

**DAVID JONES, JR. ASSISTED LIVING CENTER**

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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

**Table of Contents**

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<b>INDEPENDENT AUDITORS' REPORT-----</b>	<b>1-2</b>
--	------------

**FINANCIAL STATEMENTS**

<b>STATEMENT OF FINANCIAL POSITION-----</b>	<b>3</b>
---	----------

<b>STATEMENT OF ACTIVITIES-----</b>	<b>4</b>
-------------------------------------	----------

<b>STATEMENT OF CASH FLOWS-----</b>	<b>5</b>
-------------------------------------	----------

<b>SATEMENT OF FUNCTIONAL EXPENSES-----</b>	<b>6</b>
---	----------

<b>NOTES TO FINANCIAL STATEMENTS-----</b>	<b>7</b>
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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of David Jones Jr. Assisted Living Center (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2019, and the related statement of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

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 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of David Jones Jr. Assisted Living Center as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

SPD CPAs

SPD CPAs  
August 31, 2020

**DAVID JONES JR. ASSISTED LIVING CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

Assets

Current Assets

Cash an cash equivalents	\$ 275
Cash-board designated	26,729
Acconts Receivable	1,699

Total Current Assets	<u>28,703</u>
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Noncurrent Assets

Investments-Board Designated	118,948
Property and Equipment, Net	82,716

Total Noncurrent Assets	<u>201,664</u>
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Total Assets	<u><u>\$ 230,367</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts Payable & Other Current Liabilities	\$ 835
Cash Liability	4,120
Tenant Prepaid Rent	6,977
Tenant Rental Deposits	10,664

Total Current Liabilities	<u>22,596</u>
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Net Assets

Net Assets Wthout Donor Restrictions	
Undesignated	62,094
Board Designated - Disaster Relief	-
Board Designated - Other	145,677

Total Net Assets	<u>207,771</u>
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Total Liabilites and Net Assets	<u><u>\$ 230,367</u></u>
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The accompanying notes are an integral part of these financial statements

**DAVID JONES JR. ASSISTED LIVING CENTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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Support and Revenues

Contributed Services	\$ 13,658
Donation	16,248
Fundraisers	332
Rental Income	840,624
Endowment Revenue	34,716
Other Income	5,354
Transfer from Affiliate	418,853
Auxiliary Services	11,835
Investment Income	2,797
Unrealized Gain (Loss) on Investments	13,982
Total Support and Revenues	<u>1,358,399</u>

Expenses

Assisted Living Center	<u>1,276,283</u>
Total Expenses	<u>1,276,283</u>

(Decrease) Increase in Net Assets	82,116
Net Assets, Beginning of Year	<u>125,655</u>
Net Assets, End of Year	<u><u>\$ 207,771</u></u>

The accompanying notes are an integral part of these financial statements



**DAVID JONES JR. ASSISTED LIVING CENTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Cash flows from operating activities**

Net Income	\$ 82,116
Adjustments to reconcile change used in net assets to used net cash provided by (used in) operating activities:	
Depreciation	10,196
Unrealized Gain on Investments	(13,982)
Increase (decrease) in accounts payable	(2,703)
Increase (decrease) in cash liability	4,120
Increase (decrease) in tenant prepaid rents	(493)
Increase (decrease) in tenant rental deposits	350
Net cash provided by operating activities	<u>79,604</u>

**Cash flows from investing activities**

Purchase of investments	(44,490)
Purchase of fixed assets	<u>(46,788)</u>
Net cash used in investing activities	<u>(91,278)</u>

**Cash flows from financing activities**

Net cash provided by financing activities	<u>-</u>
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Net decrease in cash and cash equivalents	(11,674)
Cash and cash equivalents, beginning of year	<u>38,678</u>
Cash and cash equivalents, end of year	<u>\$ 27,004</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, 2019**

	Program	General and Administrative	Total
Accounting Services- Contributed	\$ -	\$ 13,658	\$ 13,658
Appliance Repairs and Replacements	4,293	-	4,293
Auto and Truck Expenses	525	-	525
Depreciation	10,196	-	10,196
Employee Screenings	291	-	291
Employee Insurance	74,095	8,233	82,328
Insurance	37,437	4,160	41,597
Janitorial Supplies	-	4,335	4,335
Legal and Professional Services	-	2,860	2,860
License Renewal Fees	1,360	-	1,360
Medical Supplies	4,238	-	4,238
Membership Fees	1,057	-	1,057
Kitchen	93,870	-	93,870
Maintenance/Repair	56,940	6,327	63,267
Miscellaneous Expenses	410	-	410
Office Supplies	3,440	382	3,822
Other Expenses	5,216	580	5,795
Payroll Expenses	791,341	87,927	879,268
Postage	307	-	307
Subscriptions and Publications	3,271	-	3,271
Temporary Agency Staffing	5,021	-	5,021
Training	795	-	795
Utilities	47,037	5,226	52,263
Investment Fees and Bank Charges	-	1,456	1,456
Total	<u>\$ 1,141,140</u>	<u>\$ 135,143</u>	<u>\$ 1,276,283</u>

The accompanying notes are an integral part of these financial statements



**DAVID JONES JR. ASSISTED LIVING CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**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, social, educational, and spiritual life for seniors. For more than ten years, our friendly team of professionals has remained committed to providing convenient, caring and reliable assistance to our residents.

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, 2019, 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

**DAVID JONES JR. ASSISTED LIVING CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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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 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.



**DAVID JONES JR. ASSISTED LIVING CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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Functional Expenses

Management allocates expenses on a functional basis among its various programs and support 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, 2019 consist of a board designated endowment investment with a balance of \$118,948.

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.

**DAVID JONES JR. ASSISTED LIVING CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Management presented a summary of FSP 117-1 to members of the Board of Trustees in February 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, 2019.

	With Temporary Board Restrictions	With Permanent Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 95,489	-	\$ 95,489
Investment income (net)	2,793	-	2,793
Net change in investment value	13,982		
Net depreciation	(1,307)	-	(1,307)
Endowment contributions	34,720	-	34,720
Endowment net assets, end of year	\$ 145,677		\$ 145,677

**NOTE 4—PROPERTY AND EQUIPMENT**

Depreciation expense as of December 31, 2019, was \$10,196. A summary of property and equipment as of December 31, 2019, was as follows:

Furniture & Equipment	\$ 262,521
Accumulated Depreciation	(179,805)
Property and Equipment, net	<u>\$ 82,716</u>

**NOTE 5—CONTRIBUTED SERVICES**

The Church donates accounting services to the DJJALC. The fair value of this contributed service totaled \$13,658 as of December 31, 2019.

**DAVID JONES JR. ASSISTED LIVING CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**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, 2019, the Church made donations of \$418,853 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, 2019 was \$26,729 and the investment fund balance was \$118,948, resulting in a total endowment balance as of \$145,677 as of December 31, 2019.

**NOTE 8—SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure as of August 31, 2020, the date management evaluated such events. August 31, 2020 is the date the financial statements were available to be issued.