

HOPE CLINIC FOR WOMEN

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

SEPTEMBER 30, 2017

HOPE CLINIC FOR WOMEN

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
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, 2017, 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, 2017, 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.

Bellenfant, PLLC

December 1, 2017

HOPE CLINIC FOR WOMEN

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 178,948
Pledges Receivable	5,890
Related Party Pledges Receivable	7,000
Prepaid Expenses	6,654

Total Current Assets 198,492

Property and Equipment

702,080
Less: Accumulated Depreciation (332,790)

Property and Equipment - Net 369,290

Total Assets \$ 567,782

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 41,357
Current Portion of Note Payable	6,221

Total Current Liabilities 47,578

Noncurrent Liabilities

Noncurrent Portion of Note Payable 199,287

Total Non-Current Liabilities 199,287

Total Liabilities 246,865

Net Assets

Unrestricted	281,504
Temporarily Restricted	39,413

Total Net Assets 320,917

Total Liabilities and Net Assets \$ 567,782

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 430,132	\$ 210,647	\$ 640,779
Received Indirectly - Allocated by Local Churches	147,830	-	147,830
Donated Supplies and Services In-Kind	277,915	-	277,915
Special Events, net of direct costs of \$52,288	204,656	-	204,656
Net Assets Released from Restrictions	190,371	(190,371)	-
Total Support	1,250,904	20,276	1,271,180
Revenue			
Counseling Income	6,392	-	6,392
Other Income	6,647	-	6,647
Total Revenue	13,039	-	13,039
Total Support and Revenue	1,263,943	20,276	1,284,219
Expenses			
Program Services			
Counseling and Support	1,017,820	-	1,017,820
Supporting Services			
Management and General	116,311	-	116,311
Fundraising	72,171	-	72,171
Total Support Services	188,482	-	188,482
Total Expenses	1,206,302	-	1,206,302
Change in Net Assets	57,641	20,276	77,917
Net Assets, October 1, 2016	223,863	19,137	243,000
Net Assets, September 30, 2017	\$ 281,504	\$ 39,413	\$ 320,917

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<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	\$ 450,416	\$ 67,636	\$ 43,333	\$ 561,385
Employee Benefits	16,336	3,403	2,949	22,688
Payroll Taxes	30,390	6,331	5,487	42,208
Total Salaries and Benefits	497,142	77,370	51,769	626,281
Professional Fees	-	13,085	-	13,085
Contract Labor	56,575	-	-	56,575
Continuing Education	6,442	1,718	430	8,590
Client Materials	178	-	-	178
Postage and Shipping	1,734	462	116	2,312
Newsletter	-	-	1,480	1,480
Office Supplies	2,236	869	-	3,105
Telephone	9,679	2,581	645	12,905
Utilities	8,523	2,273	568	11,364
Equipment	7,346	2,857	-	10,203
Janitorial Services	2,880	-	-	2,880
Systems Development	6,181	1,648	412	8,241
Repairs and Maintenance	8,275	2,207	552	11,034
Insurance	13,167	3,511	878	17,556
Bank Fees	-	504	-	504
Licenses and Dues	761	203	51	1,015
Travel and Conferences	1,472	393	98	1,963
Advertising and Public Relations	11,198	-	-	11,198
Gifts / Appreciation	3,502	934	234	4,670
Board Expenses	-	46	-	46
Miscellaneous	2,971	792	198	3,961
Donor Relations	-	-	6,528	6,528
Staff Retreat	-	-	-	-
Security	850	-	-	850
Medical	46,320	-	-	46,320
Prevention	1,585	-	-	1,585
Pregnancy Services	20,886	-	-	20,886
Interest	14,903	-	-	14,903
Church Outreach	2,558	-	-	2,558
BHT Grant Staff	1,320	-	-	1,320
Donated Materials and Services In Kind:				
Pregnancy Supplies	60,632	-	-	60,632
Fundraising Expenses	-	-	6,997	6,997
Lab Services	26,527	-	-	26,527
Volunteer Service Hours	183,759	-	-	183,759
Total Other Expenses	502,460	34,083	19,187	555,730
Total Expenses Before Depreciation	999,602	111,453	70,956	1,182,011
Depreciation	18,218	4,858	1,215	24,291
Total Functional Expenses	\$ 1,017,820	\$ 116,311	\$ 72,171	\$ 1,206,302

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	77,917
Depreciation		24,291
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
(Increase) Decrease in:		
Pledges Receivable		6,615
Prepaid Expenses		(923)
Increase (Decrease) in:		
Accounts Payable		29,499
		<hr/>
Net Cash Provided by Operating Activities		137,399

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment		<hr/> (7,450)
Net Cash Used by Investing Activities		<hr/> (7,450)

CASH FLOWS FROM FINANCING ACTIVITIES

Principle Paid on Note Payable		<hr/> (5,801)
Net Cash Used by Financing Activities		<hr/> (5,801)

Net Increase in Cash		124,148
Cash, October 1, 2016		<hr/> 54,800
Cash, September 30, 2017	\$	<hr/> <hr/> 178,948

SUPPLEMENTAL DISCLOSURE

Interest Paid	\$	<hr/> <hr/> 14,903
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The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Restricted and Unrestricted Net Assets:

Hope Clinic for Women ("the Organization") 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 \$39,413 as of September 30, 2017.

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, 2017.

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

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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

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, 2015 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.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2017.

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, 2017 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.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2017

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, 2017 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, 2017 is anticipated over the following maturity schedule:

2017	<u>\$ 5,890</u>
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3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at September 30, 2017. 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, 2017 there were no long-term related party pledges receivable. Collection of related party pledges receivable as of September 30, 2017 is anticipated over the following maturity schedule:

2017	<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, 2017 as follows:

Purpose restrictions accomplished:	
Counseling Fund	\$ 2,500
Medical Fund	42,975
Pregnancy Fund	55,377
Prevention Fund	36,211
Operating Fund	<u>53,308</u>
	<u>\$ 190,371</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2017

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2017:

Medical Fund	\$ 6,375
Pregnancy Fund	19,347
Prevention Fund	2,000
Operating Fund	<u>11,691</u>
	<u>\$ 39,413</u>

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, 2017 was \$2,966.

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	\$ 205,508
Less Current Portion	<u>6,221</u>
Non-Current Portion of Notes Payable	<u>\$ 199,287</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2017

7. NOTES PAYABLE (CONTINUED)

As of September 30, 2017, long term debt matures as follows:

<u>Year</u>	<u>Note Payable</u>
2018	\$ 6,221
2019	6,670
2020	7,153
2021	7,670
2022	8,224
2023 and thereafter	<u>169,570</u>
	<u>\$ 205,508</u>

8. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2017 is as follows:

Land	\$ 81,000
Building and Improvements	525,739
Medical Equipment	9,730
Office Equipment	42,711
Furniture and Fixtures	20,181
Computers and Software	<u>22,719</u>
Property and Equipment - Gross	702,080
Less: Accumulated Depreciation and Amortization	(332,790)
Property and Equipment - Net	<u>\$ 369,290</u>

9. DONATED MATERIALS AND SERVICES IN-KIND

The Organization received in-kind donations as follows:

Donated Pregnancy Supplies (diapers, cribs, strollers, and car seats)	\$ 60,632
Donated fundraising expenses	6,997
Donated lab services	26,527
Donated service hours (Valued at \$23.56/hr)	<u>183,759</u>
Total Donated Materials and Services	<u>\$ 277,915</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2017

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 1, 2017, which is the date the financial statements were available to be issued.