

**HOPE CLINIC FOR WOMEN**

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

**SEPTEMBER 30, 2020**

# **HOPE CLINIC FOR WOMEN**

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## **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, 2020, 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, 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, 2020, 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*

Nashville, Tennessee  
December 2, 2020

# HOPE CLINIC FOR WOMEN

## STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

### ASSETS

#### **Current Assets**

Cash and Cash Equivalents	\$ 315,507
Pledges Receivable	11,211
Related Party Pledges Receivable	6,000
Prepaid Expenses	4,917
Investments	<u>76,267</u>

Total Current Assets 413,902

#### **Fixed Assets**

Less: Accumulated Depreciation 755,266  
(415,297)

Fixed Assets 339,969

Total Assets \$ 753,871

### LIABILITIES AND NET ASSETS

#### **Current Liabilities**

Accounts Payable and Accrued Expenses	\$ 4,080
SBA PPP Loan Payable	117,600
Current Portion of Note Payable	<u>15,112</u>

Total Current Liabilities 136,792

#### **Noncurrent Liabilities**

Noncurrent Portion of Note Payable 67,401

Total Noncurrent Liabilities 67,401

Total Liabilities 204,193

#### **Net Assets**

Net Assets Without Donor Restrictions	138,012
Net Assets With Donor Restrictions	<u>411,666</u>

Total Net Assets 549,678

Total Liabilities and Net Assets \$ 753,871

The accompanying notes are an integral part of this statement.

**HOPE CLINIC FOR WOMEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Support			
Contributions	\$ 444,184	\$ 238,240	\$ 682,424
Received Indirectly - Allocated by Local Churches	160,048	-	160,048
Donated Supplies and Services In-Kind	229,005	-	229,005
Special Events, net of direct costs of \$44,676	219,512	-	219,512
Endowment Fund, net of fees of \$959	-	8,193	8,193
Net Assets Released from Restrictions	241,765	(241,765)	-
Total Support	1,294,514	4,668	1,299,182
Revenue			
Medical	23,358	-	23,358
Counseling Income	6,679	-	6,679
Other Income	315	-	315
Total Revenue	30,352	-	30,352
Total Support and Revenue	1,324,866	4,668	1,329,534
<b>Expenses</b>			
Program Services			
Counseling and Support	1,151,515	-	1,151,515
Supporting Services			
Management and General	152,681	-	152,681
Fundraising	110,795	-	110,795
Total Support Services	263,476	-	263,476
Total Expenses	1,414,991	-	1,414,991
Change in Net Assets	(90,125)	4,668	(85,457)
Net Assets, October 1, 2019	228,137	406,998	635,135
<b>Net Assets, September 30, 2020</b>	<b>\$ 138,012</b>	<b>\$ 411,666</b>	<b>\$ 549,678</b>

The accompanying notes are an integral part of this statement.

**HOPE CLINIC FOR WOMEN**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<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	\$ 502,647	\$ 61,420	\$ 86,588	\$ 650,655
Employee Benefits	18,949	3,948	3,421	26,318
Payroll Taxes	34,668	7,223	6,260	48,151
 Total Salaries and Benefits	 556,264	 72,591	 96,269	 725,124
Medical	39,877	-	-	39,877
Prevention	938	-	-	938
Pregnancy Services	10,805	-	-	10,805
Equipment	5,867	2,281	-	8,148
Client Materials	3,763	-	-	3,763
Church Outreach	701	-	-	701
Professional Fees	-	13,474	-	13,474
Contract Labor	117,834	-	-	117,834
Continuing Education	3,906	1,042	260	5,208
Human Resources	49,421	19,219	-	68,640
Licenses and Dues	1,028	274	69	1,371
Travel and Conferences	3,856	1,028	257	5,141
Postage and Shipping	1,512	588	-	2,100
Mailings	-	-	1,849	1,849
Office Supplies	6,406	2,491	-	8,897
Telephone	11,254	4,376	-	15,630
Utilities	9,956	3,872	-	13,828
Janitorial Services	2,340	910	-	3,250
Systems Development	7,168	1,911	478	9,557
Repairs and Maintenance	6,009	2,337	-	8,346
Insurance	10,324	4,015	-	14,339
Interest	8,605	-	-	8,605
Bank Fees	-	514	-	514
Security	295	115	-	410
BHT Grant Staff	2,829	-	-	2,829
Advertising and Public Relations	7,248	-	1,812	9,060
Board Expenses	-	607	-	607
Donor Relations	-	-	5,648	5,648
Non Budgeted Purchases	19,088	7,423	-	26,511
Miscellaneous	11,459	3,056	764	15,279
Donated Materials and Services In Kind:				
Pregnancy Supplies	57,592	-	-	57,592
Event Expenses	-	-	3,389	3,389
Medical Services	112,010	-	-	112,010
Volunteer Service Hours	56,014	-	-	56,014
 Total Other Expenses	 568,105	 69,533	 14,526	 652,164
 Total Expenses Before Depreciation	 1,124,369	 142,124	 110,795	 1,377,288
Depreciation	27,146	10,557	-	37,703
 Total Functional Expenses	 \$ 1,151,515	 \$ 152,681	 \$ 110,795	 \$ 1,414,991

The accompanying notes are an integral part of this statement.

# HOPE CLINIC FOR WOMEN

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED SEPTEMBER 30, 2020

#### CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(85,457)
Depreciation		37,703
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
(Increase) Decrease in:		
Pledges Receivable		15,708
Prepaid Expenses		(1,344)
Accounts Receivable		1,746
Increase (Decrease) in:		
Accounts Payable		<u>(6,116)</u>
Net Cash Provided by Operating Activities		<u>(37,760)</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES

(Purchase)/Disposal Fixed Assets		(12,510)
Investment in Mutual Funds		<u>(8,193)</u>
Net Cash Used by Investing Activities		<u>(20,703)</u>

#### CASH FLOWS FROM FINANCING ACTIVITIES

Paycheck Protection Plan Note Payable		117,600
Principle Paid on Note Payable		<u>(110,104)</u>
Net Cash Used by Financing Activities		<u>7,496</u>

Net Increase in Cash		(50,967)
Cash, October 1, 2019		<u>366,474</u>
Cash, September 30, 2020	\$	<u><u>315,507</u></u>

#### SUPPLEMENTAL DISCLOSURE

Interest Paid	\$	<u><u>8,605</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, 2020**

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization and Purpose**

*Hope Clinic for Women*, ("the Organization"), was founded in 1983. It is a safe and confidential place for people coping with unplanned pregnancies, access to women's healthcare, pregnancy loss and postpartum depression. The Organization provides medical care, professional counseling, case management, education classes, mentorship and practical support regardless of age, race, religion or ability to pay. Hope Clinic for Women equips individuals in the Middle Tennessee area to make healthy choices for themselves and their families related to our four core programs: Pregnancy Services, Medical Services, Prevention Education Services, and Counseling Services.

**Pregnancy Services-** This service provides options information, professional counseling, pregnancy tests and early prenatal care/ultrasounds. In addition, participants of the Pregnancy Bridge program receive personalized case management which can include a professional counselor, a mentor, educational classes and access to free material assistance from the beginning of pregnancy through the child's first year. 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).

**Medical Services-** Since 2001, Hope Clinic has offered STD testing and treatment. Our Nurse Practitioners and Nursing staff answer patients' questions, listen to their concerns, and educate them on women's health, pregnancy, and STDs. Since 2016, the Organization began offering affordable women's well- care annual physicals and visits related to gynecological health concerns. 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.

**Prevention Education 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. The Organization utilizes an evidence-based curriculum that promotes abstinence and healthy relationships. Our staff are certified Sexual Risk Avoidance Educators with the State of Tennessee.

**Counseling Services-** In addition to our counseling of pregnancy and prevention clients, the Organization also offers 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, it was expanded to cover issues related to adoption, failed IVF, and infertility. In 2009, the Organization also added postpartum depression counseling services in partnership with St. Thomas Health Services. These services include a combination of clinical, practical and spiritual components. Nurse Practitioners are on staff to cover medication management overseen by the Medical Director.



# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SEPTEMBER 30, 2020**

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

#### **Organization and Purpose (Continued)**

**Mobile Services-** Mobile Services: 2019, Hope Clinic for Women test-piloted offering medical and pregnancy services mobile in partnership with People Loving Nashville. This program expanded in 2020 to include a partnership with Operation Saving Life at another location two mornings per week. Scope of care is limited to pregnancy tests, ultrasounds, and pregnancy options counseling. The Organization also provides asymptomatic STD testing and dispenses educational materials, feminine products and other first aid needs.

#### **Classification Net Assets With and Without Restriction**

Hope Clinic for Women has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the FASB Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$138,012 of net assets without donor restrictions as of September 30, 2020.

*Net assets with donor restrictions* - These are 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. This classification also includes 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 \$411,666 net assets with donor restrictions as of September 30, 2020.

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, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restricted funds received and released from restrictions in the same period are reported as net assets without restrictions.

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

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SEPTEMBER 30, 2020**

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

#### **Change in Accounting Principle**

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization for the year ended September 30, 2020.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 is effective for the Organization for the year ended September 30, 2020.

#### **Restricted Endowment Fund**

The Uniform Prudent Management Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The FASB Accounting Standards Codification provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the UPMIFA. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization's endowment investment policies, and additional disclosures not previously required.

#### **Advertising**

The Organization expenses advertising costs as incurred. Advertising costs for the year ended September 30, 2020 were \$9,060. 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, 2020**

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

#### **Depreciation**

Fixed Assets 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, 2017 are no longer open for examination.

#### **Cash**

For the purposes of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Donated Assets and Services**

Non-cash 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, 2020**

### 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, 2020.

#### **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, 2020 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, 2020**

**2. FAIR VALUE OF INVESTMENTS**

The Organization's investments are reported at fair value in the accompanying statements of financial position.

Fair Value Measurements at September 30, 2020				
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Mutual Funds	\$ 76,267	\$ 76,267	\$ -	\$ -
	\$ 76,267	\$ 76,267	\$ -	\$ -

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements - The fair value of the investments are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### SEPTEMBER 30, 2020

#### 3. PLEDGES RECEIVABLE

During the year, the Organization conducted a pledge drive and accepted donor pledges and promises to give with all funds being without restriction. 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, 2020 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, 2020 is anticipated over the following maturity schedule:

2021	<u>\$ 11,211</u>
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#### 4. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at September 30, 2020. 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, 2020, there were no long-term related party pledges receivable. Collection of related party pledges receivable as of September 30, 2020 is anticipated over the following maturity schedule:

2021	<u>\$ 6,000</u>
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#### 5. 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, 2020 as follows:

Purpose restrictions accomplished:	
Medical Fund	\$ 43,000
Pregnancy Fund	60,335
Prevention Fund	50,093
Operating Fund	64,500
Endowment Fund	-
Mobile Outreach	20,059
Counseling	3,778
Total Net Assets Released from Restriction	<u>\$ 241,765</u>

**HOPE CLINIC FOR WOMEN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**SEPTEMBER 30, 2020**

**6. NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions are available for the following purposes at September 30, 2020:

Medical Fund	\$	74,375
Pregnancy Fund		59,864
Prevention Fund		58,598
Operating Fund		142,562
Endowment Fund		<u>76,267</u>
Total Net Assets With Restrictions	\$	<u><u>411,666</u></u>

**7. 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. Retirement matching is vested after a three year anniversary. The Organization matches 25% of employee contributions up to 8% of the employee's salary. Pension expense for the year ended September 30, 2020 was \$4,425.

**8. ENDOWMENT**

The Organization's endowment consists of donor restricted gifts held primarily in investment accounts. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

**Changes in Endowment Net Assets for the fiscal year ended September 30, 2020:**

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 68,074	\$ 68,074
Contributions	-	100	100
Investment return, net appreciation	-	<u>8,093</u>	<u>8,093</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 76,267</u>	<u>\$ 76,267</u>

## HOPE CLINIC FOR WOMEN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SEPTEMBER 30, 2020**

#### 8. ENDOWMENT (CONTINUED)

##### **Interpretation of Relevant Law**

The Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor- endowment funds with restrictions absent of any explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with restrictions (a) the original value of gifts donated to the restricted endowment fund, (b) the original value of subsequent gifts to the restricted endowment fund, and (c) accumulations to the restricted endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor- endowment funds with restrictions that are not classified in net assets with restrictions are classified as net assets without restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

##### **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor- endowment funds with restrictions may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature for the year ended September 30, 2020.

##### **Endowment Investment Policy and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor- funds with restrictions that the Organization must hold in perpetuity or for a donor-specified period.

Under the Organization's policy, as approved by the Board of Directors, endowment assets are invested primarily in equity securities.

##### **Strategies Employed for Achieving Investment Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.



# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SEPTEMBER 30, 2020**

### 8. ENDOWMENT (CONTINUED)

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating dividend and interest income from the endowment fund as necessary to fund Organization programs provided the investment balance is greater than the original gift value. Specific agreements with donors for income taken relative to their specific endowment gifts are exempt.

### 9. 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	\$ 82,513
Less: Current Portion	<u>(15,112)</u>
Noncurrent Portion of Notes Payable	<u>\$ 67,401</u>

As of September 30, 2020, long-term debt matures as follows:

<u>Year</u>	<u>Note Payable</u>
2021	15,112
2022	16,204
2023	17,376
2024	<u>33,821</u>
Total Notes Payable	<u>\$ 82,513</u>

### 10. SBA PPP LOAN PAYABLE

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and it was signed into law on March 27, 2020. The CARES Act implemented the Paycheck Protection Program (PPP), which provides loans to small businesses and charitable organizations to keep their employees on payroll. The Hope Clinic for Women obtained a PPP loan for \$117,600 on April 23, 2020. The portion of loan proceeds that is spent on qualified payroll costs and operational expenses will be forgiven.

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SEPTEMBER 30, 2020**

### 11. FIXED ASSETS

A summary of fixed assets at September 30, 2020 is as follows:

Land	\$ 81,000
Building and Improvements	536,242
Medical Equipment	9,730
Office Equipment	42,711
Furniture and Fixtures	60,171
Computers and Software	25,412
Fixed Assets - Gross	<u>755,266</u>
Less: Accumulated Depreciation and Amortization	(415,297)
Fixed Assets - Net	<u>\$ 339,969</u>

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

The Organization received in-kind donations as follows:

Donated pregnancy supplies (diapers, cribs, strollers, and car seats)	\$ 57,592
Donated event expenses	3,389
Donated medical services	112,010
Donated service hours (Valued at \$23.56/hr)	<u>56,014</u>
Total Donated Materials and Services	<u>\$ 229,005</u>

### 13. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of September 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and Cash Equivalents Without Donor Restrictions	\$ 315,507
Pledges Receivable	11,211
Related Party Pledges Receivable	6,000
Investments	76,267
Less: amounts not available to be used within one year due to purpose restrictions	<u>\$ (76,267)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 332,718</u>

## HOPE CLINIC FOR WOMEN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SEPTEMBER 30, 2020**

#### **13. AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

There is an adequate amount of financial assets available as of September 30, 2020. The Organization effectively manages its available liquid resources to meet cash needs for general expenditures within one year of the balance sheet date.

#### **14. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 2, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization characterized the outbreak of the COVID-19 coronavirus as a pandemic. The Organization receives the majority of its revenue from governmental grants and contributions therefore, the pandemic may be a significant risk to its ability to generate revenue.