

COMMUNITY HOUSING PARTNERSHIP

OF WILLIAMSON COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2004

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY, INC.

TABLE OF CONTENTS

PAGE

Financial Section

Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

To the Board of Directors of
Community Housing Partnership of Williamson County, Inc.
Franklin, Tennessee

I have audited the accompanying statement of financial position of Community Housing Partnership of Williamson County, Inc. (a nonprofit organization) as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Housing Partnership of Williamson County, Inc. as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

John R. Poole, CPA

August 31, 2004

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY, INC.

Statement of Financial Position

June 30, 2004

Assets

Current assets:

Cash	\$ 26,929
Accounts receivable, net of allowance of \$11,930	13,536
Contributions receivable	58,000

Total current assets	98,465
----------------------	--------

Property and equipment at cost:

Land	88,301
Buildings	1,128,435
Furniture and equipment	17,902
Less: accumulated depreciation	225,226
Net property and equipment	1,009,412

Note receivable	5,549
-----------------	-------

Total assets	\$ 1,113,426
--------------	--------------

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 5,327
Accrued expenses	8,292
Tenants' deposit	4,790
Current portion of long-term debt	32,116

Total current liabilities	50,525
---------------------------	--------

Long -term debt	413,708
-----------------	---------

Net assets:

Temporarily restricted	58,000
Unrestricted	591,193
Total net assets	649,193

Total liabilities and net assets	\$ 1,113,426
----------------------------------	--------------

The accompanying notes are an integral part of these statements.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY, INC.

Statement of Activities

For the year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Public support			
Rental income	\$ 92,687	-	92,687
Contributions	70,504	-	70,504
United Way	-	58,000	58,000
Interest	235	-	235
Net assets released from restrictions:			
United Way funding for the year 2003-2004	65,000	(65,000)	-
Total public support	<u>228,426</u>	<u>(7,000)</u>	<u>221,426</u>
Expenses:			
Program services	242,006	-	242,006
Management and General	28,886	-	28,886
Total expenses	<u>270,892</u>	<u>-</u>	<u>270,892</u>
Increase (decrease) in net assets	<u>(42,466)</u>	<u>(7,000)</u>	<u>(49,466)</u>
Beginning of year net assets	633,659	65,000	698,659
End of year net assets	<u>\$ 591,193</u>	<u>58,000</u>	<u>649,193</u>

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY, INC.

Statement of Functional Expenses

For the year ended June 30, 2004

	Program Services	Management and General	Total
Salaries	59,240	18,000	77,240
Payroll taxes and employee benefits	7,048	2,450	9,498
Professional services	-	1,875	1,875
Utilities	13,517	-	13,517
Maintenance and repairs	67,511	-	67,511
Insurance	3,358	2,000	5,358
Supplies	7,477	-	7,477
Property taxes	13,603	-	13,603
Depreciation	38,971	2,561	41,532
Interest	27,393	-	27,393
Miscellaneous	3,888	2,000	5,888
Total Expenses	<u>242,006</u>	<u>28,886</u>	<u>270,892</u>

The accompanying notes are an integral part of these statements.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY, INC.

Statement of Cash Flows

For the year ended June 30, 2004

Cash flows from operating activities:		
Support and revenue received	\$	168,707
Other income received		235
 Cash paid for:		
Salaries and related expenses		(86,738)
Program and support services		(82,848)
Net cash provided by operating activities		<u>(644)</u>
 Cash flows used by financing activities:		
Payment of long-term debt		(8,398)
Net cash provided by (used) by financing activities		<u>(8,398)</u>
 Cash flows used by investing activities:		
Acquisition of fixed assets		(1,500)
Net cash used by investing activities		<u>(1,500)</u>
 Net increase (decrease) in cash		(10,542)
 Cash and cash equivalents at beginning of year		37,471
 Cash and cash equivalents at end of year	\$	<u><u>26,929</u></u>
 Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities		
Increase (decrease) in net assets	\$	(49,466)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation		41,532
Changes in assets (increase) decrease:		
Accounts receivable		(1,484)
Contribution receivable		7,000
Notes receivable		382
Changes in liabilities increase (decrease)		
Accounts payable		3,746
Accrued expenses		(3,654)
Tenants' deposits		1,300
 Net cash provided by operating activities	\$	<u><u>(644)</u></u>

The accompanying notes are an integral part of these statements.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Housing Partnership of Williamson County, Inc. is a non-profit organization in Williamson County, Tennessee. The Organizations's mission is to provide affordable housing in Williamson County to low and moderate income families.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and recommendations of the American Institute of Certified Public Accountants in its industry audit and accounting guide, "Not-for-Profit Organizations."

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards (SAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SAS No. 117, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization has discontinued its use of fund accounting.

Contributions

In accordance with SAS 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other 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.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY INC.

Notes to the Financial Statements

June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Services

Community Housing Partnership of Williamson County, Inc. receives many hours of donated time from various citizens. It is impractical to estimate a value for these services, as such no such value has been placed on these services in the Community Housing Partnership of Williamson County, Inc.'s financial statements.

Donated Rent

Community Housing Partnership of Williamson County, Inc. receives office space rent free. This amount is not recorded in the financial statements due to the immateriality of the amount.

Donor -Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor- stipulated time restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Depreciation

Depreciation is provided for over the estimated useful lives of the assets. Assets are depreciated using the straight-line method of depreciation.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Functional Allocation of Expenses

The costs of providing the Community Housing Partnership of Williamson County, Inc.'s various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs may have been allocated among the programs and supporting services benefitted.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY INC.

Notes to the Financial Statements June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. All cash balances are insured by the Federal Deposit Insurance Corporation.

Unearned Revenue

Unearned revenue is recorded when a potential revenue does not meet the 'measurable' and 'available' criteria for recognition in the current period. In subsequent periods, when both of these criteria are met, revenue is recognized.

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.

Temporarily Restricted Net Assets

All temporarily restricted net assets are from a contribution receivable from United Way of Williamson County. The restriction will lapse during the next fiscal year.

2. FIXED ASSETS

A summary of fixed asset activity is noted below:

	Balance <u>06/30/03</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>06/30/04</u>
Land	\$ 88,301	-	-	88,301
Buildings	1,128,435	-	-	1,128,435
Furniture and equipment	<u>16,402</u>	<u>1,500</u>	<u>-</u>	<u>17,902</u>
Total	1,233,138	1,500	-	1,234,638
Less: Accumulated depreciation	<u>(183,695)</u>			<u>(225,226)</u>
Net assets	\$ <u>1,049,443</u>			<u>1,009,412</u>

Depreciation expense was \$ 41,532 for the year ended June 30, 2004.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY INC.

**Notes to the Financial Statements
June 30, 2004**

3. LONG-TERM DEBT

Long-term debt as of June 30, 2004 consists of the following:

6.00% mortgage note payable in monthly payments of \$935 to July 2025, collateralized by Land and Buildings of the Organization.	\$ 109,348
8.50% mortgage note payable in monthly payments of \$99 to July 2025, collateralized by Land and Buildings of the Organization.	\$ 11,040
Line of credit with monthly interest payments, interest at 4.50% collateralized by Land and Buildings of the Organization.	\$ 243,137
Line of credit with monthly interest payments, interest at 4.50% collateralized by Land and Buildings of the Organization.	\$ <u>82,299</u>
Total long-term debt	445,824
Less amount classified as current	<u>32,116</u>
Total long-term debt excluding current portion	\$ <u>413,708</u>

Principal requirements of long-term debt in the next five years consists of:

2005	\$ 32,116
2006	34,998
2007	38,188
2008	40,217
2009	<u>43,498</u>
Total	189,017
Thereafter	<u>256,807</u>
Total debt	<u>445,824</u>

The Organization has a \$ 75,000 line of credit, of which \$75,000 was unused at June 30, 2004. The unpaid principal balance will bear interest at an annual rate equal to .5% plus the prime rate announced by the lender.

COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY INC.

Notes to the Financial Statements June 30, 2004

4. PENSION PLAN

Community Housing Partnership of Williamson County, Inc. adopted in 1998 a Simplified Employee Retirement Plan covering all of its full time employees. Eligibility requirements are: the employee be at least 21 years old; has performed services in at least three of the preceding five years and whose compensation during the year was not less than \$450. Employer contributions for the year ended June 30, 2004 was \$ 3,589.

5. COMMITMENTS AND CONTINGENCIES

Amounts received from grantors are subject to audit and adjustment. Any disallowed claims including amounts already collected, could become a liability of the Organization.