

HOPE CLINIC FOR WOMEN

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2016

HOPE CLINIC FOR WOMEN

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Hope Clinic for Women (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses and cash flows for the year 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates 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 Hope Clinic for Women as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

November 10, 2016

HOPE CLINIC FOR WOMEN
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016

ASSETS

Current Assets

Cash and Cash Equivalents	\$	54,800
Pledges Receivable		12,505
Related Party Pledges Receivable		7,000
Prepaid Expenses		5,730
		80,035
Total Current Assets		80,035

Property and Equipment

		694,630
Less: Accumulated Depreciation		(308,499)
		386,131
Property and Equipment - Net		386,131

Total Assets	\$	466,166
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$	11,858
Current Portion of Note Payable		5,801
		17,659
Total Current Liabilities		17,659

Noncurrent Liabilities

Noncurrent Portion of Note Payable		205,507
Total Non-Current Liabilities		205,507
Total Liabilities		223,166

Net Assets

Unrestricted		223,863
Temporarily Restricted		19,137
		243,000
Total Net Assets		243,000

Total Liabilities and Net Assets	\$	466,166
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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 SEPTEMBER 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 555,282	\$ 15,852	\$ 571,134
Received Indirectly - Allocated by Local Churches	138,126	-	138,126
Donated Supplies and Services In-Kind	224,548	-	224,548
Special Events, net of direct costs of \$49,884	185,011	-	185,011
Net Assets Released from Restrictions	6,574	(6,574)	-
Total Support	<u>1,109,541</u>	<u>9,278</u>	<u>1,118,819</u>
Revenue			
Counseling Income	7,294	-	7,294
Other Income	1,555	-	1,555
Total Revenue	<u>8,849</u>	<u>-</u>	<u>8,849</u>
 Total Support and Revenue	 <u>1,118,390</u>	 <u>9,278</u>	 <u>1,127,668</u>
Expenses			
Program Services			
Counseling and Support	<u>921,591</u>	<u>-</u>	<u>921,591</u>
Supporting Services			
Management and General	107,028	-	107,028
Fundraising	65,105	-	65,105
Total Support Services	<u>172,133</u>	<u>-</u>	<u>172,133</u>
Total Expenses	<u>1,093,724</u>	<u>-</u>	<u>1,093,724</u>
Change in Net Assets	24,666	9,278	33,944
Net Assets, October 1, 2015	<u>199,197</u>	<u>9,859</u>	<u>209,056</u>
Net Assets, September 30, 2016	<u>\$ 223,863</u>	<u>\$ 19,137</u>	<u>\$ 243,000</u>

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Counseling and Support</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 386,639	\$ 46,777	\$ 41,997	\$ 475,413
Employee Benefits	19,656	4,095	3,547	27,298
Payroll Taxes	25,770	5,369	4,653	35,792
Total Salaries and Benefits	432,065	56,241	50,197	538,503
Professional Fees	-	10,715	-	10,715
Contract Labor	57,310	-	-	57,310
Continuing Education	2,370	632	158	3,160
Postage and Shipping	1,253	334	84	1,671
Newsletter	-	-	1,875	1,875
Office Supplies	5,597	1,492	373	7,462
Telephone	7,531	2,008	502	10,041
Utilities	10,110	2,696	674	13,480
Janitorial Services	2,880	-	-	2,880
Systems Development	10,211	2,723	681	13,615
Repairs and Maintenance	3,402	907	227	4,536
Insurance	10,869	2,898	725	14,492
Bank Fees	-	701	-	701
Licenses and Dues	462	123	31	616
Travel and Conferences	1,439	384	96	1,919
Advertising and Public Relations	7,903	-	-	7,903
Gifts / Appreciation	1,399	373	93	1,865
Board Expenses	-	405	-	405
Miscellaneous	1,368	365	90	1,823
Donor Relations	-	-	8,191	8,191
Staff Retreat	3,141	-	-	3,141
Security	717	-	-	717
Medical	17,778	-	-	17,778
Prevention	6,094	-	-	6,094
Pregnancy Services	63,636	-	-	63,636
Interest	15,250	-	-	15,250
Church Outreach	37,237	-	-	37,237
Donated Materials and Services In Kind:				
Pregnancy Supplies	63,559	-	-	63,559
Fundraising Expenses	-	19,599	-	19,599
Lab Services	17,867	-	-	17,867
Volunteer Service Hours	123,523	-	-	123,523
Total Other Expenses	472,906	46,355	13,800	533,061
Total Expenses Before Depreciation	904,971	102,596	63,997	1,071,564
Depreciation	16,620	4,432	1,108	22,160
Total Functional Expenses	\$ 921,591	\$ 107,028	\$ 65,105	\$ 1,093,724

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	33,944
Depreciation		22,160
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
(Increase) Decrease in:		
Pledges Receivable		(2,740)
Related Party Pledges Receivable		1,000
Prepaid Expenses		(4,099)
Increase (Decrease) in:		
Accounts Payable		69
		69
Net Cash Provided by Operating Activities		50,334

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Building Improvements		(18,738)
Purchase of Equipment		(7,940)
		(26,678)
Net Cash Used by Investing Activities		(26,678)

CASH FLOWS FROM FINANCING ACTIVITIES

Principle Paid on Note Payable		(5,411)
		(5,411)
Net Cash Used by Financing Activities		(5,411)
Net Increase in Cash		18,245
Cash, October 1, 2015		36,555
		36,555
Cash, September 30, 2016	\$	54,800

SUPPLEMENTAL DISCLOSURE

Interest Paid	\$	15,250
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The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Hope Clinic for Women, founded in 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 obstetrical ultrasounds. In addition, participants of the Pregnancy Bridge program receive a mentor, practical support, educational classes and ongoing professional counseling in exchange for material assistance. With both male and female counselors and mentors, we provide counseling and support to all individuals involved (mother and father of the baby and parents/ family supports).

Prevention Services- This program is for private and public middle and high school students, young adults, churches and parents covering accurate information on STDs, abstinence education and tools necessary to make healthy life choices. We utilize an evidence-based curriculum that promotes abstinence and healthy relationships. Since 2001 Hope Clinic has offered STD testing and treatment. Our Nurse Practitioners and Nursing staff answer clients' questions, listen to their concerns, and educate them on women's health, pregnancy, and STD's. Often these medical clients are successfully transitioned to additional care from our professional counselors to work on issues related to healthy relationships and self-esteem. We also offer affordable women's' well-care annual physicals and visits related to gynecological health concerns. For our teens we offer free medical visits in a private and confidential setting with the Nurse Practitioner to discuss health concerns related to puberty, development, personal hygiene and care, and sexual health. The Nurse Practitioner can also conduct age-appropriate health screenings, as needed.

Counseling Services- In addition to our counseling to pregnancy and prevention clients, we also offer counseling for pregnancy loss and postpartum depression and anxiety. The services originally began as post-abortion counseling, but in 2009 it was expanded to include all forms of Pregnancy Loss (miscarriage, stillbirth, and infant death), later extended to cover issues related to adoption, failed IVF, and infertility. In 2009, we also added postpartum depression (in partnership with St. Thomas Health Services). These services include a combination of clinical, practical and spiritual components. The Nurse Practitioner on staff is also able to prescribe medications for anxiety and depression related to pregnancy loss and postpartum depression.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

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.

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 year ended September 30, 2013 are no longer open for examination.

Cash:

For the purposes of the cash flows statement, 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 management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

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 September 30, 2016.

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 September 30, 2016 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, other assets, and accounts payable: 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. Pledges due in the next fiscal year are reflected as current, whereas pledges due in subsequent years are reflected as long-term. However as of September 30, 2016 there were no long-term pledges receivable. The majority of the pledges were received from individual donors. Collection of pledges receivable as of September 30, 2016 is anticipated over the following maturity schedule:

2016

\$ 12,505

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at September 30, 2016. 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. However as of September 30, 2016 there were no long-term related party pledges receivable. Collection of related party pledges receivable as of September 30, 2016 is anticipated over the following maturity schedule:

2016	<u>\$ 7,000</u>
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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 September 30, 2016 as follows:

Purpose restrictions accomplished:	
Counseling Fund	\$ 573
Medical Fund	3,227
Pregnancy Fund	<u>2,774</u>
	<u>\$ 6,574</u>

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2016:

Medical Fund	\$ 600
Pregnancy Fund	2,685
Prevention Fund	7,852
Operating Fund	<u>8,000</u>
	<u>\$ 19,137</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

6. RETIREMENT PLAN

The Organization sponsors a 401k retirement plan allowing contributions by employees. The Organization suspended its contributions in June of 2009 and resumed them during the year ended September 30, 2014. Full-time employees are eligible to participate in the plan after 60 days of employment. The Organization matches 25% of employee contributions up to 8% of the employee's salary. Pension expense for the year ended September 30, 2016 was \$996.

7. NOTES PAYABLE

The Commercial loan dated April 7, 2011 was refinanced on May 15, 2015 with Southeast Financial Federal Credit Union by combining the then outstanding balance of \$31,089 with the \$187,656 outstanding balance of the Commercial loan, plus some additional borrowings. The new loan will mature March 27, 2025. Monthly payments of \$1,701 are required which include principle and interest calculated at 7%.

Total Notes Payable	\$ 211,308
Less Current Portion	<u>5,801</u>
Non-Current Portion of Notes Payable	<u>\$ 205,507</u>

As of September 30, 2016, long term debt matures as follows:

	<u>Note Payable</u>
2017	\$ 5,801
2018	6,221
2019	6,670
2020	7,153
2021	7,670
2022 and thereafter	<u>177,793</u>
	<u>\$ 211,308</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

9. OPERATING LEASE

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

<u>Year</u>	
2017	<u>\$ 2,260</u>

10. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2016 is as follows:

Land	\$ 81,000
Building and Improvements	525,739
Medical Equipment	9,730
Office Equipment	27,146
Furniture and Fixtures	16,816
Computers and Software	34,199
	<u>694,630</u>
Less: Accumulated Depreciation and Amortization	<u>(308,499)</u>
Property and Equipment - Net	<u>\$ 386,131</u>

11. DONATED MATERIALS AND SERVICES IN-KIND

The Organization received in-kind donations as follows:

Donated Pregnancy Supplies (diapers, cribs, strollers, and car seats)	\$ 63,559
Donated fundraising expenses	19,599
Donated lab services	17,867
Donated service hours (Valued at \$23.56/hr)	123,523
	<u>\$ 224,548</u>

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 10, 2016, which is the date the financial statements were available to be issued.