

HOPE CLINIC FOR WOMEN

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2008

HOPE CLINIC FOR WOMEN

TABLE OF CONTENTS

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



BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Hope Clinic for Women as of December 31, 2008, 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 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, 2008, 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.

April 27, 2009

HOPE CLINIC FOR WOMEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 174,752
Pledges Receivable	95,732
Related Party Pledges Receivable	28,834
Accounts Receivable	1,350

Total Current Assets	300,668
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Property and Equipment

Less: Accumulated Depreciation	1,139,838
	(319,978)

Property and Equipment - Net	819,860
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Noncurrent Assets

Pledges Receivable, due after one year	72,902
Related Party Pledges Receivable, due after one year	12,790
Other Assets	768

Total Noncurrent Assets	86,460
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Total Assets	\$ 1,206,988
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts Payable	\$ 5,466
Deferred Support	1,800
Current Portion of Notes Payable	1,699

Total Current Liabilities	8,965
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Notes Payable

	481,792
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Total Liabilities	490,757
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Net Assets

Unrestricted	650,297
Temporarily Restricted	65,934

Total Net Assets	716,231
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Total Liabilities and Net Assets	\$ 1,206,988
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The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 528,415	\$ 180,883	\$ 709,298
Received Indirectly - Allocated by Local Churches	102,935	-	102,935
Donated Materials and Services In-Kind	106,362	-	106,362
Special Events, net of direct costs of \$59,752	153,627	-	153,627
Net Assets Released from Restrictions	219,275	(219,275)	-
Total Support	<u>1,110,614</u>	<u>(38,392)</u>	<u>1,072,222</u>
Revenue			
Interest Income	614	-	614
Other Income	10,222	-	10,222
Total Support and Revenue	<u>1,121,450</u>	<u>(38,392)</u>	<u>1,083,058</u>
Expenses			
Program Services			
Counseling and Support	<u>851,288</u>	<u>-</u>	<u>851,288</u>
Supporting services			
Management and General	114,606	-	114,606
Fundraising	135,543	-	135,543
Total Support Services	<u>250,149</u>	<u>-</u>	<u>250,149</u>
Total Expenses	<u>1,101,437</u>	<u>-</u>	<u>1,101,437</u>
Change in Net Assets	20,013	(38,392)	(18,379)
Net Assets, January 1, 2008	<u>630,284</u>	<u>104,326</u>	<u>734,610</u>
Net Assets, December 31, 2008	<u><u>\$ 650,297</u></u>	<u><u>\$ 65,934</u></u>	<u><u>\$ 716,231</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, 2008

	<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	\$ 445,613	\$ 71,013	\$ 19,996	\$ 536,622
Employee Benefits	42,015	6,581	2,024	50,620
Payroll Taxes	32,546	5,098	1,568	39,212
 Total Salaries and Benefits	 520,174	 82,692	 23,588	 626,454
Professional Fees	-	9,066	-	9,066
Continuing Education	6,344	1,692	422	8,458
Postage and Shipping	3,110	829	207	4,146
Direct Mail and Newsletter	-	-	5,072	5,072
Office Supplies	7,230	1,928	482	9,640
Telephone	7,417	1,978	494	9,889
Utilities	9,368	2,498	624	12,490
Janitorial Services	2,640	-	-	2,640
Equipment Purchases	6,092	1,624	406	8,122
Repairs and Maintenance	9,383	2,502	625	12,510
Insurance	9,002	2,400	600	12,002
Client Materials	1,174	-	-	1,174
Bank Charges	-	1,458	-	1,458
Donated Materials and Services-In-Kind	106,362	-	-	106,362
Miscellaneous Fundraising	-	-	2,119	2,119
Licenses and Dues	1,240	331	82	1,653
Travel and Conferences	602	160	39	801
Advertising and Public Relations	44,641	-	36,000	80,641
Gifts / Appreciation	465	124	31	620
Board Expenses	-	148	-	148
Contract Labor	11,010	-	51,858	62,868
Miscellaneous	2,667	712	176	3,555
Systems Development	9,997	-	-	9,997
Community Relations	-	-	11,603	11,603
Security	1,099	-	-	1,099
Medical	17,575	-	-	17,575
Prevention	4,526	-	-	4,526
Pregnancy Services	3,955	-	-	3,955
Interest	29,830	-	-	29,830
Maternity Home	17,205	-	-	17,205
Church Outreach	1,441	-	-	1,441
 Total Other Expenses	 314,375	 27,450	 110,840	 452,665
 Total Expenses Before Depreciation	 834,549	 110,142	 134,428	 1,079,119
Depreciation	16,739	4,464	1,115	22,318
 Total Functional Expenses	 \$ 851,288	 \$ 114,606	 \$ 135,543	 \$ 1,101,437

The accompanying notes are an integral part of this statement

HOPE CLINIC FOR WOMEN
STATEMENT OF CASH FLOWS
DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (18,379)
Depreciation	22,318
Adjustments to reconcile net income to net cash provided by operations:	
(Increase) Decrease in:	
Pledges Receivable	(131,877)
Related Party Pledges Receivable	(19,683)
Prepaid Expenses and Other Current Assets	3,868
Account Receivable	(1,350)
Increase (Decrease) in:	
Accounts Payable	5,406
Deferred Support	1,800
	(137,897)
Net Cash Used by Operating Activities	(137,897)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	(149,699)
Net Cash Used by Investing Activities	(149,699)

CASH FLOWS FROM FINANCING ACTIVITIES

New Borrowing on Notes Payable	254,027
Repayment of Notes Payable	(1,550)
	252,477
Net Cash Provided by Financing Activities	252,477
Net Decrease in Cash	(35,119)
Cash, January 1, 2008	209,871
Cash, December 31, 2008	\$ 174,752

SUPPLEMENTAL DISCLOSURES

Interest Paid	\$ 29,830
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The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Hope Clinic for Women ("the Organization") is a nonprofit organization that serves as a safe and confidential place for women dealing with life choices regarding past, present, and future pregnancies and provides education, counsel, and medical care for women regardless of age, race, or religion. The Organization 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 sexually transmitted disease's (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 provides 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 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.

At December 31, 2008 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, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising:

The Organization expenses advertising costs as incurred. Advertising costs for 2008 were \$44,641.

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.

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:

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, 2008

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, 2008.

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, 2008 and determined that no additional allowance is considered necessary.

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 \$3,098 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, 2008 is anticipated over the following maturity schedule:

2009	\$ 95,732
2010	76,000
	<u>171,732</u>
Less discount to net present value	(3,098)
Net present value of receivables	<u>\$ 168,634</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at December 31, 2008. The pledges have been discounted in the amount of \$544 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, 2008 is anticipated over the following maturity schedule:

2009	\$ 28,834
2010	13,334
	<u>42,168</u>
Less discount to net present value	(544)
Net present value of receivables	<u>\$ 41,624</u>

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2008 is as follows:

Land	\$ 222,000
Building and Improvements	708,193
Medical Equipment	39,650
Office Equipment	84,848
Furniture and Fixtures	33,081
Medical Leasehold Improvements	18,041
Computers and Software	34,025
	<u>1,139,838</u>
Less: Accumulated Depreciation and Amortization	(319,978)
Property and Equipment - Net	<u>\$ 819,860</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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, 2008 as follows:

Purpose restrictions accomplished:	
Abstinence Program	\$ 5,189
Medical Clinic Fund	86,862
Web Fund	3,120
Maternity Home Fund	100,896
Maternity Staff Fund	14,458
Technology Fund	7,750
Post Abortion	1,000
	<u>\$ 219,275</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2008:

Abstinence Program	\$ 4,000
Client Fund	3,392
Medical Clinic Fund	43,000
Maternity Home Fund	12,500
Maternity Staff Fund	3,042
	<u>\$ 65,934</u>

7. RETIREMENT PLAN

The Organization 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 and contributed \$2,397 to the plan during 2008.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

8. NOTES PAYABLE

Note payable to Southeast Financial Federal Credit Union, dated August 1, 2007, collateralized with residential real property, payable \$1,904 due monthly including interest calculated at 9.25% \$ 229,464

Note payable to Southeast Financial Federal Credit Union, dated March 27, 2008, payable interest only for one year. Beginning April 27, 2010, the loan is payable at \$1,694 including principle and interest calculated at 7% until March 27, 2025. All remaining principle is due on March 27, 2025. The note is secured by commercial real property. 254,027

Total Notes Payable 483,491

Less Current Portion (1,699)

Non-Current Portion of Long Term Debt \$ 481,792

As of December 31, 2008, long term debt matures as follows:

2009	\$ 1,699
2010	3,818
2011	4,814
2012	5,211
2013 and thereafter	<u>467,949</u>
	<u>\$ 483,491</u>