



# Northfield Foundation For Eating Disorders, Inc.

## FINANCIAL STATEMENTS

YEARS ENDED December 31, 2009 & 2010

**Northfield Foundation for Eating Disorders, Inc.**

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Board of Directors  
Northfield Foundation For Eating Disorders, Inc.  
Midlothian, Virginia

We have audited the accompanying statement of financial position of Northfield Foundation For Eating Disorders, Inc. as of December 31, 2009 and 2010, and the related statements of activities and changes in net assets and the statement of cash flows for the years then ended. These financial statements are the responsibility of Northfield Foundation's management. Our responsibility is to express an opinion of 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northfield Foundation's internal control over financial reporting. Accordingly, we express no such opinion.

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 audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northfield Foundation For Eating Disorders, Inc., as of December 31, 2009 and 2010, and the changes in its net assets and its cash flows for the years then ended on the basis of accounting described in Note 2.

May 15, 2011

**Statement of Financial Position**Year Ended December 31,  
2009 and 2010

	<u>December 31, 2009</u>	<u>December 31, 2010</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Checking – Northfield Foundation	\$13,682	\$9,628
Checking – Inspiration House	12,440	1,440
Other Current Assets	<u>250</u>	<u>350</u>
<b>Total current assets</b>	\$26,372.00	\$11,418.00
<b>Fixed Assets</b>		
Leasehold improvements	45,065	52,181
Furniture, fixtures, & equipment	33,500	43,729
Less accumulated depreciation	<u>(3,989)</u>	<u>(5,465)</u>
<b>Net fixed assets</b>	<u>29,55676</u>	<u>90,445</u>
	<u>\$ 100,948</u>	<u>\$ 101,863</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
Current Liabilities – Loan from Directors	<u>\$4,000</u>	<u>\$-</u>
<b>Total current liabilities</b>	4,000	-
<b>Total net assets</b>	<u>96,948</u>	<u>101,863</u>
	<u>\$ 100,948</u>	<u>\$ 101,863</u>

**Statement of Activities and Changes in Net Assets**Year Ended December 31,  
2009 and 2010

	<u>2009</u>	<u>2010</u>
<b>Support and Revenue</b>		
<b>Contributions</b>		
Contributions	\$141,684	127,381
Special events – net	<u>10,952</u>	<u>7,472</u>
<b>Total support and revenue</b>	<b>152,636</b>	<b>134,853</b>
<b>Expenses</b>		
<b>Program services</b>		
Rent	94,829	100,571
Utilities	6,312	4,546
Whitlock Foundation – interest	15,000	2,000
Repairs and maintenance	5,523	-
Depreciation	1,476	1,476
Property insurance	5,305	5,500
Grants to other organizations	8,207	-
Occupancy expenses – other	<u>4,970</u>	-
<b>Total program services</b>	<b>141,622</b>	<b>114,093</b>
<b>Supporting services</b>		
Professional fees	550	4,575
Supplies	1,408	480
Postage & mailing	2,200	771
Printing & copying	2,552	1,816
Equipment & supplies	1,317	-
Insurance	773	1,347
Volunteer development	1,425	
Advertising	1,459	-
Miscellaneous	378	2,680
Fundraising expenses	<u>1,150</u>	<u>4,176</u>
<b>Total support services</b>	<b>13,212</b>	<b>15,845</b>
<b>Total expenses</b>	<b>154,834</b>	<b>129,938</b>
<b>Change in net assets</b>	<b><u>(-2,198)</u></b>	<b><u>4,915</u></b>
<b>Net assets, beginning of year</b>	<b><u>99,146</u></b>	<b><u>96,948</u></b>
<b>Net assets, end of year</b>	<b><u>\$96,948</u></b>	<b><u>\$101,863</u></b>

**Statement of Cash Flows**Year Ended December 31,  
2009 and 2010

	<u>2009</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>		
Net Income	\$ (2,198)	\$ 4,915
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Loan from Directors	_____ -	_____ (4,000)
<b>Net cash provided by operating activities</b>	<b>(2,198)</b>	<b>915</b>
<b>INVESTING ACTIVITIES</b>		
Furniture, fixtures, & equipment	(32,946)	(10,229)
Leasehold improvements	(22,772)	(5,640)
Note Receivable - Tamworth LLC	_____ 200,000	_____ -
<b>Net cash provided by investing activities</b>	<b>144,282</b>	<b>(15,869)</b>
<b>FINANCING ACTIVITIES</b>		
Note Payable – Tamworth LLC	_____ (185,000)	_____ -
<b>Net Cash Provided by financing activities</b>	<b>(185,000)</b>	<b>-</b>
<b>Net cash increase for period</b>	<b>(42,916)</b>	<b>(14,955)</b>
<b>Cash at beginning of period</b>	<b>_____ 69,038</b>	<b>_____ 26,122</b>
<b>Cash at end of period</b>	<b><u>\$ 26,122</u></b>	<b><u>\$ 11,168</u></b>

**NOTE 1. Nature of Organization**

Northfield Foundation (the Foundation) is a Virginia corporation formed in 2005 to provide a safe haven for young women struggling with challenges such as eating disorders, self-injury, and depression, which may be accompanied with an unplanned pregnancy. It offers a comprehensive assessment and an Individual Service Plan which may include counseling, education, and supportive residential care or community-based services such as medical and psychiatric care. The Foundation's goal is to empower each young woman to "break free" and embrace her future through God's unconditional love and mercy. The Foundation has been funded primarily through contributions. Pledges due from donors are not included in the financial statements. The Foundation is currently renovating the Inspiration House (residential facility for young women), located in Cumberland County, Virginia, with occupation planned for 2011.

**NOTE 2. Summary of Significant Accounting Policies**

*Basis of Accounting:* The Foundation's policy is to prepare its financial statements on a cash basis of accounting. Under this basis of accounting, revenues and the related assets are recognized when received rather than earned and expenses are recognized when cash is disbursed rather than when the obligation is incurred.

Financial statements prepared on this basis of accounting are not intended to present financial position and results of operation in accordance with accounting principles generally accepted in the United States of America.

*Basis of Financial Reporting:* The Foundation adopted Statement of Financial

Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-profit Organizations*". Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Foundation does not have any temporarily or permanently restricted assets at this time. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations,

representing investment of property and equipment and the portion of expendable resources that are available without limitation for support of Foundation operations.

*Contributions:* The Foundation has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made", whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

*Functional Reporting of Expenses:* As required by SFAS No. 117, information about expenses is reported by functional classification, such as major classes of program services and supporting activities. The functional classifications are:

*Program Services:* Defined as the activities that result in goods and services being distributed to beneficiaries, customers, or members and guests that fulfill the purpose or mission for which the Foundation exists.

*Supporting Services:* Defined as all activities of a not-for-profit organization other than program services. Generally, they include management and general, fundraising, and membership-development activities.

*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.

### **NOTE 3. Fixed Assets**

Furniture, fixtures and equipment are stated at cost or fair value at date of donation. Depreciation has been reflected in the financial statements based on a 5 year life using a straight-line methodology. Leasehold improvements (renovation work) are still underway on the residential facility. Renovation work is expected to be completed in 2011, at which time depreciation will start using a straight-line

methodology.

**NOTE 4. Contributed Services**

Contributed services are reported in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets, or (2) require specialized skills provided by individuals possessing those skills and are services that would be typically purchased in not provided by donation.

A substantial number of unpaid volunteers have made significant contributions of their time to aid the Foundation in its house renovation and fundraising activities. In addition, furniture and other tangible assets have been donated to the Foundation. The value of the aforementioned is not reflected in these statements.

**NOTE 5. Related-Party Transaction**

Whitlock Foundation interest - A loan was provided from the W.W. Foundation to Tamworth, LLC in the amount of \$200,000 for the purchase of the residential facility in Cumberland County, Virginia on July 13, 2006. Tamworth, LLC also obtained a loan in the amount of \$960,000 from the Bank of Virginia that was used to purchase of the residential property. The Foundation records rent expense as it makes the monthly payment on the Bank of Virginia loan directly to the bank. The Foundation itself is not indebted to the Bank of Virginia and the payment made directly to the Bank is a matter of convenience for Tamworth, LLC.

**NOTE 6: RESTRICTED FUNDS**

The Foundation had no restricted funds as of December 31, 2009 and 2010.

**NOTE 7: SALARY & WAGES**

The Foundation did not incur any benefit or compensation expense to any individual volunteer or board member. Accordingly, no expense nor any associated liability has been recognized nor recorded.

**NOTE 8: OPERATING SPACE**

The Foundation temporarily occupies approximately 1,000 square feet of office space in Richmond Virginia. The occupancy period began in September, 2010 and is expected to be vacated in May, 2011.

Use of the space was donated to the Foundation and the value of the contributed space has not been included in these financial statements.

**NOTE 9: CONFLICT OF INTEREST POLICY**

The Foundation expects all officers, directors and committee members to avoid any conflict between their own individual interests and the interests of the Foundation. Included among the Foundation's board members and officers are volunteers from the financial and medical community who provide valuable assistance to the Foundation in the development of policies and programs and in evaluating awards and grants. The Foundation expects board and committee members to advise the board of any direct or indirect interest in any transaction or relationship with the association and not participate in discussion and decisions regarding any action affecting their individual, professional or business interests.

**NOTE 10: INCOME TAXES**

The Foundation is a nonprofit entity exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The foundation has adopted the provisions of FASB ASC 740-10-25, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Foundation does not believe its financial statements include any uncertain tax positions.