

**RENEWAL HOUSE, INC.**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORTS**

**JUNE 30, 2010 AND 2009**

# RENEWAL HOUSE, INC.

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**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Renewal House, Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Renewal House, Inc. as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Renewal House, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010, on our consideration of Renewal House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Renewal House, Inc. taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bellenfant & Miles, PLLC*

November 17, 2010

RENEWAL HOUSE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

ASSETS

<b>CURRENT ASSETS</b>	<b>2010</b>	<b>2009</b>
Cash and cash equivalents	\$ 291,659	\$ 275,348
Investments	438,606	449,631
Federal and state awards receivable	197,492	150,299
Grants receivable	1,002	1,280
Other	20,313	9,010
Total Current Assets	949,072	885,568
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>1,939,687</b>	<b>1,998,781</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,888,759</b>	<b>\$ 2,884,349</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 32,714	\$ 19,057
Total Current Liabilities	32,714	19,057
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	2,644,076	2,670,054
Designated	186,301	168,545
	2,830,377	2,838,599
Temporarily restricted	25,668	26,693
Total Net Assets	2,856,045	2,865,292
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,888,759</b>	<b>\$ 2,884,349</b>

The accompanying notes are an integral part of these financial statements.

**RENEWAL HOUSE, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Federal and state grants	\$ 1,183,895	\$ -	\$ 1,183,895
Contributions	240,646	17,475	258,121
Rental income	32,373	-	32,373
Special events, less direct benefit costs of \$18,487	44,148	-	44,148
Program service fees	9,300	-	9,300
Investment gain, net	56,046	-	56,046
Released from restrictions	18,500	(18,500)	-
	<u>1,584,908</u>	<u>(1,025)</u>	<u>1,583,883</u>
<b>EXPENSES</b>			
Program services	1,350,325	-	1,350,325
Management and general	149,421	-	149,421
Fundraising	93,384	-	93,384
	<u>1,593,130</u>	<u>-</u>	<u>1,593,130</u>
<b>CHANGE IN NET ASSETS</b>	(8,222)	(1,025)	(9,247)
<b>Net Assets, July 1, 2009</b>	<u>2,838,599</u>	<u>26,693</u>	<u>2,865,292</u>
<b>Net Assets, June 30, 2010</b>	<u><u>\$ 2,830,377</u></u>	<u><u>\$ 25,668</u></u>	<u><u>\$ 2,856,045</u></u>

The accompanying notes are an integral part of these financial statements.

# RENEWAL HOUSE, INC.

## STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Federal and state grants	\$ 975,528	\$ -	\$ 975,528
Contributions	432,835	61,920	494,755
Rental income	34,746	-	34,746
Special events, less direct benefit costs of \$27,522	39,241	-	39,241
Program service fees	11,660	-	11,660
Investment loss, net	(81,885)	-	(81,885)
Released from restrictions	74,062	(74,062)	-
Total public support and revenue	<u>1,486,187</u>	<u>(12,142)</u>	<u>1,474,045</u>
<b>EXPENSES</b>			
Program services	1,212,889	-	1,212,889
Management and general	132,569	-	132,569
Fundraising	80,679	-	80,679
Total expenses	<u>1,426,137</u>	<u>-</u>	<u>1,426,137</u>
CHANGE IN NET ASSETS	60,050	(12,142)	47,908
Net Assets, July 1, 2008	<u>2,778,549</u>	<u>38,835</u>	<u>2,817,384</u>
Net Assets, June 30, 2009	<u>\$ 2,838,599</u>	<u>\$ 26,693</u>	<u>\$ 2,865,292</u>

The accompanying notes are an integral part of these financial statements.

# RENEWAL HOUSE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

### FOR THE YEAR ENDED JUNE 30, 2010

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 697,482	\$ 108,692	\$ 73,780	\$ 879,954
Employee Benefits	164,749	25,390	17,235	207,374
Occupancy	137,927	9,362	-	147,289
Depreciation	92,712	-	-	92,712
Professional Fees	71,836	841	336	73,013
Supplies	56,304	872	349	57,525
Insurance	50,189	2,298	919	53,406
Transportation	25,570	-	-	25,570
Communications	13,894	596	238	14,728
Conference and Meetings	6,262	307	123	6,692
Miscellaneous	6,174	328	131	6,633
Printing	4,735	216	86	5,037
Recruiting	2,571	123	49	2,743
Travel	11,408	-	-	11,408
Postage	1,267	54	-	1,321
Fees and Membership	2,107	69	28	2,204
Specific Assistance	5,138	273	110	5,521
	<u>\$ 1,350,325</u>	<u>\$ 149,421</u>	<u>\$ 93,384</u>	<u>\$ 1,593,130</u>

The accompanying notes are an integral part of these financial statements.

# RENEWAL HOUSE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

### FOR THE YEAR ENDED JUNE 30, 2009

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 676,935	\$ 100,132	\$ 64,968	\$ 842,035
Employee Benefits	151,723	21,455	13,921	187,099
Repairs and Maintenance	103,685	6,414	-	110,099
Depreciation	77,873	-	-	77,873
Professional Fees	51,697	1,004	402	53,103
Supplies	41,995	382	153	42,530
Insurance	35,130	1,570	628	37,328
Transportation	30,494	-	-	30,494
Communications	15,112	652	261	16,025
Conference and Meetings	9,192	235	94	9,521
Miscellaneous	4,838	255	102	5,195
Printing	3,762	173	69	4,004
Recruiting	3,667	176	70	3,913
Travel	3,838	-	-	3,838
Postage	1,587	94	-	1,681
Fees and Membership	1,361	27	11	1,399
Specific Assistance	-	-	-	-
	<u>\$ 1,212,889</u>	<u>\$ 132,569</u>	<u>\$ 80,679</u>	<u>\$ 1,426,137</u>

The accompanying notes are an integral part of these financial statements.



# RENEWAL HOUSE, INC.

## STATEMENTS OF CASH FLOWS

### FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2010</b>	<b>2009</b>
Change in net assets	\$ (9,247)	\$ 47,908
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	92,712	77,873
Unrealized and realized (gains) losses on investments	(29,972)	97,428
Donated property and equipment	-	(4,891)
(Increase) Decrease in:		
Federal, state awards, and grants receivable	(46,915)	85,722
Other	(11,303)	900
Increase (Decrease) in:		
Accounts payable and accrued expenses	13,657	(78,792)
Net Cash Provided by Operating Activities	8,932	226,148
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	200,417	241,093
Purchase of investments	(159,420)	(92,753)
Purchase of property and equipment	(33,618)	(521,598)
Net Cash Provided (Used) by Investing Activities	7,379	(373,258)
Net Increase (Decrease) in Cash	16,311	(147,110)
Cash and Cash Equivalents, beginning of the year	275,348	422,458
Cash and Cash Equivalents, end of the year	\$ 291,659	\$ 275,348
Supplemental Information:		
Donated property and equipment	\$ 2,583	\$ 4,891

The accompanying notes are an integral part of these financial statements.

# **RENEWAL HOUSE, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010 AND 2009**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

#### **Nature of Activities**

Renewal House, Inc. ("the Organization") is a recovery community for women and children affected by addiction. The Organization seeks to preserve families by helping mothers live sober, self-sufficient lives, ensuring children a healthy start through early intervention, and providing education and prevention and leadership to create a more drug-free society. In August 2003, the Organization added an Intensive Outpatient Treatment Program, which is licensed by the State of Tennessee and serves addicted women in poverty.

#### **Basis of Presentation**

The financial statements of the Organization are presented on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2010, the Organization had no permanently restricted net assets.

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# **RENEWAL HOUSE, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2010 AND 2009**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

#### **Cash and cash equivalents**

The Organization considers all highly liquid investments with an original maturity, when purchased, of three months or less to be cash equivalents.

#### **Property and Equipment**

It is the Organization's policy to capitalize property and equipment over \$500. All purchases less than that amount are expenses in the period incurred. Donated property and equipment are reported as contributions at estimated fair value. Unless donor-restricted, all donated property and equipment are reported as increase in unrestricted net assets. Property and equipment are depreciated over estimated useful lives using the straight-line method. Useful lives range from 3 years for computers to 39 years for building and building improvements.

#### **Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Investments**

The Organization has adopted the provisions the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to the Accounting for Certain Investments for Not-for-Profit Organizations. Under the Codification, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at the fair market values in the statement of financial position. Investment income and unrealized gains and losses are reported as changes in unrestricted net assets unless the use of income has been restricted by the donor.

#### **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.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

# RENEWAL HOUSE, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

#### Fair Values of Financial Instruments

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments: Cash, cash equivalents, investments, receivables, and payables - The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

### 2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2010</u>	<u>2009</u>
Land	\$ 999,833	\$ 999,833
Building and Improvements	1,050,657	1,048,164
Furniture and Equipment	<u>521,617</u>	<u>490,492</u>
	2,572,107	2,538,489
Less accumulated depreciation	<u>(632,420)</u>	<u>(539,708)</u>
Property and Equipment, net	<u><u>\$ 1,939,687</u></u>	<u><u>\$ 1,998,781</u></u>

### 3. INVESTMENTS

Investments consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
Equities	\$ 202,502	\$ 187,235
Bonds	<u>236,104</u>	<u>262,396</u>
	<u><u>\$ 438,606</u></u>	<u><u>\$ 449,631</u></u>

The following schedule summarizes total investment return for all investments in the statements of activities for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 26,074	\$ 15,543
Net realized/unrealized gains (losses) on investments	<u>29,972</u>	<u>(97,428)</u>
	<u><u>\$ 56,046</u></u>	<u><u>\$ (81,885)</u></u>

# RENEWAL HOUSE, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

### 4. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which may exceed federally insured limits during the year. The Organization has not experienced any losses in such accounts. In management's opinion, the Organization is not exposed to any significant credit risk on cash.

### 5. CONCENTRATION OF REVENUE

The Organization receives a substantial amount of its revenue from federal and state grants. A significant reduction in the amount received could have an adverse effect on the operations of the Organization.

### 6. RETIREMENT PLAN

The Organization offers a simple IRA plan that covers eligible employees that choose to participate. The Organization made contributions of \$8,765 and \$7,418 for the years ended June 30, 2010, and 2009, respectively.

### 7. NET ASSETS

On June 30, 2000, the Organization's Executive Committee created a separate fund with unrestricted contributions to provide resources for the long-term needs of the Organization. Furthermore, effective fiscal year 2007, the Executive Committee approved an investment policy whereby 33% of the Organizations investments are to be designated for long-term needs. As of June 30, 2010, and 2009, \$186,301 and \$168,545, respectively, are designated as Endowment Funds for long-term use.

Temporarily restricted net assets include the following contributions as of June 30:

	<u>2010</u>	<u>2009</u>
Expansion of Vocational Program	\$ 15,000	\$ 15,000
Suits for Success	1,193	1,193
A Women's Thanksgiving	<u>9,475</u>	<u>10,500</u>
	<u>\$ 25,668</u>	<u>\$ 26,693</u>

### 8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 17, 2010 which is the date the financial statements were available to be issued.

# RENEWAL HOUSE, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

### 9. FAIR VALUE OF INVESTMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial position.

#### Fair Value Measurements at June 30, 2010 Using:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 202,502	\$ 194,502	\$ -	\$ 8,000
Government Bonds	89,467	-	89,467	-
Corporate Bonds	146,637	-	146,637	-
	<u>\$ 438,606</u>	<u>\$ 194,502</u>	<u>\$ 236,104</u>	<u>\$ 8,000</u>

#### Fair Value Measurements at June 30, 2009 Using:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 187,235	\$ 179,235	\$ -	\$ 8,000
Government Bonds	71,292	-	71,292	-
Corporate Bonds	191,104	-	191,104	-
	<u>\$ 449,631</u>	<u>\$ 179,235</u>	<u>\$ 262,396</u>	<u>\$ 8,000</u>

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

# RENEWAL HOUSE, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010 AND 2009

### 9. FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

	Corporate Stock	Total
Beginning balance	\$ 8,000	\$ 8,000
Total gains or losses (realized and unrealized) included in the changes of net assets available for benefits	-	-
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	-	-
Ending balance	<u>\$ 8,000</u>	<u>\$ 8,000</u>
Total gains or losses for the year included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date.		<u>\$ -</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended June 30, 2010 and 2009, are reported in the net appreciation in fair value of investments.

**SUPPLEMENTAL INFORMATION**



**RENEWAL HOUSE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable June 30, 2009</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Receivable June 30, 2010</u>
<b>FEDERAL AWARDS</b>							
US Department of Homeland Security passed through: United Way *	Emergency Food and Shelter Program	97.024	19-79652-00	\$ -	\$ 7,881	\$ 7,881	\$ -
US Department of Housing and Urban Development: US Department of Housing and Urban Development US Department of Housing and Urban Development	Supportive Housing Program Supportive Housing Program	14.235 14.235	TN0065B4J040802 TN0065B4J040801	- 5,905	4,253 55,532	10,860 49,627	6,607 -
Total for CFDA No. 14.235				5,905	59,785	60,487	6,607
Passed through Nashville Metropolitan Development and Housing Agency Passed through Nashville Metropolitan Development and Housing Agency Passed through Nashville Metropolitan Development and Housing Agency	Homeless Prevention and Rapid Rehousing Community Development Block Grant Emergency Shelter Grants Program	14.262  14.231	  S98MC47004	- 21,832 -	8,038 21,832 6,495	10,081 - 6,495	2,043 - -
Total for CFDA No. 14.231 *				21,832	36,365	16,576	2,043
Total for US Department of Housing and Urban Development				27,737	96,150	77,063	8,650
US Department of Health and Human Services passed through: TN Department of Mental Health and Development Disabilities TN Department of Mental Health and Development Disabilities	Tennessee Prevention Network Block Grants for Prevention and Treatment of Substance Abuse	93.959 93.959	GR-1028864 Z-09-216607-00-	- 41,049	50,155 288,652	65,739 319,442	15,584 71,839
Total for CFDA No. 93.959 *				41,049	338,807	385,181	87,423
TN Department of Human Services TN Department of Human Services	Temporary Assistance for Needy Families Temporary Assistance for Needy Families	93.558 93.558	GR-10-28392 GR-05-16128-05	- 9,188	114,050 9,188	126,210 -	12,160 -
Total for CFDA No. 93.558 *				9,188	123,238	126,210	12,160
TN Department of Mental Health and Development Disabilities TN Department of Mental Health and Development Disabilities	Early Intervention and Prevention Program Early Intervention and Prevention Program	93.958 93.958	GR-09-25960-00 GR-09-25960-00	1,677 -	1,677 12,387	- 20,521	- 8,134
Total for CFDA No. 93.958 *				1,677	14,064	20,521	8,134
U.S. Department of Health and Human Services	Family Connections Demonstration Project	93.605	90CF002001	-	120,460	152,152	31,692
Total for US Department of Health and Human Services				51,914	596,569	684,064	139,409
Total Federal Awards				\$ 79,651	\$ 700,600	\$ 769,008	\$ 148,059

**RENEWAL HOUSE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable June 30, 2009</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Receivable June 30, 2010</u>
<b>STATE AWARDS</b>							
TN Department of Mental Health and Development Disabilities	Early Intervention and Prevention Program	N/A	GR-09-25960-00	\$ 8,828	8,828	-	\$ -
TN Department of Mental Health and Development Disabilities	Early Intervention and Prevention Program	N/A	GR-09-25960-00	-	3,487	5,787	2,300
TN Department of Human Services	Temporary Assistance for Needy Families	N/A	GR-05-16128-04#	-	211,806	234,390	22,584
TN Department of Human Services	Temporary Assistance for Needy Families	N/A	GR-05-16128-05#	18,687	22,274	3,587	-
TN Housing Development Agency	Rehabilitation of Housing Units	N/A	HTF-07-26	5,127	5,127	-	-
TN Department of Children's Services	Safe Child Coalition	N/A	GR-10-29474-00	-	26,021	26,021	-
TN Department of Children's Services	Consultation and Technical Assistance	N/A	GR-09-25709-00	17,133	17,133	-	-
TN Department of Children's Services	Consultation and Technical Assistance	N/A	GR-0822144-00	-	55,669	67,311	11,642
TN Department of Children's Services	Needs Assessment	N/A	GR-07-18284-01	-	64,884	77,791	12,907
TN Department of Children's Services	Needs Assessment	N/A	GR-09-25710-00	9,873	9,873	-	-
TN Department of Mental Health and Development Disabilities	Co-Occurring Disorders	N/A	GR-09-27193-00	11,000	11,000	-	-
<b>Total State Awards</b>				<b>70,648</b>	<b>436,102</b>	<b>414,887</b>	<b>49,433</b>
<b>Total Federal and State Awards</b>				<b>\$ 150,299</b>	<b>\$ 1,136,702</b>	<b>\$ 1,183,895</b>	<b>\$ 197,492</b>

\* Cash grant receipts represent federal pass-through funds

# Represents state's portion of grant

+ Represents major program

**NOTE 1 - BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.



**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Renewal House, Inc.  
Nashville, Tennessee

We have audited the financial statements of Renewal House, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated October 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Renewal House, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Renewal House Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Renewal House, Inc.'s, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies and pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

*Bellenfant & Miles, PLLC*  
-18-

November 17, 2010





**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Renewal House, Inc.  
Nashville, Tennessee

Compliance

We have audited the compliance of Renewal House, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Renewal House Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Renewal House, Inc.'s management. Our responsibility is to express an opinion on Renewal House Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Renewal House, Inc.'s, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Renewal House, Inc.'s compliance with those requirements.

In our opinion, Renewal House, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Renewal House, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Renewal House, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Renewal House, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies and pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

*Bellenfant & Miles, PLLC*

November 17, 2010

RENEWAL HOUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2010

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes   x   No

Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_\_\_ Yes   x   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   x   No

Federal Awards

Internal Control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes   x   No

Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_\_\_ Yes   x   No

Type of auditors' report issued on compliance  
for major programs: Unqualified

Any Audit findings disclosed that are required to be  
reported in accordance with A-133, Section 510(a)? \_\_\_\_\_ Yes   x   No

Identification of major programs:

93.959 Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between  
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   x   Yes \_\_\_\_\_ No

**RENEWAL HOUSE, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2010**

**PART II – FINDINGS AND QUESTIONED COST REPORTED IN ACCORDANCE WITH  
GENERALLY ACCEPTED GOVERNMENT AUDITING PROCEDURES**

1. There were no findings reported in accordance with generally accepted government auditing standards.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

1. There were no findings or questioned costs for federal awards.

**RENEWAL HOUSE, INC.**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

There were no audit findings for the year ended June 30, 2009.