

DAVID JONES, JR. ASSISTED LIVING CENTER

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND DECEMBER 31, 2020**

**DAVID JONES, JR. ASSISTED LIVING CENTER
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
David Jones Jr. Assisted Living Center
1204 Schrader Acres Drive
Nashville, TN 37208

We have audited the financial statements of David Jones Jr. Assisted Living Center, which comprise the statement of financial position as of December 31, 2021 and December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of David Jones Jr. Assisted Living Center as of December 31, 2021 and December 31, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of David Jones Jr. Assisted Living Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about David Jones Jr. Assisted Living Center' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of David Jones Jr. Assisted Living Center' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about David Jones Jr. Assisted Living Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls related matters that we identified during the audit.



SPD CPA Firm
Nashville, TN
June 7, 2022

DAVID JONES JR. ASSISTED LIVING CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND DECEMBER 31, 2020

	<u>12/31/2021</u>	<u>12/31/2020</u>
Assets		
Current Assets		
Cash an cash equivalents	17,563	\$ 6,998
Cash-board designated	86,856	54,886
Accounts Receivable	<u>2,194</u>	<u>1,749</u>
Total Current Assets	106,613	63,633
Noncurrent Assets		
Investments-Board Designated	178,217	132,038
Property and Equipment, Net	<u>67,423</u>	<u>78,639</u>
Total Noncurrent Assets	<u>245,640</u>	<u>210,677</u>
Total Assets	<u>\$ 352,253</u>	<u>\$ 274,310</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable & Other Current Liabilities	\$ -	\$ 3,586
Tenant Prepaid Rent	-	5,083
Tenant Rental Deposits	<u>7,564</u>	<u>7,564</u>
Total Current Liabilities	7,564	16,233
Net Assets		
Net Assets Wthout Donor Restrictions		
Undesignated	79,615	71,153
Board Designated - Other	<u>265,074</u>	<u>186,924</u>
Total Net Assets	<u>344,689</u>	<u>258,077</u>
Total Liabilites and Net Assets	<u>\$ 352,253</u>	<u>\$ 274,310</u>

The accompanying notes are an integral part of these financial statements

DAVID JONES JR. ASSISTED LIVING CENTER
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

	<u>12/31/2021</u>	<u>12/31/2020</u>
Support and Revenues		
Contributed Services	14,938	\$ 14,224
Donation	58,514	39,924
Fundraisers	422	176
Rental Income	674,488	747,272
Endowment Revenue	62,066	28,190
Other Income	3,585	855
Transfer from Affiliate	323,455	397,796
Auxiliary Services	10,033	9,820
Investment Income	3,458	2,690
Federal Grant Funds	185,000	-
Realized Gain on Investments	14,965	12,230
Total Support and Revenues	<u>1,350,924</u>	<u>1,253,177</u>
Expenses		
Assisted Living Center - Program	1,136,995	1,080,160
General & Administrative	127,318	125,784
Total Expenses	<u>1,264,313</u>	<u>1,205,944</u>
Increase in Net Assets	86,611	47,233
Net Assets, Beginning of Year	258,077	207,771
Prior Period Adjustment	-	3,073
Net Assets, End of Year	<u>\$ 344,688</u>	<u>\$ 258,077</u>

The accompanying notes are an integral part of these financial statements

DAVID JONES JR. ASSISTED LIVING CENTER
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

	<u>12/31/2021</u>	<u>12/31/2020</u>
Cash flows from operating activities		
Net Income	86,611	\$ 47,233
Adjustments to reconcile change used in net assets to used net cash provided by (used in) operating activities:		
Depreciation	11,216	11,216
Prior period adjustment	-	3,073
(Increase) decrease in accounts receivable	(445)	(50)
Increase (decrease) in accounts payable	(3,586)	2,751
Increase (decrease) in cash liability	-	(4,120)
Increase (decrease) in tenant prepaid rents	(5,083)	(1,894)
Increase (decrease) in tenant rental deposits	-	(3,100)
Net cash provided by operating activities	<u>88,713</u>	<u>55,109</u>
Cash flows from investing activities		
Purchase of investments	(46,179)	(13,090)
Purchase of fixed assets	-	(7,139)
Net cash used in investing activities	<u>(46,179)</u>	<u>(20,229)</u>
Cash flows from financing activities		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	42,534	34,880
Cash and cash equivalents, beginning of year	61,884	27,004
Cash and cash equivalents, end of year	<u><u>\$ 104,418</u></u>	<u><u>\$ 61,884</u></u>

The accompanying notes are an integral part of these financial statements

DAVID JONES JR. ASSISTED LIVING CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	General and Administrative	Total
Accounting Services- Contributed	\$ -	\$ 14,938	\$ 14,938
Appliance Repairs and Replacements	836	-	836
Auto and Truck Expenses	458	-	458
Depreciation	11,216	-	11,216
Employee Screenings	262	-	262
Employee Insurance	1,004	-	1,004
Insurance	39,603	4,400	44,003
Janitorial Supplies	-	4,467	4,467
Legal and Professional Services	-	3,805	3,805
License Renewal Fees	1,660	-	1,660
Medical Supplies	4,546	-	4,546
Membership Fees	1,032	-	1,032
Kitchen	89,004	-	89,004
Maintenance/Repair	46,009	5,112	51,121
Miscellaneous Expenses	2,410	-	2,410
Office Supplies	1,967	219	2,186
Other Expenses	2,773	308	3,081
Payroll Expenses	770,958	85,662	856,620
Postage	55	-	55
Subscriptions and Publications	2,170	-	2,170
Temporary Agency Staffing	105,094	-	105,094
Training	960	-	960
Utilities	54,978	6,109	61,087
Investment Fees and Bank Charges	-	2,298	2,298
Total	<u>\$ 1,136,995</u>	<u>\$ 127,318</u>	<u>\$ 1,264,313</u>

The accompanying notes are an integral part of these financial statements

DAVID JONES JR. ASSISTED LIVING CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program	General and Administrative	Total
Accounting Services- Contributed	\$ -	\$ 14,194	\$ 14,194
Appliance Repairs and Replacements	4,660	-	4,660
Auto and Truck Expenses	320	-	320
Depreciation	11,216	-	11,216
Employee Screenings	257	-	257
Employee Insurance	1,782	-	1,782
Insurance	41,995	4,666	46,661
Janitorial Supplies	-	4,860	4,860
Legal and Professional Services	-	1,610	1,610
License Renewal Fees	1,300	-	1,300
Medical Supplies	4,641	-	4,641
Membership Fees	2,038	-	2,038
Kitchen	98,847	-	98,847
Maintenance/Repair	39,854	4,428	44,282
Miscellaneous Expenses	106	-	106
Office Supplies	1,697	189	1,886
Other Expenses	4,789	532	5,321
Payroll Expenses	799,578	88,842	888,420
Postage	62	-	62
Subscriptions and Publications	2,764	-	2,764
Temporary Agency Staffing	22,877	-	22,877
Training	170	-	170
Utilities	41,207	4,579	45,786
Investment Fees and Bank Charges	-	1,884	1,884
Total	<u>\$ 1,080,160</u>	<u>\$ 125,784</u>	<u>\$ 1,205,944</u>

The accompanying notes are an integral part of these financial statements

**DAVID JONES JR. ASSISTED LIVING CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020**

**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

The David Jones, Jr. Assisted Living Center (the "DJJALC") is a reputable housing community for seniors. Nestled near historic north Nashville, this community is conveniently located next to the Schrader Lane Church of Christ (the "Church") where it was conceptualized and developed by the Church's ministry and love in caring for seniors.

The mission of the DJJALC is to provide safe, comfortable and affordable housing as well as an enhanced quality of physical, psychological, social, educational, and spiritual life for seniors.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly revenue is recognized when earned, support and promises to give are recognized when received and expenses are recorded when incurred.

The financial statements presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the DJJALC is reporting information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets Without Donor Restrictions — Net assets that are not restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets With Donor Restrictions — Net assets that are restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law.

As of December 31, 2021, the DJJALC had no net assets with donor restrictions.

Revenue, Support, and Expenses

The DJJALC receives contributions from the Church and recognizes revenue when cash or a firm promise to give is obtained.

Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The DJJALC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement

DAVID JONES JR. ASSISTED LIVING CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

The DJJALC reports goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Employees of the DJJALC are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is not practicable for the DJJALC to estimate the amount of compensation for future absences; accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The DJJALC's policy is to recognize the costs of compensated absences when actually to employees.

Cash and Cash Equivalents

The DJJALC classifies demand deposits as cash and cash equivalents. Cash, money market funds and certificates of deposit held within the investment portfolio are not included in cash and cash equivalents because they are held for investment purposes.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included on the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Income Taxes

The DJJALC is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary.

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments. The fair values of the noncurrent liabilities approximate the carrying amounts and are estimated based on the current rates offered to the DJJALC.

Functional Expenses

Management allocates expenses on a functional basis among its various programs and support

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

services. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditures classification. Other expenses that are common to several programs are allocated based on various relationships.

Fixed Assets

Disbursements for property and equipment with an initial cost of \$1,000 or more, are capitalized and reflected in the statement of financial position at cost. Expenditures for additions and major improvements are capitalized while those for maintenance and repairs are charged to expenses as incurred. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3—15
Buildings	30—40
Additions to Building	10—15
Vehicles	5

Concentration of Revenues

The DJJALC receives a substantial amount of its support from the Church. A significant reduction in the level of this support may have a significant effect on the DJJALC's programs and activities.

NOTE 2---INVESTMENTS

Investments at December 31, 2021 and December 31, 2020 consist of a board designated endowment investment with a balance of \$178,217 and \$132,038, respectively.

DJJALC created a Resident Endowment Fund on January 3, 2018. The Endowment is set up with two components a Checking account and a Resident Investment Fund account. Donor checks are initially deposited into the Endowment Checking account. After the check clears the bank, the funds are transferred to Resident Investment Fund. When the endowment reaches \$225,000, it will be placed in a client service investment account.

NOTE 3—ENDOWMENTS

Effective January 3, 2018, the DJJALC adopted FASB Staff Position No. 117-1 (FSB 117-1), Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds. FSP 117-1 provides guidance on the net asset classifications of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), and requires disclosures about endowment funds, both donor restricted endowment funds and board-designated (quasi) endowment funds. The state of Tennessee has enacted the provision of UPMIFA in 2007. The DJJALC's endowment funds consist of one individual fund.

Management presented a summary of FSP 117-1 to members of the Board of Trustees in February

DAVID JONES JR. ASSISTED LIVING CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

2018, and the Board interpreted the UPMIFA, as enacted by the state of Tennessee, effective January 3, 2018, requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the DJJALC classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations 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. In accordance with FSP 117-1, the remaining portion of the donor-restricted endowment fund that is not classified in with permanent donor restrictions net assets is classified as with temporary donor restrictions net assets until those amounts are appropriated for expenditure by the DJJALC in a manner consistent with the standard of prudence prescribed by the UPMIFA. There were no reclassifications as of December 31, 2021.

December 31, 2021:

	With Temporary Board Restrictions	With Permanent Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 186,924	-	\$ 186,924
Investment income (net)	3,458	-	2,793
Net change in investment value	14,965	-	14,965
Net depreciation	(2,263)	-	(2,263)
Endowment contributions	61,990	-	61,990
Endowment net assets, end of year	\$ 265,074	-	\$ 265,074

December 31, 2020:

	With Temporary Board Restrictions	With Permanent Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 145,677	-	\$ 145,677
Investment income (net)	2,690	-	2,690
Net change in investment value	12,131	-	12,131
Net depreciation	(1,731)	-	(1,731)
Endowment contributions	28,157	-	28,157
Endowment net assets, end of year	\$ 186,924	-	\$ 186,924

DAVID JONES JR. ASSISTED LIVING CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

NOTE 4—PROPERTY AND EQUIPMENT

Depreciation expense as of December 31, 2021 and December 31, 2020, was \$11,216. A summary of property and equipment as of December 31, 2021 and December 31, 2020, was as follows:

	12/31/2021	12/31/2020
Furniture & Equipment	\$ 269,660	\$ 269,660
Accumulated Depreciation	(202,237)	(191,021)
Property and Equipment, net	<u>\$ 67,423</u>	<u>\$ 78,639</u>

NOTE 5—CONTRIBUTED SERVICES

The Church donates accounting services to the DJJALC. The fair value of this contributed service totaled \$14,938 and \$14,194 as of December 31, 2021 and December 31, 2020, respectively.

NOTE 6—RELATED PARTY TRANSACTIONS

The Assisted Living Center, the Senior Citizens Home (Schrader Acres), and the Child Care Center are separate ministries of the Church. The Church owns the buildings in which the ministries operate and provides support for operational expenses. As of December 31, 2021 and December 31, 2020, the Church made donations of \$323,455 and \$397,796, respectively to the DJJALC.

NOTE 7—BOARD DESIGNATED NET ASSETS

The Board has designated endowment contributions for endowment resident fund. The cash restricted as of December 31, 2021 and December 31, 2020 was \$86,856 and \$54,886, respectively and the investment fund balance was \$178,217 and \$132,038, respectively resulting in a total endowment balance as of \$265,074 and \$186,924 as of December 31, 2021 and December 31, 2020, respectively.

NOTE 8—SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of June 7, 2022, the date management evaluated such events. June 7, 2022 is the date the financial statements were available to be issued.