

HOPE CLINIC FOR WOMEN
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2011

HOPE CLINIC FOR WOMEN

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BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Hope Clinic for Women as of December 31, 2011, and the related statements of activities, functional expenses 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, 2011, 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, PLLC

May 1, 2012

HOPE CLINIC FOR WOMEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 120,026
Pledges Receivable	7,455
Related Party Pledges Receivable	<u>20,360</u>
Total Current Assets	<u>147,841</u>
Property and Equipment	
Less: Accumulated Depreciation	631,411
	<u>(292,816)</u>
Property and Equipment - Net	<u>338,595</u>
Noncurrent Assets	
Pledges Receivable, due after one year	1,918
Related Party Pledges Receivable, due after one year	1,918
Other Assets	<u>1,035</u>
Total Noncurrent Assets	<u>4,871</u>
Total Assets	<u><u>\$ 491,307</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 93
Current Portion of Notes Payable	<u>117,430</u>
Total Current Liabilities	117,523
Non-Current Portion of Notes Payable	<u>192,184</u>
Total Liabilities	<u>309,707</u>
Net Assets	
Unrestricted	177,828
Temporarily Restricted	<u>3,772</u>
Total Net Assets	<u>181,600</u>
Total Liabilities and Net Assets	<u><u>\$ 491,307</u></u>

The accompanying notes are an integral part of this statement

HOPE CLINIC FOR WOMEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 238,351	\$ 94,864	\$ 333,215
Received Indirectly - Allocated by Local Churches	93,339	-	93,339
Donated Supplies and Services In-Kind	278,541	-	278,541
Special Events, net of direct costs of \$49,820	195,721	-	195,721
Net Assets Released from Restrictions	130,201	(130,201)	-
Total Support	<u>936,153</u>	<u>(35,337)</u>	<u>900,816</u>
Revenue			
Interest Income	21	-	21
Counseling Income	12,454	-	12,454
Medical Income	10,103	-	10,103
Other Income	<u>3,995</u>	<u>-</u>	<u>3,995</u>
Total Support and Revenue	<u>962,726</u>	<u>(35,337)</u>	<u>927,389</u>
Expenses			
Program Services			
Counseling and Support	<u>848,972</u>	<u>-</u>	<u>848,972</u>
Supporting Services			
Management and General	98,515	-	98,515
Fundraising	116,468	-	116,468
Total Support Services	<u>214,983</u>	<u>-</u>	<u>214,983</u>
Total Expenses	1,063,955	-	1,063,955
Loss on Sale of Maternity Home	<u>196,740</u>	<u>-</u>	<u>196,740</u>
Total Expenses and Losses	<u>1,260,695</u>	<u>-</u>	<u>1,260,695</u>
Change in Net Assets	(297,969)	(35,337)	(333,306)
Net Assets, January 1, 2011	<u>475,797</u>	<u>39,109</u>	<u>514,906</u>
Net Assets, December 31, 2011	<u><u>\$ 177,828</u></u>	<u><u>\$ 3,772</u></u>	<u><u>\$ 181,600</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, 2011

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Counseling and Support</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 334,871	\$ 56,910	\$ 76,655	\$ 468,436
Employee Benefits	32,664	5,898	6,804	45,366
Payroll Taxes	24,778	4,474	5,162	34,414
 Total Salaries and Benefits	 392,313	 67,282	 88,621	 548,216
 Professional Fees	 -	 9,526	 -	 9,526
Contract Labor	691	-	-	691
Continuing Education	3,026	807	202	4,035
Postage and Shipping	1,520	405	101	2,026
Direct Mail and Newsletter	-	-	3,743	3,743
Office Supplies	2,446	652	163	3,261
Telephone	6,984	1,862	466	9,312
Utilities	10,254	2,734	684	13,672
Janitorial Services	3,016	-	-	3,016
Equipment Lease	2,358	629	157	3,144
Repairs and Maintenance	5,222	1,392	348	6,962
Insurance	8,195	2,185	547	10,927
Client Materials	592	-	-	592
Bank Charges	-	1,051	-	1,051
Donated Lab Services In-Kind	104,195	-	-	104,195
Donated Volunteer Services In-Kind	99,055	-	-	99,055
Licenses and Dues	626	167	42	835
Travel and Conferences	676	180	45	901
Advertising and Public Relations	21,025	-	-	21,025
Gifts / Appreciation	468	125	31	624
Board Expenses	-	410	-	410
Miscellaneous	4,956	931	233	6,120
Systems Development	13,349	3,560	889	17,798
Donor Relations	-	-	19,041	19,041
Security	771	-	-	771
Staff Retreat	7,184	-	-	7,184
Medical	8,860	-	-	8,860
Pregnancy Services	7,447	-	-	7,447
Donated Pregnancy Supplies In-Kind	75,291	-	-	75,291
Interest	26,282	-	-	26,282
Maternity Home	16,717	-	-	16,717
Church Outreach	8,138	-	-	8,138
 Total Other Expenses	 439,344	 26,616	 26,692	 492,652
 Total Expenses Before Depreciation	 831,657	 93,898	 115,313	 1,040,868
Depreciation	17,315	4,617	1,155	23,087
 Total Functional Expenses	 \$ 848,972	 \$ 98,515	 \$ 116,468	 \$ 1,063,955

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF CASH FLOWS
DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (333,306)
Depreciation	23,087
Adjustments to Reconcile Net Income to Net Cash Used by Operations:	
(Increase) Decrease in:	
Pledges Receivable	8,059
Related Party Pledges Receivable	22,808
Other Assets	42
Increase (Decrease) in:	
Accounts Payable	<u>(4,607)</u>
Net Cash Used by Operating Activities	<u>(283,917)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(12,978)
Disposals of Property and Equipment	<u>433,971</u>
Net Cash Provided by Investing Activities	<u>420,993</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of Notes Payable	(492,657)
New Borrowings	<u>327,102</u>
Net Cash Used by Financing Activities	<u>(165,555)</u>
Net Decrease in Cash	(28,479)
Cash, January 1, 2011	<u>148,505</u>
Cash, December 31, 2011	<u><u>\$ 120,026</u></u>

SUPPLEMENTAL DISCLOSURES

Interest Paid	<u><u>\$ 26,282</u></u>
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The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Hope Clinic for Women, founded in March 1983, is a safe and confidential place for women dealing with life choices regarding past, present and future pregnancies. The Organization also provides education, professional counseling, medical care and practical support regardless of age, race or religion. Hope Clinic equips individuals in the Middle Tennessee area to make healthy choices for themselves and their families related to our three core programs: Pregnancy Services, Prevention Services, and Counseling Services.

Pregnancy Services- This service provides options information, professional counseling, pregnancy tests, and limited ultrasounds. In addition, participants of the Pregnancy BRIDGE Client Treatment plan receive a mentor, practical support, educational classes, and ongoing professional counseling in exchange for material assistance. With both male and female counselors, we provide counseling to all people involved (woman, father of the baby, and parents). Another component of the pregnancy services is *Wendy's Place, our Home for Moms and Babies*, opened October 2008. Clients receive free housing, counseling, and case management throughout the duration of their pregnancy and following delivery for six to nine months, regardless of whether they choose to parent or place for adoption. In 2011 Wendy's Place was sold, and the Organization collaborated with Urban Housing Solutions for client referrals for housing. This proved to be a better solution for the Organization's clients.

Prevention Services- This program is for private/public middle and high school students, young adults, churches and parents covering accurate information on STDs, abstinence education and the tools necessary to make healthy life choices. Since 2001, Hope Clinic has offered STD testing and treatment. Our Nurse Practitioner answers clients' questions, listens to their concerns, and educates them on women's health, pregnancy, and STDs. Often she successfully transitions medical clients needing additional care to our professional counselors for individual counseling.

Counseling Services- The service originally began as post abortion counseling, but in 2009 it has expanded to include all forms of Pregnancy Loss (miscarriage and stillbirth). It includes a combination of clinical, practical and spiritual components. In 2009, we also added postpartum depression counseling (in partnership with St. Thomas Health Services).

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Restricted and Unrestricted Net Assets:

Hope Clinic ("the Organization") for Women has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Codification 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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had temporarily restricted net assets of \$3,772 as of December 31, 2011.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no permanently restricted net assets as of December 31, 2011.

The FASB Accounting Standards Codification requires the Organization 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.

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

Advertising:

The Organization expenses advertising costs as incurred. Advertising costs for 2011 were \$21,025.

Basis of Presentation:

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

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation:

Property and equipment with an acquisition cost above \$1,000 are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset as follows:

Buildings and Building Improvements	39 years
Furniture and Equipment	5-7 years
Computers	3 years

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.

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.

Cash:

The Organization 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 the Organization'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 that management 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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash on deposit and pledges receivable from individuals. 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 are limited to individuals and donors in the greater Nashville area. Management does not believe that significant credit risk exists at December 31, 2011.

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. The Organization 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, 2011 and determined that no additional allowance is considered necessary.

Fair Values of Financial Instruments:

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, pledges receivable, related party pledges receivable, and other assets: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

2. PLEDGES RECEIVABLE

During the year, the Organization 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 \$82 using the Organization'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. Collection of pledges receivable as of December 31, 2011 is anticipated over the following maturity schedule:

2012	\$ 7,455
2013	2,000
	<hr/> 9,455
Less discount to net present value	(82)
Net present value of receivables	<hr/> <hr/> \$ 9,373

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at December 31, 2011. The pledges have been discounted in the amount of \$82 using the Organization'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. Collection of related party pledges receivable as of December 31, 2011 is anticipated over the following maturity schedule:

2012	\$ 20,360
2013	<u>2,000</u>
	22,360
Less discount to net present value	<u>(82)</u>
Net present value of receivables	<u><u>\$ 22,278</u></u>

4. 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, 2011 as follows:

Purpose restrictions accomplished:	
Abstinence Program	\$ 4,000
Medical Clinic Fund	35,000
Pregnancy Fund	53,794
Maternity Home Fund	12,407
Maternity Staff Fund	<u>25,000</u>
	<u><u>\$ 130,201</u></u>

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2011:

Medical Clinic Fund	<u>\$ 3,772</u>
	<u><u>\$ 3,772</u></u>

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

6. NOTES PAYABLE

The Commercial loan dated March 27, 2008 was refinanced on April 7, 2011 with Southeast Financial Federal Credit Union for the outstanding balance of \$197,000. The new loan will mature March 27, 2025. Monthly payments of \$1,311 are required which include principle and interest calculated at 7%.

\$ 195,513

A loan agreement for \$150,000 dated April 7, 2011 was executed. The interest is 7% and matures on April 7, 2012. The loan is a revolving line of credit to be used for general operating cash flow purposes with only the payment of interest required.

114,101 *

Total Notes Payable 309,614

Less Current Portion 117,430

Non-Current Portion of Notes Payable \$ 192,184

As of December 31, 2011, long term debt matures as follows:

2012	\$ 117,430
2013	2,354
2014	2,524
2015	2,706
2016	2,902
2017 and thereafter	<u>181,698</u>
	<u><u>\$ 309,614</u></u>

** This loan was modified in April 2012. Please refer to the subsequent events note for details.*

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

7. RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA retirement plan allowing contributions by employees. The Organization suspended its contributions in June of 2009.

8. OPERATING LEASES

The Organization has non-cancelable operating leases for office equipment. Future minimum lease payments are as follows:

Year	
2012	3,588
2013	2,392
	<u>\$ 5,980</u>

9. SALE OF LAMBERT PROPERTY (MATERNITY HOME)

On May 10, 2011 the Organization sold the maternity home located at 4900 Lambert Drive, Nashville, Tennessee. The following provides the calculation for the loss on the sale of this property.

Sale Price		\$ 250,100
Cost	457,713	
Accumulated Depreciation	<u>(23,740)</u>	
	433,973	
Cost of Sale	<u>12,867</u>	
		<u>446,840</u>
Loss on Sale		<u>(196,740)</u>

10. COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation days. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

11. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2011 is as follows:

Land	\$ 81,000
Building and Improvements	391,480
Medical Equipment	39,650
Office Equipment	27,777
Furniture and Fixtures	17,128
Medical Leasehold Improvements	18,041
Computers and Software	56,335
	<hr/> 631,411
Less: Accumulated Depreciation and Amortization	(292,816)
Property and Equipment - Net	<hr/> <hr/> \$ 338,595

12. DONATED MATERIALS AND SERVICES IN-KIND

The Organization received in-kind donations as follows:

Donated pregnancy supplies (diapers, cribs, strollers, and car seats)	\$ 75,291
Donated lab services	104,195
Donated volunteer hours (valued at \$12.00 per hour)	99,055
	<hr/> \$ 278,541

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 1, 2012 which is the date the financial statements were available to be issued. The following events had occurred from January 1 to May 1, 2012:

The loan agreement with an outstanding balance of \$114,101 was extended from April 7, 2012 to April 7, 2013.



BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Communication of Significant Deficiencies

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

In planning and performing our audit of the financial statements of Hope Clinic for Women as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Hope Clinic for Women's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Hope Clinic for Women's internal control to be significant deficiencies:

Check Signatures

Currently, two signatures are required on checks written for expenses and other disbursements over \$500. We noted several instances of checks for amounts over \$500 with only one signature. The bank does not know the policy the Organization has in place for checks over \$500, and they are not required to monitor this control. Currently, the checks only have one signature line on them, we recommend adding a second signature line. We also suggest that the individuals signing checks should initial the documentation supporting each check at the time of signing.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Bellenfant & Miles, PLLC

May 1, 2012



BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Communication with Those Charged with Governance

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

We have audited the financial statements of Hope Clinic for Women for the year ended December 31, 2011, and have issued our report thereon dated May 1, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 2, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hope Clinic for Women are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

Pledges Receivable Decreased	\$ 8,058
Related Party Pledges Receivable Decreased	22,807
Property and Equipment Decreased	7,741

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 1, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Hope Clinic for Women and is not intended to be and should not be used by anyone other than these specified parties.

Bellenfant & Miles, PLLC

May 1, 2012

Hope Clinic for Women
IMMATERIAL UNCORRECTED MISSTATEMENTS OF FINANCIAL STATEMENTS
December 31, 2011

Statement of Financial Position Misstatements:

Current Assets:	\$ -
Current Liabilities:	
Accounts Payable Understated	4,014
Line of Credit Overstated	(22)
Note Payable Understated	<u>1</u>
Cumulative Overstatement of Net Assets	<u><u>\$ 3,993</u></u>