

**NASHVILLE SAFE HAVEN
FAMILY SHELTER**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

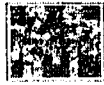
DECEMBER 31, 2006

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.

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BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nashville Safe Haven Family Shelter
Nashville, TN

We have audited the accompanying statement of financial position of Nashville Safe Haven Family Shelter, as of December 31, 2006, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Nashville Safe Haven Family Shelter. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Safe Haven Family Shelter, as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Bellenfant & Miles, P.C.

May 4, 2007

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS

CURRENT ASSETS:

Cash	\$ 29,501
Security deposits	<u>1,911</u>
Total Current Assets	31,412

PROPERTY AND EQUIPMENT, NET	<u>573,670</u>
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TOTAL ASSETS	<u><u>\$ 605,082</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	\$ 20,227
Line of credit	168,174
Client liabilities	<u>3,089</u>
Total Liabilities	191,490

NET ASSETS:

Unrestricted	<u>413,592</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 605,082</u></u>
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The accompanying notes are an integral part of these financial statements.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUES:

Contributions	\$ 329,577
United Way	77,081
Fundraising events	101,865
In-kind donations	132,468
Federal grants	82,899
Grants - other	25,000
Thrift Store	35,152
Other	15,189
Gain on sale of real estate	<u>13,171</u>
Total Revenues	<u>812,402</u>

EXPENSES:

Program services	<u>936,935</u>
Supporting services:	
Management and general	69,343
Fundraising	<u>76,451</u>
Total supporting services	<u>145,794</u>
Total Expenses	<u>1,082,729</u>
CHANGE IN NET ASSETS	(270,327)
Net Assets, January 1, 2006	<u>683,919</u>
Net Assets, December 31, 2006	<u><u>\$ 413,592</u></u>

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

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (270,327)
Adjustments to reconcile to net cash used in operations	
Depreciation	45,517
Decrease in current assets:	
Security deposits	1,911
Other assets	164
Increase in current liabilities:	
Accounts payable	10,648
Client liabilities	<u>3,089</u>
Net cash used in Operating Activities	<u>(208,998)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(10,107)
Sale of real estate	<u>51,122</u>
Net cash provided by Investing Activities	<u>41,015</u>

CASH FLOWS FROM FINANCING ACTIVITIES

New borrowings	246,010
Repayment on line of credit	<u>(124,000)</u>
Net cash provided by Financing Activities	<u>122,010</u>
NET DECREASE IN CASH	(45,973)
Cash and cash equivalents, January 1, 2006	<u>75,474</u>
Cash and cash equivalents, December 31, 2006	<u><u>\$ 29,501</u></u>

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

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2006

	Supporting Services				
	Program Services	Management and General	Fund Raising	Total Supporting Services	Total
Salaries	\$ 270,960	\$ 22,246	\$ 22,335	\$ 44,581	\$ 315,541
Payroll taxes	24,609	1,442	1,907	3,349	27,958
In-kind contributions	40,488	-	-	-	40,488
Employee benefits	103,773	4,050	4,476	8,526	112,299
Total salaries and related expenses	439,830	27,738	28,718	56,456	496,286
Program supplies (including in-kind of \$91,980)	122,666	379	-	379	123,045
Professional fees	28,192	18,148	98	18,246	46,438
Building maintenance and general liability insurance	59,057	-	-	-	59,057
Utilities	62,490	8,416	-	8,416	70,906
Contract labor	42,773	-	-	-	42,773
Individual family assistance	21,214	-	-	-	21,214
Rent	11,711	-	-	-	11,711
Vehicle maintenance	15,602	-	-	-	15,602
Office supplies	14,026	2,643	-	2,643	16,669
Public relations	34,208	-	1,704	1,704	35,912
Christmas campaign	-	-	14,082	14,082	14,082
Employee travel and mileage	3,829	-	-	-	3,829
Bank fees and other	4,529	715	99	814	5,343
Dues, memberships and training	2,394	275	-	275	2,669
Equipment rental	2,945	-	-	-	2,945
Fall campaign	-	-	11,934	11,934	11,934
Spring campaign	-	-	13,631	13,631	13,631
Summer campaign	-	-	5,730	5,730	5,730
Interest expense	-	6,477	-	6,477	6,477
Thrift Store	30,959	-	-	-	30,959
Total other expenses	456,595	37,053	47,278	84,331	540,926
Total expenses before depreciation	896,425	64,791	75,996	140,787	1,037,212
Depreciation	40,510	4,552	455	5,007	45,517
Total expenses	\$ 936,935	\$ 69,343	\$ 76,451	\$ 145,794	\$ 1,082,729

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

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Nature of Activities:

Nashville Safe Haven Family Shelter, Inc. (the "Organization") is a nonprofit corporation located in Nashville, Tennessee. The Organization's mission is to work in partnership with people from all walks of life, following Christ's teaching to provide housing, food, training and spiritual guidance necessary to assist homeless families throughout Middle Tennessee in becoming self-sufficient.

Financial Statement Presentation:

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. There were no donor-imposed restrictions on net assets as of December 31, 2006.

Contributions:

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. As of December 31, 2006, there were no outstanding unconditional promises to give. Therefore, all contributions were received during 2006.

Cash:

Cash represents amounts on deposit with financial institutions.

Property and Equipment:

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

Income Taxes:

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

In-Kind Contributions:

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

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses:

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

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2006:

Land	\$ 67,439
Buildings	734,573
Equipment	70,301
Furnishings	46,518
Software	15,123
Building Improvements	<u>24,870</u>
	958,824
Less: accumulated depreciation	<u>(385,154)</u>
Property and equipment, net	<u><u>\$ 573,670</u></u>

3. LINE OF CREDIT

The Organization has two lines of credit that provide for a total borrowing of \$170,000 (\$125,000 and \$45,000), with interest computed at the bank's prime rate plus 1.0% (9.25% at December 31, 2006) on outstanding balances. At December 31, 2006, \$124,164 and \$44,010 were outstanding under the two line of credit agreements, respectively.

4. IN-KIND CONTRIBUTIONS AND EXPENSES

During the year ended December 31, 2006, the Organization received in-kind contributions of supplies and miscellaneous household items valued at \$91,980. They received in-kind contribution of 5,784 volunteer hours valued at \$40,488.

NASHVILLE SAFE HAVEN FAMILY SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

5. EMPLOYEE RETIREMENT PLAN

The Organization maintains a Simplified Employee Pension Plan available for eligible employees. Any employee who is at least 21 years old and has worked for the Organization for three of the last five years is permitted to participate in the plan. Although contributions are not required, the Organization may contribute an amount that vests immediately, as determined by the Board of Directors based on each employee's total compensation. Employees may also make pre-tax contributions to the plan. No contributions to the pension plan were made in 2006.

6. CONCENTRATIONS

The Organization receives a substantial amount of its support from the United Way. Contributions from the United Way comprised 11% of total revenues during 2006. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.

7. SUBSEQUENT EVENT

Line of Credit Refinancing:

In May 2007, the Organization refinanced its line of credit and issued a \$150,000 term loan for 60 months at 7.65% interest, and a new line of credit for \$100,000 for one year from the same commercial bank. All amounts outstanding under the original line of credit agreements were repaid.

8. SALE OF REAL ESTATE

On June 8, 2006, the Organization sold real estate for \$69,900. The gain on the sale was \$13,171.