

**THE CAMPUS FOR HUMAN DEVELOPMENT**

**FINANCIAL STATEMENTS**

**June 30, 2005**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Campus for Human Development  
Nashville, Tennessee

We have audited the accompanying statement of financial position of The Campus for Human Development (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The Campus for Human Development as of June 30, 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2007, on our consideration of The Campus for Human Development's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Campus for Human Development taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Frasier Dean & Howard PLLC*

January 11, 2007

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2005**

**ASSETS**

Cash and cash equivalents	\$ 545,927
Contributions receivable, net of allowance for doubtful accounts of \$35,000	142,828
Contract and grants receivable	207,149
Other assets	<u>43,114</u>
Total current assets	939,018
Investments	12,367
Land, building and equipment, net	<u>624,285</u>
Total assets	<u><u>\$ 1,575,670</u></u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	<u>\$ 11,439</u>
Total current liabilities	<u>11,439</u>
Net assets:	
Unrestricted	1,401,008
Temporarily restricted	150,856
Permanently restricted	<u>12,367</u>
Total net assets	<u>1,564,231</u>
Total liabilities and net assets	<u><u>\$ 1,575,670</u></u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2005**

Unrestricted net assets:

Revenue:

Grants and contracts	\$ 1,088,374
Contributions	540,298
In-kind contributions	138,623
Fundraising events	11,713
Other	25,973
Net assets released from restriction	<u>179,938</u>

Total revenue	<u>1,984,919</u>
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Disbursements:

Program services	1,379,780
Supporting services	<u>115,661</u>

Total disbursements	<u>1,495,441</u>
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Losses:

Provision for loss on uncollectible contributions	<u>38,165</u>
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Increase in unrestricted net assets	451,313
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Temporarily restricted net assets:

Net assets released from restriction	<u>(179,938)</u>
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Increase in net assets	271,375
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Net assets at beginning of year	<u>1,292,856</u>
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Net assets at end of year	<u><u>\$ 1,564,231</u></u>
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See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2005

	Program Services							Supporting Services			Total
	Guest House	Day Center	Respite	Veterans	Room in the Inn	Case Management	Total	Management and General	Fundraising	Total	
Salaries and related expenses	\$ 185,465	\$ 246,045	\$ 35,267	\$ 108,591	\$ 24,169	\$ 186,961	\$ 786,498	\$ 71,169	\$ -	\$ 71,169	\$ 857,667
Utilities	17,974	42,654	9,825	10,608	11,338	10,257	102,656	5,321	-	5,321	107,977
Food (including \$60,000 in-kind)	80,455	58	7,113	8,859	23	1,404	97,912	-	-	-	97,912
Depreciation expense	70,150	-	-	23,383	-	-	93,533	-	-	-	93,533
Insurance	14,421	9,338	6,747	9,693	10,761	10,941	61,901	1,468	-	1,468	63,369
Rent expenses in-kind	48,000	-	-	-	-	-	48,000	-	-	-	48,000
Maintenance and security	5,735	25,397	1,327	3,494	3,065	3,657	42,675	1,312	-	1,312	43,987
Contract labor	15,700	5,463	6,060	3,930	23	30	31,206	-	-	-	31,206
Program materials	3,787	3,049	-	5,125	1,361	13,571	26,893	-	-	-	26,893
Supplies	4,481	3,495	410	1,531	56	425	10,398	-	6,065	6,065	16,463
Printing	-	-	-	-	-	-	-	-	15,827	15,827	15,827
Other in-kind	12,880	2,739	-	-	130	-	15,749	-	-	-	15,749
Housing costs	-	10,264	-	1,189	-	3,566	15,019	-	-	-	15,019
Laundry in-kind	12,045	2,959	-	-	-	-	15,004	-	-	-	15,004
Office equipment maintenance	1,100	1,214	820	1,057	2,900	1,404	8,495	533	-	533	9,028
Transportation	354	1,271	-	1,890	-	5,317	8,832	-	-	-	8,832
Miscellaneous	-	677	-	718	3,609	2,155	7,159	-	-	-	7,159
Professional fees	-	-	-	-	-	-	-	7,000	-	7,000	7,000
Postage	-	-	-	-	-	-	-	-	6,597	6,597	6,597
Waste disposal	800	1,070	657	724	864	791	4,906	369	-	369	5,275
Cost of identification	-	2,932	-	3	-	9	2,944	-	-	-	2,944
	<u>\$ 473,347</u>	<u>\$ 358,625</u>	<u>\$ 68,226</u>	<u>\$ 180,795</u>	<u>\$ 58,299</u>	<u>\$ 240,488</u>	<u>\$ 1,379,780</u>	<u>\$ 87,172</u>	<u>\$ 28,489</u>	<u>\$ 115,661</u>	<u>\$ 1,495,441</u>

See accompanying notes.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2005**

Cash flows from operating activities:	\$ 271,375
Change in net assets	
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Depreciation	93,533
Provision for loss on uncollectible contributions	38,165
Noncash contribution	(22,000)
Change in operating assets and liabilities:	
Contracts and grants receivable	(124,918)
Contributions receivable	130,787
Other assets	(43,114)
Accounts payable and accrued expenses	(12,770)
	<u>331,058</u>
Net cash provided by operating activities	<u>331,058</u>
Cash flows from investing activities:	
Purchase of fixed assets	(984)
	<u>(984)</u>
Net cash used in investing activities	<u>(984)</u>
Net increase in cash and cash equivalents	330,074
Cash and cash equivalents at beginning of year	<u>215,853</u>
Cash and cash equivalents at end of year	<u><u>\$ 545,927</u></u>
Supplemental disclosure of non-cash investing	
and financing activities:	
Contribution of fixed assets	<u><u>\$ 22,000</u></u>

See accompanying notes.



**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

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

**The Organization**

The Campus for Human Development ("Campus") is a religious non-profit organization that was formed in 1995 by the merger of three organizations, Faith Organizations in Covenant for Understanding and Service, The Guest House, and Room in the Inn. Campus is committed to providing enhanced services to the homeless while improving the system by which these services are delivered. Campus administers a variety of programs to provide a continuum of care that is emergency and long-term, residential and educational. Following is a description of selected Campus programs. The Guest House serves homeless substance abusers by offering shelter to individuals who are undergoing alcohol and drug addiction treatment through a partnership with the metro health department and veteran's administration. The Day Center serves homeless individuals with daytime shelter throughout the year. Respite Care offers homeless individuals who are medically fragile a place to recover. The Veterans program provides transitional housing and supportive services to homeless veterans. Room In The Inn, in partnership with more than 150 Middle Tennessee congregations, provides shelter for up to 225 men, women, and children each evening during the winter months. Case Management is a program that works with homeless individuals allowing them to create plans and goals to leave homelessness.

**Basis of Presentation**

Campus has adopted Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Campus 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. In addition, Campus is required to present a statement of cash flows. Net assets of Campus are presented as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of Campus 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.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by Campus. Generally, donors of these assets may permit Campus to use all or part of the income earned for general or specific purposes.

**Land, Building and Equipment**

Campus capitalizes all expenditures for land, building and equipment in excess of \$200. Purchases of land, building and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 – 27.5 years.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
June 30, 2005

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Income Taxes**

Campus is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Campus considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

**Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to Campus that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Campus uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**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.

**Donated Materials and Services**

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Donated Materials and Services (Continued)**

Additionally, a number of non-professional volunteers donated approximately 6,500 hours during 2005 to Campus' program services. However, these services do not meet the requirements above and have not been recorded.

**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 functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

**NOTE 2 – LAND, BUILDING AND EQUIPMENT**

A summary of land, building and equipment at June 30, 2005 follows:

Real Estate	\$ 112,678
Leasehold improvements – Eighth Avenue South	1,037,820
Furniture and laundry equipment	105,855
Automobiles	38,300
Office equipment	<u>121,950</u>
	1,416,603
Less: accumulated depreciation	<u>(792,318)</u>
	<u><u>\$ 624,285</u></u>

There are restrictions on certain property owned by Campus. The real estate restrictions by the Department of Housing and Urban Development ("HUD") require Campus to operate the transitional housing facilities for a period of ten years from the initial occupancy. Additionally, Metropolitan Development and Housing Agency ("MDHA") grant funds have placed restrictions on leasehold improvements and office equipment that require Campus to use the assets for the benefit of homeless individuals. Total gross restricted assets amounted to \$1,086,516 at June 30, 2005.

**NOTE 3 – RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2005:

World Share	\$ 8,028
Unconditional promises to give due in future periods	<u>142,828</u>
	<u><u>\$ 150,856</u></u>

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**NOTE 3 – RESTRICTED NET ASSETS (Continued)**

Permanently restricted net assets consist of contributions whose principal is to be held in perpetuity in accordance with terms prescribed by donors.

**NOTE 4 – DONATED MATERIALS AND SERVICES**

Campus received in-kind contributions as follows during the year ended June 30, 2005:

Rental facilities	\$ 48,000
Laundry services	15,004
Food	60,000
Vehicle	22,000
Other	<u>15,619</u>
	<u>\$ 160,623</u>

The property located at Eighth Avenue South is leased on a month-to-month basis from MDHA. The payment of monthly rent is currently suspended and Campus recorded in-kind rent of \$12,000. The lease requires the property to be used for programs to help the homeless and The Guest House operations. The property at 625 Benton Avenue was used by Campus's Respite program. This property was provided to Campus by MDHA, and required the property to be used to assist the homeless. The payment of monthly rent was suspended and Campus recorded in-kind rent of \$36,000.

**NOTE 5 – CONCENTRATIONS**

Campus receives a major portion of its support from contracts and grants from government agencies. Campus also receives a significant amount of financial and other support from religious organizations. A major reduction of support from these organizations, should this occur, could have a material effect on the financial position of Campus.

**NOTE 6 – EMPLOYEE RETIREMENT PLAN**

Campus adopted a defined contribution plan effective January 1, 1997. The Plan covers all employees who are at least 21 years of age and have completed 90 days of service. Campus does not match employee contributions to the defined contribution plan.

**THE CAMPUS FOR HUMAN DEVELOPMENT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2005**

**NOTE 7 – LEASES**

Campus has also entered into an operating lease for certain office equipment.

The future minimum lease payments are as follows for the years ending June 30:

2006	\$ 4,476
2007	4,476
2008	4,476
2009	373
2010	<u>-</u>
	<u>\$ 13,801</u>

Rent expense for the year ended June 30, 2005 totaled \$4,541. Rent expense has been reported in various classifications based upon the related functional use.