</sup> of the original amount per year, so that by July 28, 2012, this note will be reduced to a zero balance.

**ORGANIZED NEIGHBORS OF EDGEHILL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**NOTE 4 – REAL ESTATE OWNED**

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 14<sup>th</sup> Avenue, South, Nashville, Tennessee 37212. The purchase price was One Hundred Thousand, Two Hundred Eighty Five Dollars, (\$100,285). ONE is listed as the borrower on the settlement statement.

**NOTE 5 – OTHER INFORMATION**

**LEASE AGREEMENT**

On October 1<sup>st</sup> of each year, ONE enters 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.

**FUNCTIONAL ALLOCATION OF EXPENSES**

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.