

**SEXUAL ASSAULT CENTER**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY DATA**

**June 30, 2010 and 2009**

**SEXUAL ASSAULT CENTER**

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FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550  
NASHVILLE, TENNESSEE 37203  
PHONE 615-383-6592, FAX 615-383-7094

## INDEPENDENT AUDITOR'S REPORT

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, 2010 and 2009 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, 2010 and 2009, 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 basic financial statements of Sexual Assault Center taken 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 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*

October 12, 2010

**SEXUAL ASSAULT CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 888,060	\$ 342,217
Investments	737,600	702,602
Grants receivable	101,982	37,858
Pledges receivable, net	303,063	748,332
Other receivables	12,331	36,553
Prepaid expenses and other	25,041	17,655
Land, building and equipment, net	<u>2,807,586</u>	<u>2,903,884</u>
Total assets	<u><u>\$4,875,663</u></u>	<u><u>\$4,789,101</u></u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 13,780	\$ 24,856
Deferred revenue	<u>11,670</u>	<u>-</u>
Total liabilities	<u>25,450</u>	<u>24,856</u>
Net assets:		
Unrestricted:		
Undesignated	3,085,712	3,154,319
Board designated	<u>19,027</u>	<u>35,727</u>
Total unrestricted	<u>3,104,739</u>	<u>3,190,046</u>
Temporarily restricted	<u>1,015,777</u>	<u>844,502</u>
Permanently restricted	<u>729,697</u>	<u>729,697</u>
Total net assets	<u>4,850,213</u>	<u>4,764,245</u>
Total liabilities and net assets	<u><u>\$4,875,663</u></u>	<u><u>\$4,789,101</u></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)	-	-
	<u>1,653,751</u>	<u>171,275</u>	<u>-</u>	<u>1,825,026</u>
Total revenue and other support				
Expenses:				
Program services	1,496,892	-	-	1,496,892
Supporting services:				
Management and general	48,968	-	-	48,968
Fundraising	193,198	-	-	193,198
	<u>1,739,058</u>	<u>-</u>	<u>-</u>	<u>1,739,058</u>
Total expenses				
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  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 472,537	\$ -	\$ -	\$ 472,537
Individual and corporate gifts	445,442	32,636	-	478,078
United Way	29,459	169,287	-	198,746
Special events	144,238	10,000	-	154,238
Counseling fees	193,648	-	-	193,648
Donated services and materials	56,720	-	-	56,720
Investment income (loss)	(126,617)	-	-	(126,617)
Miscellaneous	100,555	-	-	100,555
Education	100,313	-	-	100,313
Net assets released from restrictions	1,111,406	(1,111,406)	-	-
Total revenue and other support	<u>2,527,701</u>	<u>(899,483)</u>	<u>-</u>	<u>1,628,218</u>
Expenses:				
Program services	1,536,228	-	-	1,536,228
Supporting services:				
Management and general	83,297	-	-	83,297
Fundraising	216,408	-	-	216,408
Total expenses	<u>1,835,933</u>	<u>-</u>	<u>-</u>	<u>1,835,933</u>
Change in net assets	691,768	(899,483)	-	(207,715)
Net assets, beginning of year	<u>2,498,278</u>	<u>1,743,985</u>	<u>729,697</u>	<u>4,971,960</u>
Net assets, end of year	<u>\$ 3,190,046</u>	<u>\$ 844,502</u>	<u>\$ 729,697</u>	<u>\$ 4,764,245</u>

See accompanying notes.

**SEXUAL ASSAULT CENTER**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 85,968	\$ (207,715)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	99,673	100,344
Realized and unrealized (gain) loss on investments	(51,201)	147,869
(Increase) decrease in receivable from grantor agencies	(64,124)	29,450
Decrease in unconditional promises to give	445,269	632,587
Decrease in counseling fees receivable	-	3,040
Decrease (increase) in other receivables	24,222	(25,836)
(Increase) decrease in prepaid expenses and other	(7,386)	1,223
Decrease in accounts payable and accrued expenses	(11,076)	(130,614)
Increase in deferred revenue	11,670	-
	<u>533,015</u>	<u>550,348</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of investments	(231,266)	(306,395)
Proceeds from sale of investments	247,469	300,778
Purchases of property and equipment	(3,375)	(102,206)
	<u>12,828</u>	<u>(107,823)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Payments on long-term debt	-	(684,000)
	<u>-</u>	<u>(684,000)</u>
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	545,843	(241,475)
Cash and cash equivalents, beginning of year	342,217	583,692
Cash and cash equivalents, end of year	<u>\$ 888,060</u>	<u>\$ 342,217</u>
Interest paid	<u>\$ -</u>	<u>\$ 15,713</u>

See accompanying notes.

**SEXUAL ASSAULT CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2010**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Supporting Services</b>	<b>Total All Services</b>
	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>		
Salaries	\$ 860,212	\$ 21,499	\$ 97,974	\$ 119,473	\$ 979,685
Benefits and taxes	186,695	4,469	22,438	26,907	213,602
<b>Total salaries and related expenses</b>	<b>1,046,907</b>	<b>25,968</b>	<b>120,412</b>	<b>146,380</b>	<b>1,193,287</b>
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
<b>Total expenses before depreciation</b>	<b>1,402,203</b>	<b>44,981</b>	<b>192,201</b>	<b>237,182</b>	<b>1,639,385</b>
Depreciation	94,689	3,987	997	4,984	99,673
<b>Total expenses</b>	<b>\$ 1,496,892</b>	<b>\$ 48,968</b>	<b>\$ 193,198</b>	<b>\$ 242,166</b>	<b>\$ 1,739,058</b>

See accompanying notes.



**SEXUAL ASSAULT CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2009**

	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total All Services</b>
	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	
Salaries	\$ 895,263	\$ 18,005	\$ 108,333	\$ 126,338	\$ 1,021,601
Benefits and taxes	194,080	5,546	19,066	24,612	218,692
Total salaries and related expenses	1,089,343	23,551	127,399	150,950	1,240,293
Temporary and professional services	71,306	9,521	4,966	14,487	85,793
Advertising and marketing	68,439	3,980	17,517	21,497	89,936
Occupancy	60,657	3,306	2,872	6,178	66,835
Telephone	12,095	558	488	1,046	13,141
Supplies	38,008	1,471	1,181	2,652	40,660
Equipment	14,523	1,791	3,010	4,801	19,324
Local travel	8,900	78	43	121	9,021
Insurance	12,412	480	480	960	13,372
Professional development	6,883	3,776	1,741	5,517	12,400
Licenses and fees	6,191	19,006	1,327	20,333	26,524
Special event expense	-	-	50,381	50,381	50,381
Miscellaneous	1,739	9,392	58	9,450	11,189
Donated services	56,720	-	-	-	56,720
Total expenses before depreciation	1,447,216	76,910	211,463	288,373	1,735,589
Depreciation	89,012	6,387	4,945	11,332	100,344
Total expenses	<u>\$ 1,536,228</u>	<u>\$ 83,297</u>	<u>\$ 216,408</u>	<u>\$ 299,705</u>	<u>\$ 1,835,933</u>

See accompanying notes.

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**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.

**Accounting Standards Codification**

The Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no effect on the Center’s assets, liabilities, net assets, revenue, expenses or change in net assets.

**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 the standards 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 statement of activities as net assets released from restrictions.

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

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

**Basis of Presentation (Continued)**

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

**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.

**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 \$56,197 and \$56,720 have been included in both revenue and expenses in the statements of activities for the years ended June 30, 2010 and 2009, respectively.

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

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

**Cash and Cash Equivalents**

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

**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.

**Property and Equipment**

Property 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, 2010 and 2009**

**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.

On January 1, 2009, the Center adopted FASB ASC 740-10-25 paragraphs 5 through 17, “Income Taxes” (“FASB ASC 740”). The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This interpretation 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. FASB ASC 740 must be applied to all existing tax positions upon initial adoption. The Center has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2007 through June 30, 2010. Adoption of this pronouncement had no impact on the Center’s accompanying financial statements.

**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 Uniform Prudent Management 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. The Center has implemented this guidance and is now providing the expanded disclosures as of June 30, 2009.

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**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.

**NOTE 2 – INVESTMENTS**

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

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) 2010</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) 2009</b>
	<hr/>	<hr/>
Government and corporate bonds:		
Treasury notes	\$ 57,261	\$ 58,712
Taxable funds	271,156	256,198
Other fixed	<hr/> 32,173	<hr/> 30,977
Total government and corporate bonds	360,590	345,887

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 2 – INVESTMENTS (Continued)**

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) 2010</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) 2009</b>
	<u>2010</u>	<u>2009</u>
Individual common stocks:		
Energy	25,599	25,073
Materials	3,663	3,157
Industrials	24,498	18,611
Consumer discretionary	23,727	17,109
Consumer staples	12,239	16,570
Healthcare	32,694	29,094
Financials	28,481	26,255
Information technology	42,615	42,169
Telecommunications services	3,871	3,974
Utilities	6,978	7,043
Total individual common stocks:	<u>204,365</u>	<u>189,055</u>
Mutual funds:		
Internationally-developed	44,218	44,571
Emerging markets	46,849	16,337
Other equity	68,440	60,276
Total mutual funds	<u>159,507</u>	<u>121,184</u>
Money market funds – pending investment	6,190	46,476
Other investments	6,948	-
Total investments at fair value	<u>\$ 737,600</u>	<u>\$ 702,602</u>

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

	<b>2010</b>	<b>2009</b>
	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 13,539	\$ 21,252
Unrealized and realized gain (loss) on investments	<u>51,201</u>	<u>(147,869)</u>
	<u>\$ 64,740</u>	<u>\$ (126,617)</u>

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 3 – GRANTS RECEIVABLE**

Grants receivable consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
Tennessee Department of Finance & Administration	\$ 59,044	\$ 20,036
Tennessee Department of Education	39,740	7,341
Metropolitan Government of Nashville & Davidson County	-	3,114
Tennessee Department of Health	<u>3,198</u>	<u>7,367</u>
	<u>\$ 101,982</u>	<u>\$ 37,858</u>

**NOTE 4 – PLEDGES RECEIVABLE**

Pledges receivable consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
United Way allocations and designations	\$ 135,646	\$ 169,287
Capital Campaign	<u>167,417</u>	<u>582,417</u>
Subtotal	303,063	751,704
Less discount on pledges	<u>-</u>	<u>(3,372)</u>
Net pledges receivable	<u>\$ 303,063</u>	<u>\$ 748,332</u>
Receivable in less than one year	<u>\$ 280,713</u>	<u>\$ 608,504</u>
Receivable in one to five years	<u>\$ 22,350</u>	<u>\$ 139,828</u>

At June 30, 2010, pledges receivable are not reflected at their discount value as any discount would be insignificant. At June 30, 2009, pledges receivable due in more than one year are reflected at the net present value of estimated future cash flows using a discount rate of approximately 3%.

Management believes that pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary at June 30, 2010 and 2009.



**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 5 – LAND, BUILDING AND EQUIPMENT**

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

	<b>2010</b>	<b>2009</b>
Land	\$ 552,618	\$ 552,618
Building	1,959,280	1,959,280
Building improvements	175,001	173,001
Furniture and equipment	337,495	337,495
Artwork	8,605	7,230
	3,032,999	3,029,624
Less: accumulated depreciation	(225,413)	(125,740)
	<b>\$ 2,807,586</b>	<b>\$ 2,903,884</b>

Fully depreciated assets amounted to \$23,298 at June 30, 2010 and \$17,681 at June 30, 2009.

**NOTE 6 – LINE OF CREDIT**

The Center has established a \$50,000 line of credit, which matures April 1, 2011. Interest is charged on the outstanding principal balance at the LIBOR rate plus 1.25% (2.6% as of June 30, 2010) on outstanding balances. As of June 30, 2010, the Center had not borrowed any amount under this line.

**NOTE 7 – NOTE PAYABLE**

During fiscal year 2009, the Center had a note payable to First Tennessee Bank bearing interest at the LIBOR rate plus 1.25%. The loan was payable in monthly installments of \$11,830, including interest, beginning April 30, 2011 and was collateralized by all furniture, fixtures, equipment and the cash proceeds received by the Center in respect of pledges to the Center's capital campaign relating to its purchase of land and improvements at 101 French Landing, Nashville, Tennessee and the cash proceeds received by the Center in respect of the sale of the previous land and improvements located at 25 Lindsley Avenue, Nashville, Tennessee. The note payable was paid in full in April 2009. Interest expense totaled \$15,713 for the year ended June 30, 2009.

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 8 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets

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

	<b>2010</b>	<b>2009</b>
United Way funding – for following year	\$ 135,646	\$ 169,287
Contributions for capital campaign	858,931	665,215
Fundraising event – for following year	21,200	10,000
	<b>\$ 1,015,777</b>	<b>\$ 844,502</b>

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.

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

	<b>2010</b>	<b>2009</b>
Investments	\$ 729,697	\$ 702,602
Cash	-	27,095
	<b>\$ 729,697</b>	<b>\$ 729,697</b>

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, 2010 and 2009**

**NOTE 8 – 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, 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>

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 8 – RESTRICTIONS ON NET ASSETS (Continued)**

Endowment net asset composition by type of fund as of June 30, 2009:

	<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, 2009:

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 \$10,000 of 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.

In addition to the above, the Center has solicited funds for its new building with the stipulation that any excess funds will also be placed in a permanent endowment fund, the interest from which will be utilized to help fund operating costs of the new building. At June 30, 2010, no determination has yet been made on the excess funds that will be available for endowment due to continued finalization of construction and building repair costs and pledges from donors remaining outstanding.

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 9 – OPERATING LEASES**

During 2010 and 2009, the Center rented their Clarksville office space, which had a lease that was renewable annually at the discretion of the parties involved. Rent expense for the years ended June 30, 2010 and 2009 under this lease totaled \$7,467 and \$8,615, respectively. 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.

**NOTE 10 – 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% and 41% of total revenue during fiscal year 2010 and 2009, respectively. 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 and at June 30, 2009, 57% of pledges receivable were attributable to two major donors.

During 2009 and 2010, the Center maintained deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation. As of June 30, 2009, non-interest bearing accounts were fully insured under the Transaction Account Guarantee ("TAG") Program, and interest bearing accounts were insured up to \$250,000. The Center's deposit accounts were fully insured as of June 30, 2009. As of June 30, 2010, the Center's balances at various financial institutions were either fully insured or insured up to \$250,000 depending on whether the financial institutions continued participation in the TAG Program. At June 30, 2010, all deposits were fully insured.

At June 30, 2010 and 2009, investments were managed by one brokerage and investment company with an account balance totaling \$737,600 and \$702,602, 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 11 – 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, 2010 and 2009 totaled \$17,341 and \$19,482, respectively.

**SEXUAL ASSAULT CENTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2010 and 2009**

**NOTE 12 – 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 \$383,000.

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 13 – 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 \$12,850 and \$11,465 at June 30, 2010 and 2009, respectively.

**NOTE 14 – SUBSEQUENT EVENTS**

The Center evaluated subsequent events through October 12, 2010, when these financial statements were available to be issued. Except for the item disclosed in Note 9, 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, 2010**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR</b>	<b>CFDA No.</b>	<b>Pass through Grantor's Number</b>	<b>Balance Receivable June 30, 2009</b>	<b>Cash Receipts</b>	<b>Expenditures</b>	<b>Balance Receivable June 30, 2010</b>
<b><u>FEDERAL AWARDS</u></b>						
<b><u>U. S. Department of Justice</u></b>						
Passed through TN Department of Finance & Administration:						
Crime Victim Services	16.575	Z-07-033184-00	\$ 15,598	\$ 15,598	\$ -	\$ -
Assault Treatment & Support Program	16.575	VOCA No. 3972	-	236,863	282,687	45,824
Total for CFDA No. 16.575			15,598	252,461	282,687	45,824
Sexual Assault Services	16.017	0000001007	2,662	2,662	-	-
Total for CFDA No. 16.017			2,662	2,662	-	-
Stop Violence Against Women	16.588	Z-07-033054-00	1,776	1,776	-	-
Sexual Assault Program	16.588	STOP No. 4207	-	12,951	15,821	2,870
Total for CFDA No. 16.588			1,776	14,727	15,821	2,870
Support for Sexual Assault Victims	16.803	JAGARRA No. 3646	-	20,393	24,786	4,393
Total for CFDA No. 16.803			-	20,393	24,786	4,393
Support for Sexual Assault Victims	16.801	VOCAARRA No. 3907	-	20,235	26,192	5,957
Total for CFDA No. 16.801			-	20,235	26,192	5,957
<b><u>U. S. Department of Education</u></b>						
Passed through TN Department of Education:						
Youth Violence & Drug Use Prevention	84.186B & 84.287C	GR-09-24860-00	7,341	63,462	95,861	39,740
Total for CFDA No. 84.186B & 84.287C			7,341	63,462	95,861	39,740
<b><u>U. S. Department of Health &amp; Human Services</u></b>						
Passed through TN Department of Health:						
Rape Prevention and Education Services	93.136	GR-10-29360-00	-	22,076	25,274	3,198
Rape Prevention and Education Services	93.136	GR-09-26785-00	7,367	22,958	15,591	-
Total for CFDA No. 93.136			7,367	45,034	40,865	3,198
Total Federal Financial Assistance			\$ 34,744	\$ 418,974	\$ 486,212	\$ 101,982

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