

NORTHFIELD FOUNDATION FOR EATING DISORDERS, INC.

FINANCIAL STATEMENTS

December 31, 2006, 2007 and 2008

(With Independent Auditor's Report Thereon)

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VERNON O. RAGLAND, JR.
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northfield Foundation for Eating Disorders, Inc.
Midlothian, Virginia

I have audited the accompanying statements of assets, liabilities, and net assets – cash basis of the Northfield Foundation for Eating Disorders, Inc. as of December 31, 2006, 2007 and 2008, and the related statements of revenue, expenses, and changes in net assets – cash basis for the years then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted 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 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 the Foundation's internal control over financial reporting. Accordingly, I 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 principals 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.

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 my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Foundation as of December 31, 2006, 2007 and 2008, and the changes in its net assets for the years then ended on the basis of accounting described in Note 2.

Midlothian, Virginia
September 24, 2009

NORTHFIELD FOUNDATION

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS

December 31, 2006, 2007 and 2008

ASSETS

| | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------------------|-------------|-------------|-------------|
| Current Assets | | | |
| Checking - Northfield Foundation | \$35,330 | \$7,884 | \$68,512 |
| Checking - Inspiration House | | 1,500 | 526 |
| Other Current assets | | | 250 |
| | | | |
| Total current assets | 35,330 | 9,384 | 69,288 |
| | | | |
| Fixed Assets | | | |
| Leasehold improvements | | | 18,305 |
| Furniture, fixtures & equipment | | 7,400 | 7,951 |
| | | | |
| | | 7,400 | 26,256 |
| Less: accumulated depreciation | | 1,107 | 2,583 |
| | | | |
| Net fixed assets | | 6,293 | 23,673 |
| | | | |
| | \$35,330 | \$15,677 | \$92,961 |
| | | | |

LIABILITIES AND NET ASSETS

| | | | |
|----------------------------------|----------|----------|----------|
| Current Liabilities | | | |
| Loan from Directors | \$4,000 | \$4,000 | \$4,000 |
| | | | |
| Total current liabilities | 4,000 | 4,000 | 4,000 |
| | | | |
| Total liabilities | 4,000 | 4,000 | 4,000 |
| | | | |
| Net Assets | | | |
| Unrestricted | 31,330 | 11,677 | 88,961 |
| | | | |
| Total net assets | 31,330 | 11,677 | 88,961 |
| | | | |
| | \$35,330 | \$15,677 | \$92,961 |
| | | | |

See accompanying notes to financial statements

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN
NET ASSETS - CASH BASIS**

For the years ended December 31, 2006, 2007 and 2008

| | 2006 | 2007 | 2008 |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| | <u>Unrestricted</u> | <u>Unrestricted</u> | <u>Unrestricted</u> |
| Support and Revenue | | | |
| Contributions | \$88,345 | \$111,122 | \$228,238 |
| Rental | | 800 | |
| Special events - net | 8,798 | | |
| | | | |
| Total support and revenue | <u>97,143</u> | <u>111,922</u> | <u>228,238</u> |
| Expenses | | | |
| Program services | | | |
| Compensation and related expenses | 500 | | |
| Rent | 42,128 | 89,914 | 86,200 |
| Utilities | 1,076 | 4,459 | 4,500 |
| Real estate taxes | 3,439 | 4,169 | 7,327 |
| Personal property taxes | | 204 | 4,175 |
| Whitlock Foundation - interest | | 5,621 | 15,000 |
| Lawn maintenance | 768 | | 150 |
| Repairs and maintenance | 160 | 1,839 | 3,353 |
| Depreciation | | 1,107 | 1,476 |
| Property insurance | | | 5,977 |
| Education | 226 | | |
| Occupancy expenses - other | 1,143 | | |
| | | | |
| Total program services | <u>49,440</u> | <u>107,313</u> | <u>128,158</u> |
| Supporting services | | | |
| Administrative and General: | | | |
| Compensation and related expenses | | 1,350 | |
| Professional fees | 1,439 | | 1,000 |
| Supplies | 14 | 70 | 1,123 |
| Postage and mailing | 871 | | 2,942 |
| Printing & copying | 986 | | 5,626 |
| Conferences and meetings | 158 | | 290 |
| Bank fees | 62 | 59 | 990 |
| Contract employees | 4,048 | 6,899 | |
| Corporate expense | 25 | 100 | 80 |
| Insurance | 3,323 | 5,060 | 1,004 |
| Advertising | | | 200 |
| Miscellaneous expenses - other | 5,027 | 301 | 1,134 |
| Outside computer services | 420 | 66 | 1,100 |
| Fundraising expenses | | 10,357 | 7,307 |
| | | | |
| Total support services | <u>16,373</u> | <u>24,262</u> | <u>22,796</u> |
| Total expenses | <u><u>65,813</u></u> | <u><u>131,575</u></u> | <u><u>150,954</u></u> |

(Continued)

NORTHFIELD FOUNDATION

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN
NET ASSETS - CASH BASIS - CONTINUED**

For the years ended December 31, 2006, 2007 and 2008

| | <u>2006</u> <u>Unrestricted</u> | <u>2007</u> <u>Unrestricted</u> | <u>2008</u> <u>Unrestricted</u> |
|--|--|--|--|
| Change in net assets | 31,330 | (19,653) | 77,284 |
| Net Assets, beginning of year | | 31,330 | 11,677 |
| Net Assets, end of year | <u>\$31,330</u> | <u>\$11,677</u> | <u>\$88,961</u> |

See accompanying notes to financial
statements

NORTHFIELD FOUNDATION FOR EATING DISORDERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2006, 2007 and 2008

1. Nature of Organization

Northfield Foundation is a non-profit organization dedicated 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 early 2010.

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.

Income Tax Status: The Foundation is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

3. Fixed Assets

Furniture, fixtures and equipment are stated at cost. 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 early in 2010, at which time depreciation will start using a straight- line methodology.

4. Contributed Services

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

5. Program Services

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. Annual interest payments in the amount 7% are required with a balloon payment of principal due on July 1, 2016. The Foundation has made interest payments on the W. W. Whitlock Foundation loan in the amount of \$20,621. Tamworth, LLC also obtained a loan in the amount of \$960, 000 from the Bank of Virginia toward the purchase of the residential property. The Foundation is making the monthly payment on the Bank of Virginia loan.