

HOPE CLINIC FOR WOMEN

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2007

HOPE CLINIC FOR WOMEN

TABLE OF CONTENTS

Independent Auditors' Report	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8



BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Hope Clinic For Women
Nashville, Tennessee

We have audited the accompanying statement of financial position of Hope Clinic for Women, as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Clinic for Women, as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bellenfant & Miles, P.C.

June 23, 2008

HOPE CLINIC FOR WOMEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 209,871
Pledges Receivable	30,838
Related Party Pledges Receivable	14,425
Prepaid Expenses	3,868
	398,999

Total Current Assets	259,002
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Property and Equipment

Property and Equipment	1,008,654
Less: Accumulated Depreciation	(316,175)
	692,479

Property and Equipment - Net	692,479
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Noncurrent Assets

Pledges Receivable, due after one year	5,919
Related Party Pledges Receivable, due after one year	7,516
Other Assets	768
	14,203

Total Noncurrent Assets	14,203
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Total Assets	\$ 965,684
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LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable	\$ 60
Note Payable	231,014
	231,074

Total Liabilities	231,074
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Net Assets

Unrestricted	630,284
Temporarily Restricted	104,326
	734,610

Total Net Assets	734,610
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Total Liabilities and Net Assets	\$ 965,684
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The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 258,012	\$ 96,000	\$ 354,012
Contributions - Lambert Equity	96,350	-	96,350
State Abstinence Grant	-	14,874	14,874
Received Indirectly - Allocated by Local Churches	82,330	-	82,330
Donated Materials and Services-In-Kind	96,808	-	96,808
Special Events, net of direct costs of \$65,693	136,278	-	136,278
Capital Campaign	41,634	-	41,634
Net Assets Released from Restrictions	178,324	(178,324)	-
Total Support	<u>889,736</u>	<u>(67,450)</u>	<u>822,286</u>
Revenue			
Interest Income	1,590	1,568	3,158
Other Income	6,859	-	6,859
Total Support and Revenue	<u>898,185</u>	<u>(65,882)</u>	<u>832,303</u>
Expenses			
Program Services			
Counseling and Support	<u>595,972</u>	<u>-</u>	<u>595,972</u>
Supporting services			
Management and General	88,365	-	88,365
Fundraising	94,201	-	94,201
Total Support Services	<u>182,566</u>	<u>-</u>	<u>182,566</u>
Total Expenses	<u>778,538</u>	<u>-</u>	<u>778,538</u>
Other Income (Loss)			
Loss on Investments	<u>(51)</u>	<u>-</u>	<u>(51)</u>
Change in Net Assets	119,596	(65,882)	53,714
Net Assets January 1, 2007	<u>510,688</u>	<u>170,208</u>	<u>680,896</u>
Net Assets December 31, 2007	<u><u>\$ 630,284</u></u>	<u><u>\$ 104,326</u></u>	<u><u>\$ 734,610</u></u>

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Counseling and Support</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 213,941	\$ 55,811	\$ 40,307	\$ 310,059
Employee Benefits	19,354	6,912	1,383	27,649
Payroll Taxes	15,554	4,058	2,930	22,542
Total Salaries and Benefits	248,849	66,781	44,620	360,250
Professional Fees	-	6,999	-	6,999
Postage and Shipping	2,169	578	145	2,892
Direct Mail and Newsletter	-	-	6,400	6,400
Office Supplies	2,514	670	168	3,352
Telephone	4,434	1,182	296	5,912
Utilities	5,642	1,504	376	7,522
Janitorial Services	2,100	-	-	2,100
Equipment Purchases	4,146	1,106	276	5,528
Repairs and Maintenance	8,368	2,232	558	11,158
Insurance	8,806	2,348	587	11,741
Client Services	3,784	-	-	3,784
Volunteer Services	1,250	-	-	1,250
Donated Materials and Services-In-Kind	96,808	-	-	96,808
Miscellaneous Fundraising	-	-	2,188	2,188
Licenses and Dues	721	192	48	961
Travel and Conferences	1,205	321	80	1,606
Advertising and Public Relations	24,357	-	-	24,357
Gifts / Appreciation	363	97	24	484
Board Expenses	-	321	-	321
Contract Labor	-	-	37,425	37,425
Miscellaneous	1,659	442	111	2,212
Systems Development	10,964	-	-	10,964
Security	492	-	-	492
Medical	68,568	-	-	68,568
Abstinence	72,696	-	-	72,696
Maternity Home	12,604	-	-	12,604
Church Outreach	2,183	582	146	2,911
Total Other Expenses	335,833	18,574	48,828	403,235
Total Expenses Before Depreciation	584,682	85,355	93,448	763,485
Depreciation	11,290	3,010	753	15,053
Total Functional Expenses	\$ 595,972	\$ 88,365	\$ 94,201	\$ 778,538

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF CASH FLOWS
DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	53,714
Depreciation		15,053
Adjustments to reconcile net income to net cash provided by operations:		
(Increase) Decrease in:		
Grant Income Receivable		15,396
Pledges Receivable		8,560
Related Party Pledges Receivable		8,965
Prepaid Expenses and Other Current Assets		(2,051)
Increase (Decrease) in:		
Accounts Payable		60
Net Cash Provided by Operating Activities		99,697

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Donated Property		(96,350)
Net Cash Used by Investing Activities		(96,350)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of Notes Payable		(486)
Net Cash Used by Financing Activities		(486)
Net Increase in Cash		2,861
Cash, January 1, 2007		207,010
Cash, December 31, 2007	\$	209,871

SUPPLEMENTAL DISCLOSURES

Interest Paid	\$	7,132
Donated Property - Lambert	\$	(327,850)
Less: Amount of Note Payable Assumed on Donated Property		231,500
Contribution - Equity	\$	(96,350)

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Hope Clinic for Women ("the Organization") is a nonprofit organization that is a safe and confidential place for women dealing with life choices regarding past, present, and future pregnancies. They provide education, counsel, and medical care for women regardless of age, race, or religion. Hope Clinic is comprised of the Educational/Prevention Services program, the Medical program, the Unplanned Pregnancy program, and the Post Abortion Counseling program. The Educational/Prevention Services program reaches students and parents annually at schools, churches, colleges, and community groups to provide education on topics including STD's, sexual health, and abstinence. The Medical program provides STD testing and treatment, limited ultrasounds, Pap smears, and basic health education. The Unplanned Pregnancy program offers assistance for women faced with difficult choices concerning unplanned pregnancies, and they provide pregnancy tests, counseling, related education, referral services, financial support, maternity and baby items, and pre-natal classes. The Post Abortion Counseling program provides counseling on an individual basis or in an extended support group/bible study both on-site and at satellite locations. Recently, the Organization has added counseling for parents and the male partners of female clients.

Classification of Restricted and Unrestricted Net Assets:

Hope Clinic for Women has adopted Statement of Financial Accounting Standards No. 117 (SFAS 117), Financial Statements of Not-For-Profit Organizations. SFAS 117 establishes standards for general-purpose external financial statements provided by not-for-profit organizations. In addition, it requires that the amounts of three classes of assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position, and that the amounts of change in each of these classes of net assets be displayed in a statement of activities.

SFAS 117 requires Hope Clinic for Women to report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purposed restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted funds received and released from restrictions in the same period are reported as unrestricted support.

At December 31, 2007, and for the year then ended, there were no permanent restrictions on assets.

Donor and pledge contributions are recognized as support upon receipt from donor.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising:

Hope Clinic for Women expenses advertising costs as incurred. Advertising costs for 2007 were \$24,357.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis and include the assets, liabilities, and financial activities of the Clinic.

Depreciation:

Acquisitions of property are recorded at original cost and are depreciated on the straight-line basis over their respective estimated useful lives.

Income Taxes:

Hope Clinic for Women is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Cash:

Hope Clinic for Women considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Donated Assets and Services:

Noncash donations are recorded as contributions at their estimated fair values at the date of donation. A substantial number of volunteers have donated significant amounts of their time to Hope Clinic for Women's program services and fundraising campaigns. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills. These services would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Concentration of Credit Risk:

Financial instruments that potentially subject Hope Clinic for Women to concentrations of credit risk consist principally of cash on deposit, pledges receivable from individuals, and a grant receivable from the State of Tennessee. Cash deposits are primarily in financial institutions in Tennessee and at times, may exceed federally insured amounts. Concentrations of credit risk with respect to pledges receivable and the grant receivable are limited to individuals and donors in the greater Nashville area and the State of Tennessee, respectively. Management does not believe that significant credit risk exists at December 31, 2007.

Accounts and Pledges Receivable:

Accounts and pledges to be received within the next 12 months or with restrictions that have been met at year-end are classified as current assets. Pledges designated by the donor to be received more than 12 months after year-end have been classified as noncurrent assets. Hope Clinic for Women does not require collateral or other security to support the receivables nor does it accrue interest on any of its receivables. Management has evaluated all outstanding pledges at December 31, 2007, and determined that no additional allowance is considered necessary.

2. PLEDGES RECEIVABLE

During the year, Hope Clinic for Women conducted a pledge drive and accepted donor pledges and promises to give with all funds being unrestricted. The pledges and promises to give are recorded as revenue at their net realizable value at the time received. The pledges have been discounted in the amount of \$381 using Hope Clinic for Women's anticipated risk free rate of return of 4.25%. Pledges due in the next fiscal year are reflected as current, whereas, pledges due in subsequent years are reflected as long-term. The majority of the pledges were received from individual donors. Management has evaluated all outstanding pledges at December 31, 2007, and determined that no allowance is considered necessary. Collection of pledges receivable as of December 31, 2007, is anticipated over the following maturity schedule:

2008	\$	30,838
2009		6,300
		<u>37,138</u>
Less discount to net present value		(381)
Net present value of receivables	\$	<u><u>36,757</u></u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2007

3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at December 31, 2007. The pledges have been discounted in the amount of \$484 using Hope Clinic for Women's anticipated risk free rate of return of 4.25%. Related party pledges receivable due in the next fiscal year are reflected as current, whereas, pledges due in subsequent years are reflected as long-term. Management has determined that no allowance is deemed necessary. Collection of related party pledges receivable as of December 31, 2007, is anticipated over the following maturity schedule:

2008	\$	14,425
2009		8,000
		<u>22,425</u>
Less discount to net present value		(484)
Net present value of receivables	\$	<u>21,941</u>

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2007, is as follows:

Land	\$	222,000
Building and Improvements		578,330
Medical Equipment		24,000
Office Equipment		103,363
Furniture and Fixtures		33,081
Medical Leasehold Improvements		18,041
Computers and Software		29,839
		<u>1,008,654</u>
Less: Accumulated Depreciation and Amortization		(316,175)
	\$	<u>692,479</u>

5. NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended December 31, 2007 as follows:

Purpose restrictions accomplished:		
Abstinence Program	\$	31,819
Medical Fund		69,605
Client Fund		-
Web Fund		-
Reserve		64,296
Maternity		12,604
	\$	<u>178,324</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2007

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2007:

Abstinence Program	\$	5,189
Client Fund		3,392
Medical Clinic		71,729
Web Fund		3,120
Maternity		20,896
		<u>\$ 104,326</u>

7. RETIREMENT PLAN

Hope Clinic for Women sponsors a SIMPLE IRA retirement plan covering all full-time employees who have received or are reasonably expected to receive \$5,000 in compensation for the year. The Organization matches full-time employee contributions up to 3% of gross salary. The Organization contributed \$1,184 to the plan during 2007.