

RENEWAL HOUSE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2013 AND 2012

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

Report on the Financial Statements

We have audited the accompanying financial statements of Renewal House, Inc., which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimated made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Renewal House Inc.'s internal control over financial reporting and compliance.

Bellenfant & Miles, PLLC

November 15, 2013

RENEWAL HOUSE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

ASSETS

CURRENT ASSETS	2013	2012
Cash and cash equivalents	\$ 677,743	\$ 631,273
Investments	657,196	567,999
Accounts receivable	6,000	-
Federal and state awards receivable	298,079	185,035
Other Assets	3,375	3,375
Prepaid Expenses	11,573	-
Total Current Assets	1,653,966	1,387,682
PROPERTY AND EQUIPMENT, NET	1,778,875	1,803,314
TOTAL ASSETS	\$ 3,432,841	\$ 3,190,996

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 32,601	\$ 15,086
Total Current Liabilities	32,601	15,086
NET ASSETS		
Unrestricted		
Undesignated	3,091,718	2,956,145
Designated	228,286	211,265
Total Unrestricted	3,320,004	3,167,410
Temporarily restricted	80,236	8,500
Total Net Assets	3,400,240	3,175,910
TOTAL LIABILITIES AND NET ASSETS	\$ 3,432,841	\$ 3,190,996

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

RENEWAL HOUSE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Federal and state grants	\$ 1,563,422	\$ -	\$ 1,563,422
Contributions	213,517	72,236	285,753
In-Kind Contributions	78,604		78,604
Rental income	43,336	-	43,336
Special events, net of direct costs of \$13,409	64,682	8,000	72,682
Insurance recoveries	87,954		87,954
Program service fees	3,704	-	3,704
Investment gain	52,186	-	52,186
Net assets released from restrictions	8,500	(8,500)	-
	<u>2,115,905</u>	<u>71,736</u>	<u>2,187,641</u>
EXPENSES			
Program services	1,668,155	-	1,668,155
Supporting services			
Management and general	182,097	-	182,097
Fundraising	113,059	-	113,059
	<u>1,963,311</u>	<u>-</u>	<u>1,963,311</u>
CHANGE IN NET ASSETS	152,594	71,736	224,330
Net Assets, July 1, 2012	<u>3,167,410</u>	<u>8,500</u>	<u>3,175,910</u>
Net Assets, June 30, 2013	<u>\$ 3,320,004</u>	<u>\$ 80,236</u>	<u>\$ 3,400,240</u>

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

RENEWAL HOUSE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Federal and state grants	\$ 1,565,247	\$ -	\$ 1,565,247
Contributions	238,556	-	238,556
Rental income	59,501	-	59,501
Special events, net of direct costs of \$14,456	69,197	8,500	77,697
Program service fees	4,564	-	4,564
Investment gain	20,861	-	20,861
Net assets released from restrictions	3,693	(3,693)	-
	<u>1,961,619</u>	<u>4,807</u>	<u>1,966,426</u>
EXPENSES			
Program services	1,546,188	-	1,546,188
Supporting services			
Management and general	155,676	-	155,676
Fundraising	126,094	-	126,094
	<u>1,827,958</u>	<u>-</u>	<u>1,827,958</u>
CHANGE IN NET ASSETS	133,661	4,807	138,468
Net Assets, July 1, 2011	<u>3,033,749</u>	<u>3,693</u>	<u>3,037,442</u>
Net Assets, June 30, 2012	<u>\$ 3,167,410</u>	<u>\$ 8,500</u>	<u>\$ 3,175,910</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, 2013

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 901,612	\$ 83,915	\$ 83,876	\$ 1,069,403
Employee Benefits	200,071	12,944	19,435	232,450
Occupancy	92,149	10,086	-	102,235
Depreciation	101,241	-	-	101,241
Professional Fees	198,300	62,337	549	261,186
Supplies	68,104	3,744	124	71,972
Insurance	17,812	3,909	-	21,721
Transportation	24,843	-	-	24,843
Communications	12,591	1,440	432	14,463
Conference, Meetings and Training	18,008	897	-	18,905
Miscellaneous	1,325	844	21	2,190
Printing	4,635	321	4,737	9,693
Travel	13,117	251	-	13,368
Postage	430	555	885	1,870
Fees and Membership	1,399	854	3,000	5,253
Specific Assistance	<u>12,518</u>	<u>-</u>	<u>-</u>	<u>12,518</u>
	<u>\$ 1,668,155</u>	<u>\$ 182,097</u>	<u>\$ 113,059</u>	<u>\$ 1,963,311</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, 2012

		Supporting Services		
	Program	Management	Fundraising	Total
	Services	and General		
Salaries	\$ 853,112	\$ 89,887	\$ 95,548	\$ 1,038,547
Employee Benefits	177,439	15,903	20,632	213,974
Occupancy	108,434	20,406	-	128,840
Depreciation	85,671	-	-	85,671
Professional Fees	131,307	6,417	429	138,153
Supplies	58,240	4,107	1,465	63,812
Insurance	44,178	7,524	3,880	55,582
Transportation	29,591	98	-	29,689
Communications	18,942	1,220	432	20,594
Conference, Meetings and Training	10,892	4,882	-	15,774
Miscellaneous	3,518	2,021	3,039	8,578
Printing	4,040	134	-	4,174
Recruiting	2,780	-	32	2,812
Travel	10,977	874	-	11,851
Postage	1,278	255	637	2,170
Fees and Membership	3,010	1,948	-	4,958
Specific Assistance	2,779	-	-	2,779
	<u>\$ 1,546,188</u>	<u>\$ 155,676</u>	<u>\$ 126,094</u>	<u>\$ 1,827,958</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, 2013 AND 2012

CASH FLOWS FROM OPERATING ACTIVITIES	2013	2012
Change in net assets	\$ 224,330	\$ 138,468
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	101,241	85,671
Unrealized and realized (gains) losses on investments	(31,820)	2,736
(Increase) Decrease in:		
Federal, state awards, and grants receivable	(113,044)	54,310
Accounts receivable	(6,000)	-
Other assets	-	9,981
Prepaid expenses	(11,573)	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	17,515	(14,414)
Net Cash Provided by Operating Activities	<u>180,649</u>	<u>276,752</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	33,341	29,510
Purchase of investments	(90,718)	(34,542)
Purchase of property and equipment	<u>(76,802)</u>	<u>(5,548)</u>
Net Cash Used by Investing Activities	<u>(134,179)</u>	<u>(10,580)</u>
Net Increase in Cash	46,470	266,172
Cash and Cash Equivalents, beginning of the year	<u>631,273</u>	<u>365,101</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 677,743</u></u>	<u><u>\$ 631,273</u></u>

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

RENEWAL HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

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.

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 \$80,236 and \$8,500 as of June 30, 2013 and 2012, respectively.

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 for the years ending June 30, 2013 and 2012, respectively.

RENEWAL HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Basis of Presentation - continued

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.

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.

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.

Cash and cash equivalents

For purposes of the statement of cash flows, 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 expensed 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 an 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.

RENEWAL HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

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.

The Organization files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax*. The Organization's returns for the years prior to fiscal year ended June 30, 2010 are no longer open for examination.

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, investments, receivables, prepaid expenses and accounts payables and accrued expenses - 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>2013</u>	<u>2012</u>
Land	\$ 999,833	\$ 999,833
Building and Improvements	1,114,331	1,050,657
Furniture and Equipment	571,191	558,063
	<u>2,685,355</u>	<u>2,608,553</u>
Less accumulated depreciation	(906,480)	(805,239)
Property and Equipment, net	<u>\$1,778,875</u>	<u>\$1,803,314</u>

RENEWAL HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

3. INVESTMENTS

Investments consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Equities	\$ 257,694	\$ 218,848
Bonds	<u>399,502</u>	<u>349,151</u>
	<u>\$ 657,196</u>	<u>\$ 567,999</u>

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

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 20,366	\$ 23,597
Net realized/unrealized gains (losses) on investments	<u>31,820</u>	<u>(2,736)</u>
	<u>\$ 52,186</u>	<u>\$ 20,861</u>

4. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which may exceed federally insured limits during the year. Excess uninsured balances of the Organization approximated \$26,517 for the year ended June 30, 2013. 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, matching up to 3% of employee salary. The Organization made contributions of \$12,355 and \$12,048 for the years ended June 30, 2013, and 2012, respectively.

RENEWAL HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

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, 2013, and 2012, \$228,286 and \$211,265, respectively, are designated as Endowment Funds for long-term use.

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

	<u>2013</u>	<u>2012</u>
A Women's Thanksgiving	\$ 8,000	\$ 8,500
Contributions	<u>72,326</u>	<u>-</u>
	<u>\$ 80,326</u>	<u>\$ 8,500</u>

8. COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation days. Employees are not allowed to carryover unused vacation days past June 30 of each year; accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

9. IN KIND DONATIONS

Donated professional services, including a physician providing medical supervision, totaled \$66,436 for the year ended June 30, 2013. Those services were essential to the operating activities of the Organization. Additionally, donated items for clients were valued at \$12,168.

RENEWAL HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

10. 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, 2013 Using:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 257,694	\$ 257,694	\$ -	\$ -
Government Bonds	54,604	-	54,604	-
Corporate Bonds	344,898	-	344,898	-
	<u>\$ 657,196</u>	<u>\$ 257,694</u>	<u>\$ 399,502</u>	<u>\$ -</u>

Fair Value Measurements at June 30, 2012 Using:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 218,848	\$ 218,848	\$ -	\$ -
Government Bonds	59,907	-	59,907	-
Corporate Bonds	289,244	-	289,244	-
	<u>\$ 567,999</u>	<u>\$ 218,848</u>	<u>\$ 349,151</u>	<u>\$ -</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, 2013 AND 2012

10. 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.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended June 30, 2013 and 2012, are reported in the net appreciation in fair value of investments.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2013 which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

RENEWAL HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable June 30, 2012</u>	<u>Cash Receipts</u>	<u>Expenditures Amount Earned</u>	<u>Receivable June 30, 2013</u>
FEDERAL AWARDS							
US Department of Homeland Security	Emergency Food and Shelter Program	97.024	N/A	\$ -	\$ 20,000	\$ 20,000	\$ -
US Department of Housing and Urban Development:							
US Department of Housing and Urban Development	Supportive Housing Program	14.235	TN0065B4J041104	14,571	54,955	40,384	-
US Department of Housing and Urban Development	Supportive Housing Program	14.235	TN0065L4J041205	-	-	10,643	10,643
Total for CFDA No. 14.235				14,571	54,955	51,027	10,643
Passed through Nashville Metropolitan Development and Housing Agency	Emergency Solutions Grant Program	14.231	N/A	-	-	13,857	13,857
Total for CFDA No. 14.231 *				-	-	13,857	13,857
Total for US Department of Housing and Urban Development				14,571	54,955	64,884	24,500
US Department of Health and Human Services passed through:							
TN Department of Mental Health and Development Disabilities	Tennessee Prevention Network	93.959	GR-11-32546	7,301	7,301	-	-
TN Department of Mental Health and Development Disabilities	Tennessee Prevention Network	93.959	GR-1338785	-	13,665	14,025	360
TN Department of Mental Health and Development Disabilities	Block Grants for Prevention and Treatment of Substance Abuse	93.959	GR1338775	-	458,710	499,540	40,830
TN Department of Mental Health and Development Disabilities	Adult Care	93.959	GR1338622	-	36,657	38,839	2,182
TN Department of Mental Health and Development Disabilities	Access to Recovery	93.959	DP1338211	-	10,994	11,983	989
Total for CFDA No. 93.959 *				7,301	527,327	564,387	44,361
TN Department of Human Services	Temporary Assistance for Needy Families	93.558	GR-10-28392-02	40,901	40,901	-	-
TN Department of Human Services	Temporary Assistance for Needy Families	93.558	GR-10-28392	-	58,369	70,000	11,631
Total for CFDA No. 93.558 *				40,901	99,270	70,000	11,631
U.S. Department of Health and Human Services	Family Connections Demonstration Project	93.605	90CF002003	50,377	50,377	-	-
U.S. Department of Health and Human Services	Family Connections Demonstration Project	93.605	90CF0020-03-04	-	326,281	326,281	-
U.S. Department of Health and Human Services	Footprints	93.605	90CF0039-01	-	55,192	232,120	176,928
Total for CFDA No. 93.605				50,377	431,850	558,401	176,928
Total Federal Awards				\$ 113,150	\$ 1,133,402	\$ 1,277,672	\$ 257,420

RENEWAL HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable June 30, 2012</u>	<u>Cash Receipts</u>	<u>Expenditures Amount Earned</u>	<u>Receivable June 30, 2013</u>
STATE AWARDS							
TN Department of Children's Services	Consulting	N/A	GR-12-35847	\$ 14,254	14,254	- \$	-
TN Department of Children's Services	Consulting	N/A	GR1339186	-	54,021	63,750	9,729
TN Department of Children's Services	Operations	N/A	GR-12-35913	30,780	30,780	-	-
TN Department of Children's Services	Operations	N/A	GR1338722	-	63,261	68,000	4,739
TN Department of Human Services	Temporary Assistance for Needy Families	N/A	GR-10-28392-02	22,024	22,024	-	-
TN Department of Human Services	Temporary Assistance for Needy Families	N/A	GR-10-28392	-	108,399	130,000	21,601
TN Department of Mental Health and Development Disabilities	Early Intervention and Prevention Program	N/A	GR-12-35906	4,827	4,827	-	-
TN Department of Mental Health and Development Disabilities	Early Intervention and Prevention Program	N/A	GR1338200	-	19,410	24,000	4,590
Total State Awards				71,885	316,976	285,750	40,659
Total Federal and State Awards				\$ 185,035	\$ 1,450,378	\$ 1,563,422	\$ 298,079

* Cash grant receipts represent federal pass-through funds

NOTE 1 - BASIS OF ACCOUNTING

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

This schedule of expenditures of federal awards includes the federal grant activity of Renewal House, Inc. and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



BELLENFANT + MILES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of Renewal House, Inc. which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report dated November 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Renewal House Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Renewal House Inc.'s financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

Ballouant & Hiles, PLLC

November 15, 2013



BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Renewal House, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Managements' Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 A133, *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 on compliance for each major federal program. However, our audit does not provide a legal determination of Renewal House Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Renewal House Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Renewal House Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Renewal House Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the Organization'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a types of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bellonfant & Miles, PLLC

November 15, 2013

RENEWAL HOUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

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 None Reported

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 None Reported

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
93.605 Family Connections Demonstration Project

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, 2013

**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, 2013

There were no audit findings for the year ended June 30, 2012.