

HOPE CLINIC FOR WOMEN

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2006

HOPE CLINIC FOR WOMEN

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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, 2006, 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, 2006, 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 15, 2007

HOPE CLINIC FOR WOMEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS

Current Assets

Cash and cash equivalents	\$ 207,010
Grant receivable	15,396
Pledges receivable	41,645
Related party pledges receivable	16,181
Prepaid expenses	1,799
	379,031
 Total Current Assets	 282,031

Property and Equipment

Less: Accumulated depreciation	680,804
	(301,123)
 Property and Equipment - Net	 379,681

Noncurrent Assets

Pledges receivable, due after one year	3,672
Related party pledges receivable, due after one year	14,725
Other assets	787
	19,184
 Total noncurrent assets	 19,184

Total Assets	\$ 680,896
	680,896

LIABILITIES AND NET ASSETS

Net Assets

Unrestricted	510,688
Temporarily restricted	170,208
	680,896
 Total Net Assets	 680,896
 Total Liabilities and Net Assets	 \$ 680,896

The accompanying notes are an integral part of this statement

HOPE CLINIC FOR WOMEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 168,566	81,000	\$ 249,566
State Abstinence Grant	-	55,927	55,927
Received indirectly - allocated by local churches	76,239	-	76,239
Donated materials and services-in-kind	84,453	-	84,453
Special events, net of direct costs of \$54,248	191,114	-	191,114
Net assets released from restrictions	77,688	(77,688)	-
Total support	<u>598,060</u>	<u>59,239</u>	<u>657,299</u>
Revenue			
Interest income	378	2,135	2,513
Other income	6,944	-	6,944
Total support and revenue	<u>605,382</u>	<u>61,374</u>	<u>666,756</u>
Expenses			
Program services			
Counseling and support	<u>517,613</u>	<u>-</u>	<u>517,613</u>
Supporting services			
Management and general	72,690	-	72,690
Fundraising	76,198	-	76,198
Total support services	<u>148,888</u>	<u>-</u>	<u>148,888</u>
Total expenses	<u>666,501</u>	<u>-</u>	<u>666,501</u>
Other Income (Loss)			
Loss on investments	(281)	-	(281)
Loss on stolen equipment	<u>(2,270)</u>	<u>-</u>	<u>(2,270)</u>
Change in net assets	(63,670)	61,374	(2,296)
Net assets January 1, 2006	<u>574,358</u>	<u>108,834</u>	<u>683,192</u>
Net assets December 31, 2006	<u>\$ 510,688</u>	<u>\$ 170,208</u>	<u>\$ 680,896</u>

The accompanying notes are an integral part of this statement

HOPE CLINIC FOR WOMEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<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	\$ 180,475	\$ 47,080	\$ 34,003	\$ 261,558
Employee benefits	12,805	4,573	915	18,293
Payroll taxes	13,314	3,474	2,508	19,296
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and benefits	206,594	55,127	37,426	299,147
	<hr/>	<hr/>	<hr/>	<hr/>
Professional fees	-	5,348	-	5,348
Postage and shipping	2,259	602	151	3,012
Direct mail and newsletter	-	-	7,482	7,482
Office supplies	1,882	502	125	2,509
Telephone	3,541	944	236	4,721
Utilities	4,784	1,276	319	6,379
Janitorial services	1,800	-	-	1,800
Equipment purchases	1,848	493	123	2,464
Repairs and maintenance	6,637	1,770	442	8,849
Insurance	6,116	1,631	408	8,155
Client services	10,137	-	-	10,137
Volunteer services	2,677	-	-	2,677
Donated materials and services-in-kind	84,453	-	-	84,453
Miscellaneous fundraising	-	-	3,148	3,148
Licenses and dues	819	218	55	1,092
Travel and conferences	985	263	66	1,314
Advertising and public relations	29,284	-	-	29,284
Gifts / appreciation	354	94	23	471
Board expenses	-	445	-	445
Contract labor	-	-	25,200	25,200
Miscellaneous	669	179	45	893
Systems development	2,641	-	-	2,641
Security	569	-	-	569
Medical	48,216	-	-	48,216
Abstinence	87,107	-	-	87,107
	<hr/>	<hr/>	<hr/>	<hr/>
Total other expenses	296,778	13,765	37,823	348,366
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	503,372	68,892	75,249	647,513
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation	14,241	3,798	949	18,988
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	<u>\$ 517,613</u>	<u>\$ 72,690</u>	<u>\$ 76,198</u>	<u>\$ 666,501</u>

The accompanying notes are an integral part of this statement

HOPE CLINIC FOR WOMEN
STATEMENT OF CASH FLOWS
DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (2,296)
Depreciation	18,988
Adjustments to reconcile net income to net cash provided by operations:	
(Increase) decrease in:	
Grant income receivable	(7,057)
Pledges receivable	52,918
Related party pledges receivable	(9,909)
Prepaid expenses and other current assets	<u>2,180</u>
Net Cash Used by Operating Activities	<u>54,824</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Disposal of equipment	2,270
Purchases of equipment	<u>(1,312)</u>
Net Cash Provided by Investing Activities	<u>958</u>
Net Increase in Cash	55,782
Cash, January 1, 2006	<u>151,228</u>
Cash, December 31, 2006	<u><u>\$ 207,010</u></u>

The accompanying notes are an integral part of this statement

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

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, 2006, 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, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising:

Hope Clinic for Women expenses advertising costs as incurred. Advertising costs for 2006 amounted to \$29,284.

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, 2006

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, 2006.

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, 2006, and determined that no additional allowance is considered necessary.

2. GRANT AND PLEDGES RECEIVABLE

The grant receivable of \$15,396 represents the amount due at December 31, 2006, from the State of Tennessee under an abstinence program. The grant period is from July 1, 2006 through June 30, 2007. These funds are restricted and are used to pay for the salary and direct expenses of the director of prevention services.

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 \$277 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, 2006, and determined that no allowance is considered necessary. Collection of pledges receivable as of December 31, 2006, is anticipated over the following maturity schedule:

2007	\$ 41,645
2008	2,950
2009	1,000
	<u>45,595</u>
Less discount to net present value	(277)
Net present value of receivables	<u>\$ 45,318</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 2006

3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at December 31, 2006. The pledges have been discounted in the amount of \$1,275 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, 2006, is anticipated over the following maturity schedule:

2007	\$ 16,181
2008	8,000
2009	8,000
	<u>32,181</u>
Less discount to net present value	(1,275)
Net present value of receivables	<u>\$ 30,906</u>

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2006, is as follows:

Land	\$ 81,000
Building and improvements	391,480
Medical equipment	24,000
Office equipment	103,363
Furniture and fixtures	33,081
Medical leasehold improvements	18,041
Computers and software	29,839
	<u>680,804</u>
Less: accumulated depreciation and amortization	(301,123)
	<u>\$ 379,681</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, 2006 as follows:

Purpose restrictions accomplished:	
Abstinence program	\$ 45,548
Medical fund	31,610
Client fund	230
Web Fund	300
	<u>\$ 77,688</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 2006

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2006:

Abstinence Program	\$ 26,819
Client Fund	3,392
Reserve	64,296
Medical Clinic	72,581
Web Fund	3,120
	<u>\$ 170,208</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 \$1,534 to the plan during 2006.