

SEXUAL ASSAULT CENTER

FINANCIAL STATEMENTS

June 30, 2011 and 2010

SEXUAL ASSAULT CENTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sexual Assault Center
Nashville, Tennessee

We have audited the accompanying statements of financial position of Sexual Assault Center (the "Center") (a nonprofit organization) as of June 30, 2011 and 2010 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 our audits provide 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 Sexual Assault Center as of June 30, 2011 and 2010, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Fraser, Dean & Howard, PLLC

September 26, 2011

SEXUAL ASSAULT CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 459,344	\$ 888,060
Investments	1,281,462	737,600
Grants receivable	63,918	101,982
Pledges receivable	168,483	303,063
Other receivables	6,721	12,331
Prepaid expenses and other	13,469	25,041
Land, building and equipment, net	<u>2,848,252</u>	<u>2,807,586</u>
Total assets	<u>\$4,841,649</u>	<u>\$4,875,663</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 9,554	\$ 13,780
Deferred revenue	<u>-</u>	<u>11,670</u>
Total liabilities	<u>9,554</u>	<u>25,450</u>
Net assets:		
Unrestricted:		
Undesignated	3,230,323	3,085,712
Board designated	<u>19,027</u>	<u>19,027</u>
Total unrestricted	3,249,350	3,104,739
Temporarily restricted	403,048	1,015,777
Permanently restricted	<u>1,179,697</u>	<u>729,697</u>
Total net assets	<u>4,832,095</u>	<u>4,850,213</u>
Total liabilities and net assets	<u>\$4,841,649</u>	<u>\$4,875,663</u>

See accompanying notes.

**SEXUAL ASSAULT CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 419,686	\$ -	\$ -	\$ 419,686
Individual and corporate gifts	336,665	5,825	-	342,490
United Way	25,458	119,241	-	144,699
Special events	206,900	-	-	206,900
Counseling fees	172,707	-	-	172,707
Donated services and materials	49,458	-	-	49,458
Investment income	162,879	-	-	162,879
Miscellaneous	73,207	-	-	73,207
Education	48,256	-	-	48,256
Net assets released from restrictions	<u>287,795</u>	<u>(737,795)</u>	<u>450,000</u>	<u>-</u>
Total revenue and other support	<u>1,783,011</u>	<u>(612,729)</u>	<u>450,000</u>	<u>1,620,282</u>
Expenses:				
Program services	1,305,319	-	-	1,305,319
Supporting services:				
Management and general	104,030	-	-	104,030
Fundraising	<u>229,051</u>	<u>-</u>	<u>-</u>	<u>229,051</u>
Total expenses	<u>1,638,400</u>	<u>-</u>	<u>-</u>	<u>1,638,400</u>
Change in net assets	144,611	(612,729)	450,000	(18,118)
Net assets, beginning of year	<u>3,104,739</u>	<u>1,015,777</u>	<u>729,697</u>	<u>4,850,213</u>
Net assets, end of year	<u>\$ 3,249,350</u>	<u>\$ 403,048</u>	<u>\$ 1,179,697</u>	<u>\$ 4,832,095</u>

See accompanying notes.

**SEXUAL ASSAULT CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 486,212	\$ -	\$ -	\$ 486,212
Individual and corporate gifts	381,559	203,346	-	584,905
United Way	27,710	132,166	-	159,876
Special events	103,814	21,200	-	125,014
Counseling fees	185,635	-	-	185,635
Donated services and materials	56,197	-	-	56,197
Investment income	64,740	-	-	64,740
Miscellaneous	108,741	-	-	108,741
Education	53,706	-	-	53,706
Net assets released from restrictions	185,437	(185,437)	-	-
Total revenue and other support	<u>1,653,751</u>	<u>171,275</u>	<u>-</u>	<u>1,825,026</u>
Expenses:				
Program services	1,496,892	-	-	1,496,892
Supporting services:				
Management and general	48,968	-	-	48,968
Fundraising	193,198	-	-	193,198
Total expenses	<u>1,739,058</u>	<u>-</u>	<u>-</u>	<u>1,739,058</u>
Change in net assets	(85,307)	171,275	-	85,968
Net assets, beginning of year	<u>3,190,046</u>	<u>844,502</u>	<u>729,697</u>	<u>4,764,245</u>
Net assets, end of year	<u>\$ 3,104,739</u>	<u>\$ 1,015,777</u>	<u>\$ 729,697</u>	<u>\$ 4,850,213</u>

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ (18,118)	\$ 85,968
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,759	99,673
Realized and unrealized gain on investments	(135,563)	(51,201)
Decrease (increase) in receivable from grantor agencies	38,064	(64,124)
Decrease in unconditional promises to give	134,580	445,269
Decrease in other receivables	5,610	24,222
Decrease (increase) in prepaid expenses and other	11,572	(7,386)
Decrease in accounts payable and accrued expenses	(4,226)	(11,076)
(Decrease) increase in deferred revenue	(11,670)	11,670
Net cash provided by operating activities	118,008	533,015
Cash flows from investing activities:		
Purchases of investments	(1,019,504)	(231,266)
Proceeds from sale of investments	611,205	247,469
Purchases of property and equipment	(138,425)	(3,375)
Net cash (used in) provided by investing activities	(546,724)	12,828
Net (decrease) increase in cash and cash equivalents	(428,716)	545,843
Cash and cash equivalents, beginning of year	888,060	342,217
Cash and cash equivalents, end of year	\$ 459,344	\$ 888,060

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total All Services</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 757,754	\$ 63,926	\$ 102,187	\$ 166,113	\$ 923,867
Benefits and taxes	160,514	15,267	21,118	36,385	196,899
Total salaries and related expenses	918,268	79,193	123,305	202,498	1,120,766
Temporary and professional services	78,863	6,691	12,008	18,699	97,562
Advertising and marketing	27,600	-	19,009	19,009	46,609
Occupancy	64,375	3,313	628	3,941	68,316
Telephone	7,730	374	68	442	8,172
Supplies	19,170	2,001	948	2,949	22,119
Equipment	16,304	1,573	390	1,963	18,267
Local travel	4,865	143	-	143	5,008
Insurance	13,219	346	505	851	14,070
Professional development	6,099	2,052	3,267	5,319	11,418
Licenses and fees	5,391	4,206	4,067	8,273	13,664
Special event expense	-	-	63,690	63,690	63,690
Miscellaneous	1,106	228	188	416	1,522
Donated services	49,458	-	-	-	49,458
Total expenses before depreciation	1,212,448	100,120	228,073	328,193	1,540,641
Depreciation	92,871	3,910	978	4,888	97,759
Total expenses	<u>\$ 1,305,319</u>	<u>\$ 104,030</u>	<u>\$ 229,051</u>	<u>\$ 333,081</u>	<u>\$ 1,638,400</u>

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total All Services</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 860,212	\$ 21,499	\$ 97,974	\$ 119,473	\$ 979,685
Benefits and taxes	186,695	4,469	22,438	26,907	213,602
Total salaries and related expenses	1,046,907	25,968	120,412	146,380	1,193,287
Temporary and professional services	77,759	6,674	7,849	14,523	92,282
Advertising and marketing	57,326	116	20,687	20,803	78,129
Occupancy	65,234	3,978	27	4,005	69,239
Telephone	10,021	497	-	497	10,518
Supplies	39,278	2,110	2,157	4,267	43,545
Equipment	15,565	2,471	-	2,471	18,036
Local travel	10,283	136	-	136	10,419
Insurance	12,870	340	492	832	13,702
Professional development	5,642	809	1,409	2,218	7,860
Licenses and fees	4,415	1,778	2,482	4,260	8,675
Special event expense	-	-	36,441	36,441	36,441
Miscellaneous	706	104	245	349	1,055
Donated services	56,197	-	-	-	56,197
Total expenses before depreciation	1,402,203	44,981	192,201	237,182	1,639,385
Depreciation	94,689	3,987	997	4,984	99,673
Total expenses	<u>\$ 1,496,892</u>	<u>\$ 48,968</u>	<u>\$ 193,198</u>	<u>\$ 242,166</u>	<u>\$ 1,739,058</u>

See accompanying notes.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

General

Sexual Assault Center (the “Center”) was founded by volunteers in 1978 as a Tennessee not-for-profit corporation. In 2008, the Center changed its name from Rape & Sexual Abuse Center to Sexual Assault Center. The Center is the only organization in Middle Tennessee dedicated exclusively to serving victims of sexual assault. The Center offers specialized services for rape victims, child abuse victims, adult survivors and non-offending parents. These services include individual, group and family therapy, a 24-hour crisis line, hospital accompaniments, assessments and court preparation groups and an education outreach program to teach children, parents and teachers. Funding for the Center’s services is provided principally by contracts with the Tennessee Department of Finance and Administration, Tennessee Department of Education and Tennessee Department of Health and Human Services, as well as from United Way and individual and corporate donations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of accounting and financial reporting standards prescribed for not-for-profit organizations. Accordingly, net assets of the Center, and changes therein are classified and reported as follows:

Unrestricted net assets

Undesignated – Net assets that are not subject to donor-imposed stipulations or designated by the Center’s board.

Designated – Net assets designated by the Center’s board for particular purposes, presently designated by the board for funds held in reserve for future use.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or 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 as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Center.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and other support and expenses during the period. Actual results could differ from those estimates.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. 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. Temporarily restricted contributions whose restrictions are met in the same year as received are reported as unrestricted contributions.

The Center 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.

Donated Goods and Services

The Center's policy is to record support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor at the fair value of services received. The Center records the value of services donated by graduate student interns, who see clients and assist with therapy and the crisis telephone line, based on the average wage rate of clinical therapists. The value of services donated by certain other individuals who are required to have specialized training before they may help answer the crisis telephone line and assist with hospital accompaniment is based on the minimum wage rate in effect. Donated services of \$49,458 and \$56,197 have been included in both revenue and expenses in the statements of activities for the years ended June 30, 2011 and 2010, respectively.

Cash and Cash Equivalents

Cash equivalents include demand deposits with banks and time deposits with original maturities when purchased of three months or less.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

Investments

Investments are reported at fair value as reported by the respective funds using quoted market prices. Net realized and unrealized gains and losses are reflected in the statements of activities.

Land, Building and Equipment

Land, building and equipment are stated at acquisition costs, or estimated fair market value if donated, less accumulated depreciation. Expenditures for ordinary maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is computed on the straight-line method over estimated useful lives of the assets, which ranges for 3 to 40 years.

Program and Supporting Services – Functional Allocation

The following program and supporting services are included in the accompanying financial statements:

Program Services – include activities carried out to fulfill the Center’s mission, resulting in services provided to victims of sexual assaults and their families. This includes counseling and therapeutic services through counseling, therapy, education and advocacy. Program services also include the support provided to victims by volunteers through responding to crisis hotline calls, assisting in hospital accompaniments and general marketing and an education program that teaches children, parents and teachers how to recognize and reduce the risks of sexual abuse.

Supporting Services

Management and General – relates to the overall direction of the Center. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the Center. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, information systems and technology, and other administrative activities.

Fundraising – includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

Income Taxes

The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax has been made.

The Center accounts for income taxes in accordance with income tax accounting guidance in Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) Topic 740, “Income Taxes.” The guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Center does not believe there were any uncertain tax positions at June 30, 2011 and 2010. Additionally, the Center has not recognized any tax related interest and penalties in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2008 through June 30, 2011.

Endowment Funds

The not-for-profit topic of the FASB ASC clarifies that a nonprofit organization should classify the portion of a donor-restricted endowment fund that is not permanently restricted by the donor or by law as temporarily restricted net assets (time restricted) until it is appropriated for expenditure and donor-imposed purpose restrictions, if any, are met. When the purpose restrictions, if any, on the portion of donor-restricted endowment funds are met and the appropriation has occurred, temporarily restricted net assets are reclassified to unrestricted net assets. It also requires additional disclosures applicable to all nonprofit organizations, even if the organization is not yet subject to a version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). Those disclosures provide: a) a description of the organization’s policies for making appropriations for expenditures from endowment funds (i.e. the organization’s endowment spending policies), b) a description of the organization’s investment policies for endowment funds, c) a description of the organization’s endowment by net asset class at the end of the period in total and by type of endowment fund, d) a reconciliation of the beginning and ending balances of endowment funds in total and by net asset class, and e) a description of the organization’s interpretation of the law(s) underlying the net asset classification of donor-restricted endowment funds.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

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

Fair Values

The Center has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data, including interest rate yield curves, option volatilities and third party information.

Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Generally accepted accounting principles have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 2 – INVESTMENTS

Investments and their fair value measurement consist of the following at June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1) 2011	Quoted Prices in Active Markets for Identical Assets (Level 1) 2010
	<u>2011</u>	<u>2010</u>
Government and corporate bonds:		
Treasury notes	\$ 30,882	\$ 57,261
Taxable funds	210,146	271,156
Other fixed	<u>240,277</u>	<u>32,173</u>
Total government and corporate bonds	<u>481,305</u>	<u>360,590</u>
Individual common stocks:		
Energy	28,140	25,599
Materials	3,789	3,663
Industrials	24,435	24,498
Consumer discretionary	26,853	23,727
Consumer staples	12,097	12,239
Healthcare	29,483	32,694
Financials	33,739	28,481
Information technology	40,289	42,615
Telecommunications services	4,083	3,871
Utilities	<u>5,970</u>	<u>6,978</u>
Total individual common stocks:	<u>209,878</u>	<u>204,365</u>
Mutual funds:		
Internationally-developed	96,759	44,218
Emerging markets	110,459	46,849
Large cap	76,992	-
Other equity	<u>226,625</u>	<u>68,440</u>
Total mutual funds	<u>510,835</u>	<u>159,507</u>
Money market funds – pending investment	58,195	6,190
Other investments	<u>21,249</u>	<u>6,948</u>
Total investments at fair value	<u>\$ 1,281,462</u>	<u>\$ 737,600</u>

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 2 – INVESTMENTS (Continued)

Investment income consists of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 27,316	\$ 13,539
Unrealized and realized gain on investments	<u>135,563</u>	<u>51,201</u>
	<u>\$ 162,879</u>	<u>\$ 64,740</u>

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Tennessee Department of Finance & Administration	\$ 61,751	\$ 59,044
Tennessee Department of Education	-	39,740
Tennessee Department of Health	<u>2,167</u>	<u>3,198</u>
	<u>\$ 63,918</u>	<u>\$ 101,982</u>

Grants receivable are reviewed periodically as to their collectability. Based on collection experience and management's review, no allowance for doubtful accounts is considered necessary at June 30, 2011 and 2010.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
United Way allocations and designations	\$ 119,241	\$ 135,646
Capital Campaign	<u>49,242</u>	<u>167,417</u>
Pledges receivable	<u>\$ 168,483</u>	<u>\$ 303,063</u>
Receivable in less than one year	<u>\$ 163,483</u>	<u>\$ 280,713</u>
Receivable in one to five years	<u>\$ 5,000</u>	<u>\$ 22,350</u>

At June 30, 2011 and 2010, pledges receivable are not reflected at their discount value as any discount would be insignificant.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 4 – PLEDGES RECEIVABLE (Continued)

Management believes that pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary at June 30, 2011 or 2010.

NOTE 5 – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Land	\$ 552,618	\$ 552,618
Building	1,959,280	1,959,280
Building improvements	313,426	175,001
Furniture and equipment	337,495	337,495
Artwork	<u>8,605</u>	<u>8,605</u>
	3,171,424	3,032,999
Less: accumulated depreciation	<u>(323,172)</u>	<u>(225,413)</u>
	<u>\$ 2,848,252</u>	<u>\$ 2,807,586</u>

Fully depreciated assets amounted to \$42,716 at June 30, 2011 and \$23,298 at June 30, 2010.

NOTE 6 – LINE OF CREDIT

The Center has established a \$50,000 line of credit, which matures April 1, 2012. Interest is charged on the outstanding principal balance at the 30 Day LIBOR rate plus 4.84% (5.0304% as of June 30, 2011) on outstanding balances. As of June 30, 2011, the Center had not borrowed any amount under this line.

NOTE 7 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets

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

	<u>2011</u>	<u>2010</u>
United Way funding – for following year	\$ 119,241	\$ 135,646
Contributions for capital campaign	283,807	858,931
Fundraising event – for following year	<u>-</u>	<u>21,200</u>
	<u>\$ 403,048</u>	<u>\$ 1,015,777</u>

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 7 – RESTRICTIONS ON NET ASSETS (Continued)

Permanently restricted net assets

Building and equipment funds for the Center’s prior location were solicited under the condition that pledges in excess of the cost of the building and equipment acquired would be used to establish a permanently restricted endowment fund.

In addition to the above, the Center solicited funds for its new building with the stipulation that any excess funds would be placed in a permanent endowment fund, the interest from which will be utilized to help fund operating costs of the new building. During the year ended June 30, 2011, \$450,000 of the excess funds have been released from temporarily restricted net assets to the permanently restricted endowment fund and \$283,807 remain in temporarily restricted net assets due to continued finalization of construction and building repair costs and pledges from donors remaining outstanding.

Permanently restricted net assets consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Investments	\$ 1,179,697	\$ 729,697

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The UPMIFA was enacted in Tennessee effective July 1, 2007. The Center has interpreted the UPMIFA as requiring that the Center classify as permanently restricted net assets a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are approved for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 7 – RESTRICTIONS ON NET ASSETS (Continued)

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center

Endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,179,697	\$ 1,179,697
Board-designated endowment funds	-	-	-
Total funds	<u>\$ -</u>	<u>\$ 1,179,697</u>	<u>\$ 1,179,697</u>

Changes in endowment net assets for the year ended June 30, 2011:

Endowment net assets, beginning of year	\$ -	\$ 729,697	\$ 729,697
Contributions	-	-	-
Expenditures	-	-	-
Released from temporarily restricted net assets	<u>-</u>	<u>450,000</u>	<u>450,000</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,179,697</u>	<u>\$ 1,179,697</u>

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 7 – RESTRICTIONS ON NET ASSETS (Continued)

Endowment net asset composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 729,697	\$ 729,697
Board-designated endowment funds	-	-	-
Total funds	<u>\$ -</u>	<u>\$ 729,697</u>	<u>\$ 729,697</u>

Changes in endowment net assets for the year ended June 30, 2010:

Endowment net assets, beginning of year	\$ -	\$ 729,697	\$ 729,697
Contributions	-	-	-
Expenditures	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 729,697</u>	<u>\$ 729,697</u>

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide a real total return, net of investment management fees, that is consistent with spending policy requirements. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Center's investment policy is to generally maintain 50% in fixed income securities and 50% in equity securities.

The Center's policy is to withdraw \$15,000 of earnings on such funds each quarter for operations. However, if the amount of funds in the investment account is less than the permanently restricted net asset balance, no amount is withdrawn for operations.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 8 – OPERATING LEASES

Prior to fiscal 2011, the Center rented their Clarksville office space through an annual lease. The lease became a month-to-month lease in fiscal 2011, as the Center made the decision to close the Clarksville office effective September 30, 2010. Rent expense for the years ended June 30, 2011 and 2010 under this lease totaled \$1,867 and \$7,467, respectively.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

The Center receives a substantial amount of its support from grants, state agencies and the United Way. Grant and United Way revenue comprised 35% of total revenue during fiscal year 2011 and 2010. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Center's programs and services.

At June 30, 2010, 33% of pledges receivable were attributable to one major donor.

During 2011 and 2010, the Center maintained deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). At June 30, 2010, all accounts were insured up to \$250,000 or were fully insured under the Transaction Account Guarantee ("TAG") Program. At June 30, 2011, non-interest bearing accounts held at FDIC insured institutions were fully insured, and interest bearing accounts were insured up to \$250,000. At June 30, 2011 and 2010, all deposits were fully insured.

At June 30, 2011 and 2010, investments were managed by one brokerage and investment company with an account balance totaling \$1,281,462 and \$737,600, respectively. Investments in the account are invested in various bonds and mutual funds. Investments are not insured by FDIC or any other government agency and are subject to investment risk, including loss of principal. Investments are insured by the Securities and Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

NOTE 10 – EMPLOYEE BENEFIT PLAN

The Center maintains a 401(k) retirement plan. Under the terms of the plan, the Center may provide a matching contribution up to a maximum of 3% of each eligible employee's annual compensation (including bonuses, commissions and overtime). Employees are eligible to participate in the plan after one year of service and become fully vested after five years. Employer contributions for the years ended June 30, 2011 and 2010 totaled \$14,910 and \$17,341, respectively.

SEXUAL ASSAULT CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011 and 2010

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Center has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for potential reimbursements to the grantor.

The Center has received commitments for additional grant funding through June 30, 2011 of approximately \$339,000.

The Center received a conditional promise to give in the amount of \$100,000 subject to the Center's ability to raise matching funds. During fiscal year 2010, the Center raised the matching funds and received the \$100,000 donation. The donation and matching funds are included in the fiscal year 2010 accompanying financial statements.

NOTE 12 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE

The Community Foundation of Middle Tennessee (the "Foundation") maintains investments on behalf of the Center. The Foundation has ultimate authority and control over the investments; accordingly the net assets of the Center do not include these investments.

The Center does anticipate receiving periodic investment earnings on its pro-rata share of the Foundation's assets. The balance of the endowment fund held for the benefit of the Center totals \$15,515 and \$12,850 at June 30, 2011 and 2010, respectively.

NOTE 13 – SUBSEQUENT EVENTS

The Center evaluated subsequent events through September 26, 2011, when these financial statements were available to be issued. The Center is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

SUPPLEMENTARY DATA

SEXUAL ASSAULT CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011

	<u>CFDA No.</u>	<u>Pass through Grantor's Number</u>	<u>Balance Receivable June 30, 2010</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance Receivable June 30, 2011</u>
FEDERAL GRANTOR/PASS-THROUGH GRANTOR						
<u>FEDERAL AWARDS</u>						
<u>U. S. Department of Justice</u>						
Passed through TN Department of Finance & Administration:						
Assault Treatment & Support Program	16.575	VOCA No. 3972	\$ 45,824	\$ 279,751	\$ 283,624	\$ 49,697
Total for CFDA No. 16.575			<u>45,824</u>	<u>279,751</u>	<u>283,624</u>	<u>49,697</u>
Direct Intervention Services for Victims of Sexual Assault in Middle Tennessee	16.017	SASP No. 9480	-	18,985	20,792	1,807
Total for CFDA No. 16.017			<u>-</u>	<u>18,985</u>	<u>20,792</u>	<u>1,807</u>
Sexual Assault Program	16.588	STOP No. 4207	2,870	18,486	16,522	906
Total for CFDA No. 16.588			<u>2,870</u>	<u>18,486</u>	<u>16,522</u>	<u>906</u>
Support for Sexual Assault Victims	16.803	JAGARRA No. 3646	4,393	30,113	30,253	4,533
Total for CFDA No. 16.803			<u>4,393</u>	<u>30,113</u>	<u>30,253</u>	<u>4,533</u>
Support for Sexual Assault Victims	16.801	VOCAARRA No. 3907	5,957	29,644	28,495	4,808
Total for CFDA No. 16.801			<u>5,957</u>	<u>29,644</u>	<u>28,495</u>	<u>4,808</u>
<u>U. S. Department of Education</u>						
Passed through TN Department of Education:						
Youth Violence & Drug Use Prevention	84.186B & 84.287C	GR-09-24860-00	39,740	39,740	-	-
Total for CFDA No. 84.186B & 84.287C			<u>39,740</u>	<u>39,740</u>	<u>-</u>	<u>-</u>
<u>U. S. Department of Health & Human Services</u>						
Passed through TN Department of Health:						
Rape Prevention and Education Services	93.136	GR-10-29360-00	3,198	13,698	10,500	-
Rape Prevention and Education Services	93.136	GR-11-33275-00	-	22,833	25,000	2,167
Total for CFDA No. 93.136			<u>3,198</u>	<u>36,531</u>	<u>35,500</u>	<u>2,167</u>
Total Federal Financial Assistance			<u>\$ 101,982</u>	<u>\$ 453,250</u>	<u>\$ 415,186</u>	<u>\$ 63,918</u>

Note: The schedule of expenditures of federal and state awards has been prepared on the accrual basis of accounting.