



# **MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE**

## **FINANCIAL STATEMENTS**

**JUNE 30, 2011**

***JOE OSTERFELD, CPA  
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**HOPE HOUSE  
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE  
FINANCIAL STATEMENTS  
JUNE 30, 2011**

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## **INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS**

Board of Directors  
Hope House  
Maury County Center Against Domestic Violence  
Columbia, Tennessee

We have audited the accompanying statement of financial position of Hope House - Maury County Center Against Domestic Violence (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Hope House - Maury County Center Against Domestic Violence'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 House - Maury County Center Against Domestic Violence as of June 30, 2011 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Joe Osterfeld, CPA  
Columbia, TN  
June 27, 2012

**HOPE HOUSE  
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2011**

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 325,684
Accounts receivable	39,485
Total Current Assets	<u>365,169</u>
Property and Equipment	
Land and buildings	237,849
Automobiles	19,250
Office furniture and equipment	27,784
	<u>284,883</u>
Less: accumulated depreciation	(95,180)
Net Property and Equipment	<u>189,703</u>
Other Assets	
Utility deposits	2,090
Gift cards	35
	<u>2,125</u>
Total Assets	<u><u>\$ 556,997</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 30,504
Accrued expenses	6,054
Total Current Liabilities	<u>36,558</u>
Net Assets	
Unrestricted net assets	520,439
Total Net Assets	<u>520,439</u>
Total Liabilities and Net Assets	<u><u>\$ 556,997</u></u>

See accompanying notes and accountant's report.

**HOPE HOUSE  
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Grant revenue	\$ -	\$ 291,306	\$ 291,306
Donations	136,484	21,191	157,675
United Way	-	28,000	28,000
Fundraising	70,551		70,551
Rental income	1,996		1,996
In-kind contributions	41,564		41,564
Volunteer hours	35,238		35,238
Interest income	2,534		2,534
Other	668		668
Released from restrictions	340,497	(340,497)	-
Total public support, revenues and reclassifications	<u>629,532</u>	<u>-</u>	<u>629,532</u>
Expenses			
Program expenses	477,812		477,812
Management & general	63,049		63,049
Fundraising	25,307		25,307
Total Expenses	<u>566,168</u>	<u>-</u>	<u>566,168</u>
Change in net assets	63,364	-	63,364
Net assets, beginning of year	457,075	-	457,075
Net assets, end of year	<u><u>\$ 520,439</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 520,439</u></u>

See accompanying notes and accountant's report.

**HOPE HOUSE  
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b><u>Program Services</u></b>	<b><u>Management &amp; General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries and wages	\$ 172,856	\$ 51,957	\$ 4,031	\$ 228,844
Payroll taxes	16,465	3,975	308	20,748
Health insurance	6,201			6,201
Retirement	1,454	752		2,206
Volunteer hours	35,238			35,238
Fundraising expenses	5,870		20,967	26,837
In-kind contributions	41,564			41,564
Bank charges	144			144
Advertising	400			400
Depreciation	9,829			9,829
Dues and subscriptions	1,200			1,200
Telephone	13,793			13,793
Taxes & license	726			726
Utilities	21,539			21,539
Insurance	11,223			11,223
Miscellaneous	401			401
Professional fees	24,316	6,365		30,681
Occupancy	39,525			39,525
Postage	972			972
Printing & publications	3,091			3,091
Direct client benefits	34,942			34,942
Repairs and maintenance	6,555			6,555
Training/ seminars	20,467			20,467
Travel	9,042			9,042
	<u>\$ 477,812</u>	<u>\$ 63,049</u>	<u>\$ 25,307</u>	<u>\$ 566,168</u>

See accompanying notes and accountant's report.

**HOPE HOUSE  
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 63,364
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities	
Depreciation	9,829
(Increase) decrease in operating assets:	
Accounts receivable	3,334
Gift cards	102
Other assets	-
Increase (decrease) in operating liabilities:	
Accounts payable	20,529
Accrued expenses	(1,728)
Deferred revenue	-
Net cash provided (used) by operating activities	<u>95,430</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net cash provided (used) by investing activities	-
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Payment on loans	<u>(3,000)</u>
Net cash provided (used) by financing activities	(3,000)

Increase (decrease) in cash	<u>92,430</u>
Cash, beginning of year	233,254
Cash, end of year	<u><u>\$ 325,684</u></u>

See accompanying notes and accountant's report.

**HOPE HOUSE**  
**MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Hope House - Maury County Center Against Domestic Violence (Hope House) was organized in 1988 to aid victims of domestic and sexual violence and to educate the public about the problems of domestic and sexual violence and its causes. Among its purposes are 1) to provide shelter, counseling, advocacy and other direct services to victims of domestic and sexual violence in or about Maury County; 2) to engage in community education to heighten public awareness if issues concerning domestic and sexual violence to change societal attitudes and institutions which promote and condone violence; 3) to build and maintain a strong organization to deal with the problems of domestic and sexual violence. Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to Hope House's existence. A board of directors governs Hope House.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Hope House considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2011.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. Hope House had no temporarily or permanently restricted net assets at June 30, 2011.

Donation of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Hope House reports these donations as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how these long-lived assets must be maintained, Hope House



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**JUNE 30, 2011**

reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. Hope House transfers temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Hope House records donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Values of Financial Instruments

Financial instruments of Hope House include cash, short-term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year end does not differ materially from the carrying values of the financial instruments recorded in the accompanying statement of financial position.

Financial Statement Presentation

Financial statement presentation follows generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

Hope House is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made. Hope House's Form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2009, 2010 and 2011 are subject to examination by the IRS, generally for 3 years after they were filed.

Property and Equipment

It is Hope House's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation is calculated using the straight-line method over the useful life of the asset and is reflected as an expense in the Statement of Functional Expenses.

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**NOTE 2 – CASH AND CREDIT RISK**

All cash and certificate of deposits of Hope House is deposited in FDIC insured banks. At June 30, 2011, Hope House did not have any deposits that exceeded the \$250,000 FDIC insurance limit.

**NOTE 3 – ACCOUNTS RECEIVABLE**

At June 30, 2011, accounts receivable – grantors were composed of the following:

Program	
State of Tennessee – VOCA	\$ 11,938
State of Tennessee – Family Violence	6,944
State of Tennessee – STOP	2,929
State of Tennessee – SASP	3,303
Housing and Urban Development	5,857
ARRA – DV	2,928
ARRA – SA	3,006
Other	<u>2,580</u>
	<u>\$ 39,485</u>

Accounts receivable are stated at their net realizable value. All receivables are considered collectable by management.

**NOTE 4 – RISK CONCENTRATIONS**

Approximately 23.6%, of Hope House funding was provided by the State of Tennessee, Department of Finance and Administration, Office of Criminal Justice Programs. A major reduction of funds by the grantor, should this occur, could have a significant effect on future operations.

**NOTE 5 – COMPENSATED ABSENCES**

Employees are entitled to paid vacation depending on length of service and other factors. Vacation is based on the calendar year and any vacation time not used by December 31 is

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NOTES TO THE FINANCIAL STATEMENTS  
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forfeited. Employees are also entitled to personal/sick leave. Personal/sick leave is not accrued because it does not accumulate or vest with employees.

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2011 consist of:

	<b>Useful</b>	
	<b><u>Life</u></b>	<b><u>2011</u></b>
Land	NA	\$ 80,173
Building	40	157,676
Automobiles	5	19,250
Furniture and fixtures	5-7	6,869
Equipment	5-7	20,915
		<u>284,883</u>
Less: accumulated depreciation		<u>95,180</u>
		<u><u>\$ 189,703</u></u>

Depreciation expense for the year ended June 30, 2011 was \$9,829. Hope House has no planned major maintenance activities planned.

**NOTE 7 – GRANTS**

Hope House received funding from the following grants:

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	<b>Grant Contract <u>Number</u></b>	<b>Grant <u>Contract Period</u></b>	
State of Tennessee - Office of Criminal Justice Programs			
Family Violence Shelter			62,035
Victims of Crime Act (VOCA)	3799	7/1/09 - 6/30/12	52,749
STOP	4203	7/1/09 - 6/30/12	13,549
ARRA - SA	3650	7/1/09 - 6/30/11	21,927
ARRA - DV	3719	7/1/09 - 6/30/11	29,884
SASP			20,601
State of Tennessee - Department of Health			
TCADSV			11,331
U S Department of Housing and Urban Development		4/1/09 - 3/31/10	73,230
Emergency Food and Shelter Program			<u>6,000</u>
			<u><u>\$ 291,306</u></u>

**NOTE 8 – OPERATING LEASES**

Rent expense for the year ended June 30, 2011 was \$39,525. Hope House leased two facilities used for safe houses on a month to month basis during the year ended; one for \$650 per month; and one for \$800 per month beginning June 2009. Hope House also leases a third location used for administrative and counseling purposes for \$1,900 per month on a month to month basis.

**NOTE 9 – NOTE PAYABLE**

In September 2009, Eddie Campbell, a partner in Campbell and Lovell Rentals, loaned Hope House \$4,000 for short-term operating needs. At June 30, 2011, the loan had been repaid and the balance due was \$0.

**NOTE 10 – SUBSEQUENT EVENT AND RELATED PARTY TRANSACTIONS**

On June 20, 2008, Hope House signed a lease agreement, with board approval, with Campbell and Lovell Rentals for facilities to be used for their administrative and counseling offices. The original lease term was for one year and has been extended on a month to month basis. Lease payments have been discounted from \$2,600 to \$1,900 per month. Campbell and Lovell Rentals made, at no cost to Hope House, renovations to the premises to accommodate Hope House's administrative and counseling needs.

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Bobby Lovell, who is Jeannette Lovell's husband, is a partner in Campbell and Lovell Rentals. Negotiation of the lease was handled by Eddie Campbell.

**NOTE 11 – DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through June 27, 2012, which is date which the financial statements are available to be issued. No material subsequent events have occurred that need to be disclosed.