

**HOPE CLINIC FOR WOMEN**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**SEPTEMBER 30, 2014**

## HOPE CLINIC FOR WOMEN

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**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Hope Clinic for Women, which comprise the statement of financial position as of September 30, 2014, 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.

**Auditors' 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 auditors' 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, we 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, 2014, 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.

December 18, 2014

**HOPE CLINIC FOR WOMEN**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2014**

**ASSETS**

<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 19,495
Pledges Receivable	3,700
Related Party Pledges Receivable	9,000
	<hr/>
Total Current Assets	32,195
	<hr/>
<b>Property and Equipment</b>	607,099
Less: Accumulated Depreciation	(314,537)
	<hr/>
Property and Equipment - Net	292,562
	<hr/>
<b>Noncurrent Assets</b>	
Other Assets	128
	<hr/>
Total Noncurrent Assets	128
	<hr/>
Total Assets	<u><u>\$ 324,885</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts Payable	\$ 94
Current Portion of Note Payable	2,540
Current Portion of Line of Credit	32,327
	<hr/>
Total Current Liabilities	34,961
	<hr/>
<b>Noncurrent Liabilities</b>	
Noncurrent Portion of Note Payable	186,832
	<hr/>
Total Non-Current Liabilities	186,832
	<hr/>
Total Liabilities	221,793
	<hr/>
<b>Net Assets</b>	
Unrestricted	97,183
Temporarily Restricted	5,909
	<hr/>
Total Net Assets	103,092
	<hr/>
Total Liabilities and Net Assets	<u><u>\$ 324,885</u></u>

The accompanying notes are an integral part of this statement.

**HOPE CLINIC FOR WOMEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Support			
Contributions	\$ 456,085	\$ 5,500	\$ 461,585
Received Indirectly - Allocated by Local Churches	133,870	-	133,870
Donated Supplies and Services In-Kind	440,586	-	440,586
Special Events, net of direct costs of \$47,638	129,725	-	129,725
Net Assets Released from Restrictions	13,287	(13,287)	-
Total Support	<u>1,173,553</u>	<u>(7,787)</u>	<u>1,165,766</u>
Revenue			
Interest Income	12	-	12
Counseling Income	5,772	-	5,772
Medical Income	10,754	-	10,754
Insurance Tax Credit	6,218	-	6,218
Other Income	175	-	175
Total Revenue	<u>22,931</u>	<u>-</u>	<u>22,931</u>
Total Support and Revenue	<u>1,196,484</u>	<u>(7,787)</u>	<u>1,188,697</u>
<b>Expenses</b>			
Program Services			
Counseling and Support	<u>979,765</u>	<u>-</u>	<u>979,765</u>
Supporting Services			
Management and General	104,569	-	104,569
Fundraising	115,465	-	115,465
Total Support Services	<u>220,034</u>	<u>-</u>	<u>220,034</u>
Total Expenses	<u>1,199,799</u>	<u>-</u>	<u>1,199,799</u>
Change in Net Assets	(3,315)	(7,787)	(11,102)
Net Assets, October 1, 2013	<u>100,498</u>	<u>13,696</u>	<u>114,194</u>
<b>Net Assets, September 30, 2014</b>	<u>\$ 97,183</u>	<u>\$ 5,909</u>	<u>\$ 103,092</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, 2014**

	<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	\$ 334,975	\$ 61,436	\$ 43,672	\$ 440,083
Employee Benefits	22,313	4,092	2,909	29,314
Payroll Taxes	25,907	4,751	3,377	34,035
 Total Salaries and Benefits	 383,195	 70,279	 49,958	 503,432
Professional Fees	-	8,403	-	8,403
Contract Labor	11,313	-	-	11,313
Continuing Education	442	222	222	886
Postage and Shipping	1,740	464	116	2,320
Direct Mail and Newsletter	-	-	1,018	1,018
Office Supplies	5,010	1,336	334	6,680
Telephone	6,180	1,648	412	8,240
Utilities	10,304	2,748	687	13,739
Janitorial Services	2,880	-	-	2,880
Equipment Lease	939	250	63	1,252
Repairs and Maintenance	20,589	5,490	1,373	27,452
Insurance	6,725	3,363	3,363	13,451
Bank Charges	-	1,327	-	1,327
Donated Lab Services In-Kind	309,294	-	-	309,294
Donated Volunteer Services In-Kind	56,001	-	-	56,001
Licenses and Dues	874	233	58	1,165
Travel and Conferences	539	144	36	719
Advertising and Public Relations	8,361	-	-	8,361
Gifts / Appreciation	818	218	54	1,090
Board Expenses	-	285	-	285
Miscellaneous	8,874	2,304	576	11,754
Systems Development	11,536	3,076	769	15,381
Donor Relations	-	-	17,037	17,037
Security	829	-	-	829
Staff Retreat	315	-	-	315
Medical	37,095	-	-	37,095
Prevention	2,050	-	-	2,050
Pregnancy Services	21,278	-	-	21,278
Donated Pregnancy Supplies In-Kind	36,597	-	-	36,597
Donated Fundraising Expenses In-Kind	-	-	38,694	38,694
Interest	16,423	-	-	16,423
Church Outreach	9,143	-	-	9,143
 Total Other Expenses	 586,149	 31,511	 64,812	 682,472
 Total Expenses Before Depreciation	 969,344	 101,790	 114,770	 1,185,904
Depreciation	10,421	2,779	695	13,895
 Total Functional Expenses	 \$ 979,765	 \$ 104,569	 \$ 115,465	 \$ 1,199,799

The accompanying notes are an integral part of this statement.

**HOPE CLINIC FOR WOMEN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	(11,102)
Depreciation		13,895
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
(Increase) Decrease in:		
Pledges Receivable		1,405
Related Party Pledges Receivable		(100)
Other assets		1,017
Increase (Decrease) in:		
Accounts Payable		<u>(2,703)</u>
Net Cash Used by Operating Activities		<u>2,412</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of Notes Payable		<u>(26,505)</u>
Net Cash Used by Financing Activities		<u>(26,505)</u>
Net Decrease in Cash		(24,093)
Cash, October 1, 2013		<u>43,588</u>
Cash, September 30, 2014	\$	<u><u>19,495</u></u>

**SUPPLEMENTAL DISCLOSURE**

Interest Paid	\$	<u><u>16,423</u></u>
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The accompanying notes are an integral part of this statement.

**HOPE CLINIC FOR WOMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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 ultrasounds. In addition, participants of the Pregnancy BRIDGE Client Treatment plan receive a mentor, practical support, educational classes, and ongoing professional counseling in exchange for material assistance. With both male and female counselors, we provide counseling to all people involved (woman, father of the baby, and parents).

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

**Counseling Services-** The service originally began as post abortion counseling, but in 2009 it has expanded to include all forms of Pregnancy Loss (miscarriage, stillbirth, and infant death). It includes a combination of clinical, practical and spiritual components. In 2009, we also added postpartum depression counseling (in partnership with St. Thomas Health Services). 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, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Classification of Restricted and Unrestricted Net Assets:**

Hope Clinic ("the Organization") for Women has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Codification establishes standards for general-purpose external financial statements provided by not-for-profit organizations. In addition, it requires that the amounts of three classes of net 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.

*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 \$5,909 as of September 30, 2014.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no permanently restricted net assets as of September 30, 2014.

The FASB Accounting Standards Codification requires the Organization to report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either when a stipulated time restriction ends or purposed restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted funds received and released from restrictions in the same period are reported as unrestricted support.

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

#### **Advertising:**

The Organization expenses advertising costs as incurred. Advertising costs for the year ended September 30, 2014 were \$8,361. All advertising expenses are related to client services.

#### **Basis of Presentation:**

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

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2014

### 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 calendar year 2011 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, 2014

### 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, 2014.

#### **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, 2014 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, 2014 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, 2014 is anticipated over the following maturity schedule:

2014	<u>\$ 3,700</u>
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# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2013

### 3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at September 30, 2014. 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, 2014 there were no long-term related party pledges receivable. Collection of related party pledges receivable as of September 30, 2014 is anticipated over the following maturity schedule:

2014	<u>\$ 9,000</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, 2014 as follows:

Purpose restrictions accomplished:	<u>\$ 13,287</u>
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### 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2013:

Medical Program	\$ 3,000
Pregnancy Fund	2,400
Prevention Fund	509
	<u>\$ 5,909</u>

### 6. RETIREMENT PLAN

The Organization sponsors a 401(k) 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, 2014 was \$1,088.

**HOPE CLINIC FOR WOMEN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**SEPTEMBER 30, 2014**

**7. NOTES PAYABLE**

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

\$ 189,547

A loan agreement for \$150,000 was executed with an interest rate of 7% and matures on April 7, 2015. The loan is a revolving line of credit to be used for general operating cash flow purposes with only the payment of interest required.

32,327

Total Notes Payable 221,874

Less Current Portion 34,867

Non-Current Portion of Notes Payable \$ 187,007

As of September 30, 2014, long term debt matures as follows:

	<u>Note Payable</u>	<u>Line of Credit</u>
2014	\$ 2,540	\$ 32,327
2015	2,724	-
2016	2,920	-
2017	3,132	-
2018	3,358	-
2019 and thereafter	<u>174,873</u>	<u>-</u>
	<u>\$ 189,547</u>	<u>\$ 32,327</u>

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2014

### 8. OPERATING LEASE

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

Year	
2015	\$ 3,875
2016	3,875
2017	2,260
	<u>\$ 10,010</u>

### 9. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2014 is as follows:

Land	\$ 81,000
Building and Improvements	391,480
Medical Equipment	15,650
Office Equipment	27,777
Furniture and Fixtures	16,816
Medical Leasehold Improvements	18,041
Computers and Software	56,335
	<u>607,099</u>
Less: Accumulated Depreciation and Amortization	<u>(314,537)</u>
Property and Equipment - Net	<u>\$ 292,562</u>

### 10. DONATED MATERIALS AND SERVICES IN-KIND

The Organization received in-kind donations as follows:

Donated pregnancy supplies (diapers, cribs, strollers, and car seats)	\$ 36,597
Donated fundraising expenses	38,694
Donated lab services	309,294
Donated volunteer hours (valued at \$12.00 per hour)	56,001
	<u>\$ 440,586</u>

### 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 26, 2014, which is the date the financial statements were available to be issued.