

HOPE CLINIC FOR WOMEN

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2013

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, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of Hope Clinic for Women, which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, functional expenses and cash flows for the nine months 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, 2013, and the changes in its net assets and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Bellenfant & Miles, PLLC

January 9, 2014

HOPE CLINIC FOR WOMEN
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 43,588
Pledges Receivable	5,105
Related Party Pledges Receivable	8,900
	87,593

Total Current Assets	57,593
----------------------	--------

Property and Equipment

	607,099
Less: Accumulated Depreciation	(300,643)
	306,456

Property and Equipment - Net	306,456
------------------------------	---------

Noncurrent Assets

Other Assets	1,146
--------------	-------

Total Noncurrent Assets	1,146
-------------------------	-------

Total Assets	\$ 365,195
--------------	------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 2,797
Current Portion of Note Payable	2,177
Current Portion of Line of Credit	56,480
	61,454

Total Current Liabilities	61,454
---------------------------	--------

Noncurrent Liabilities

Noncurrent Portion of Note Payable	189,547
------------------------------------	---------

Total Non-Current Liabilities	189,547
-------------------------------	---------

Total Liabilities	251,001
-------------------	---------

Net Assets

Unrestricted	100,498
Temporarily Restricted	13,696
	114,194

Total Net Assets	114,194
------------------	---------

Total Liabilities and Net Assets	\$ 365,195
----------------------------------	------------

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 181,165	\$ 12,496	\$ 193,661
Received Indirectly - Allocated by Local Churches	124,822	-	124,822
Donated Supplies and Services In-Kind	251,139	-	251,139
Special Events, net of direct costs of \$36,798	123,794	-	123,794
Net Assets Released from Restrictions	16,765	(16,765)	-
Total Support	<u>697,685</u>	<u>(4,269)</u>	<u>693,416</u>
Revenue			
Interest Income	12	-	12
Counseling Income	5,377	-	5,377
Medical Income	8,403	-	8,403
Insurance Tax Credit	13,249	-	13,249
Other Income	757	-	757
Total Revenue	<u>27,798</u>	<u>-</u>	<u>27,798</u>
Total Support and Revenue	<u>725,483</u>	<u>(4,269)</u>	<u>721,214</u>
Expenses			
Program Services			
Counseling and Support	<u>623,217</u>	<u>-</u>	<u>623,217</u>
Supporting Services			
Management and General	64,085	-	64,085
Fundraising	84,075	-	84,075
Total Support Services	<u>148,160</u>	<u>-</u>	<u>148,160</u>
Total Expenses	<u>771,377</u>	<u>-</u>	<u>771,377</u>
Change in Net Assets	(45,894)	(4,269)	(50,163)
Net Assets, January 1, 2013	<u>146,392</u>	<u>17,965</u>	<u>164,357</u>
Net Assets, September 30, 2013	<u>\$ 100,498</u>	<u>\$ 13,696</u>	<u>\$ 114,194</u>

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	<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	\$ 225,090	\$ 31,888	\$ 32,933	\$ 289,911
Employee Benefits	23,296	3,256	3,315	29,867
Payroll Taxes	16,874	2,358	2,401	21,633
 Total Salaries and Benefits	 265,260	 37,502	 38,649	 341,411
Professional Fees	-	8,490	-	8,490
Contract Labor	7,310	-	-	7,310
Continuing Education	4,027	1,074	268	5,369
Postage and Shipping	2,065	551	137	2,753
Direct Mail and Newsletter	-	-	1,130	1,130
Office Supplies	5,071	1,346	336	6,753
Telephone	4,832	1,288	322	6,442
Utilities	5,724	1,526	382	7,632
Janitorial Services	2,505	-	-	2,505
Equipment Lease	4,181	1,115	279	5,575
Repairs and Maintenance	5,079	1,354	339	6,772
Insurance	6,756	1,802	450	9,008
Bank Charges	-	789	-	789
Donated Lab Services In-Kind	147,161	-	-	147,161
Donated Volunteer Services In-Kind	63,622	-	-	63,622
Licenses and Dues	251	67	17	335
Travel and Conferences	266	71	18	355
Advertising and Public Relations	14,149	-	-	14,149
Gifts / Appreciation	346	92	23	461
Board Expenses	-	337	-	337
Miscellaneous	3,839	1,024	255	5,118
Systems Development	12,053	3,214	804	16,071
Donor Relations	-	-	28,013	28,013
Security	593	-	-	593
Staff Retreat	364	-	-	364
Medical	7,115	-	-	7,115
Prevention	429	-	-	429
Pregnancy Services	3,065	-	-	3,065
Donated Pregnancy Supplies In-Kind	28,314	-	-	28,314
Donated Fundraising Expenses In-Kind	-	-	12,042	12,042
Interest	13,453	-	-	13,453
Church Outreach	6,223	-	-	6,223
 Total Other Expenses	 348,793	 24,140	 44,815	 417,748
 Total Expenses Before Depreciation	 614,053	 61,642	 83,464	 759,159
Depreciation	9,164	2,443	611	12,218
 Total Functional Expenses	 \$ 623,217	 \$ 64,085	 \$ 84,075	 \$ 771,377

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(50,163)
Depreciation		12,218
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
(Increase) Decrease in:		
Pledges Receivable		145
Related Party Pledges Receivable		(4,950)
Other assets		(111)
Increase (Decrease) in:		
Accounts Payable		<u>809</u>
Net Cash Used by Operating Activities		<u>(42,052)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of Notes Payable		<u>(34,536)</u>
Net Cash Used by Financing Activities		<u>(34,536)</u>
Net Decrease in Cash		(76,588)
Cash, January 1, 2013		<u>120,176</u>
Cash, September 30, 2013	\$	<u><u>43,588</u></u>

SUPPLEMENTAL DISCLOSURE

Interest Paid	\$	<u><u>13,453</u></u>
---------------	----	----------------------

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013

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 \$13,696 as of September 30, 2013.

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, 2013.

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 nine months ended September 30, 2013 were \$14,149. 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, 2013

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 2010 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, 2013

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, 2013.

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, 2013 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, 2013 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, 2013 is anticipated over the following maturity schedule:

2014	<u>\$ 5,105</u>
------	-----------------

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, 2013. 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, 2013 there were no long-term related party pledges receivable. Collection of related party pledges receivable as of September 30, 2013 is anticipated over the following maturity schedule:

2014	<u>\$ 8,900</u>
------	-----------------

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 nine months ended September 30, 2013 as follows:

Purpose restrictions accomplished:	
Prevention Fund	<u>\$ 16,765</u>

5. TEMPORARILY RESTRICTED NET ASSETS

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

Medical Program	\$ 9,800
Pregnancy Fund	400
Prevention Fund	246
Counseling Fund	3,250
	<u>\$ 13,696</u>

6. RETIREMENT PLAN

The Organization sponsors a 401k retirement plan allowing contributions by employees. The Organization suspended its contributions in June of 2009.

7. CHANGE TO A FISCAL YEAR

The Organization changed their year end to September 30, which requires a short year of January 1 to September 30, 2013.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2013

8. 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%.

\$ 191,724

A loan agreement for \$150,000 was executed with an interest rate of 7% and matures on March 7, 2014. The loan is a revolving line of credit to be used for general operating cash flow purposes with only the payment of interest required.

56,480

Total Notes Payable 248,204

Less Current Portion 58,657

Non-Current Portion of Notes Payable \$ 189,547

As of September 30, 2013, long term debt matures as follows:

	<u>Note Payable</u>	<u>Line of Credit</u>
2014	\$ 2,177	\$ 56,480
2015	2,540	-
2016	2,724	-
2017	2,920	-
2018	3,132	-
2019 and thereafter	<u>178,231</u>	<u>-</u>
	<u><u>\$ 191,724</u></u>	<u><u>\$ 56,480</u></u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2013

9. OPERATING LEASE

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

Year	
2014	\$ 3,875
2015	3,875
2016	3,875
2017	2,260
	<u>\$ 13,885</u>

10. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2013 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>(300,643)</u>
Property and Equipment - Net	<u>\$ 306,456</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)	\$ 28,314
Donated fundraising expenses	12,042
Donated lab services	147,161
Donated volunteer hours (valued at \$12.00 per hour)	63,622
	<u>\$ 251,139</u>

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 9, 2014, which is the date the financial statements were available to be issued.