

HOPE CLINIC FOR WOMEN

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

SEPTEMBER 30, 2015

HOPE CLINIC FOR WOMEN

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTING FIRM

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Hope Clinic for Women, which comprise the statement of financial position as of September 30, 2015, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In my 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, 2015, 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.

January 8, 2016

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HOPE CLINIC FOR WOMEN
STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 36,555
Pledges Receivable	9,765
Related Party Pledges Receivable	8,000
Prepaid Insurance	<u>1,631</u>

Total Current Assets 55,951

Property and Equipment

Less: Accumulated Depreciation (324,711)

Property and Equipment - Net 381,613

Total Assets \$ 437,564

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 11,789
Current Portion of Note Payable	<u>5,868</u>

Total Current Liabilities 17,657

Noncurrent Liabilities

Noncurrent Portion of Note Payable 210,851

Total Non-Current Liabilities 210,851

Total Liabilities 228,508

Net Assets

Unrestricted	199,197
Temporarily Restricted	<u>9,859</u>

Total Net Assets 209,056

Total Liabilities and Net Assets \$ 437,564

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 589,347	\$ 9,859	\$ 599,206
Received Indirectly - Allocated by Local Churches	142,977	-	142,977
Donated Supplies and Services In-Kind	369,114	-	369,114
Special Events, net of direct costs of \$56,556	129,387	-	129,387
Net Assets Released from Restrictions	5,909	(5,909)	-
Total Support	<u>1,236,734</u>	<u>3,950</u>	<u>1,240,684</u>
Revenue			
Counseling Income	8,099	-	8,099
Medical Income	19,860	-	19,860
Other Income	485	-	485
Total Revenue	<u>28,444</u>	<u>-</u>	<u>28,444</u>
Total Support and Revenue	<u>1,265,178</u>	<u>3,950</u>	<u>1,269,128</u>
Expenses			
Program Services			
Counseling and Support	<u>960,761</u>	<u>-</u>	<u>960,761</u>
Supporting Services			
Management and General	114,947	-	114,947
Fundraising	87,456	-	87,456
Total Support Services	<u>202,403</u>	<u>-</u>	<u>202,403</u>
Total Expenses	<u>1,163,164</u>	<u>-</u>	<u>1,163,164</u>
Change in Net Assets	102,014	3,950	105,964
Net Assets, January 1, 2014	<u>97,183</u>	<u>5,909</u>	<u>103,092</u>
Net Assets, September 30, 2015	<u>\$ 199,197</u>	<u>\$ 9,859</u>	<u>\$ 209,056</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, 2015

	Program Services	Supporting Services		Total
	Counseling and Support	Management and General	Fundraising	
Salaries	\$ 366,620	\$ 67,739	\$ 41,399	\$ 475,757
Employee Benefits	17,411	8,705	8,705	34,821
Payroll Taxes	17,985	8,992	8,992	35,969
 Total Salaries and Benefits	 402,016	 85,435	 59,096	 546,547
Professional Fees	-	9,815	-	9,815
Contract Labor	6,784	-	-	6,784
Continuing Education	2,188	583	146	2,917
Postage and Shipping	1,163	310	77	1,550
Office Supplies	5,445	1,452	363	7,260
Telephone	6,615	1,764	441	8,820
Utilities	11,075	2,953	738	14,766
Janitorial Services	2,880	-	-	2,880
Minor Equipment	888	237	59	1,184
Systems Development	4,710	1,256	314	6,280
Repairs and Maintenance	5,375	1,433	359	7,167
Insurance	9,808	2,615	654	13,077
Donated Lab Services In-Kind	227,718	-	-	227,718
Donated Volunteer Services In-Kind	74,778	-	-	74,778
Licenses and Dues	899	240	60	1,199
Travel and Conferences	516	138	34	688
Advertising and Public Relations	8,746	-	-	8,746
Gifts / Appreciation	971	259	64	1,294
Board Expenses	-	535	-	535
Miscellaneous	7,487	2,291	1,281	11,059
Donor Relations	-	-	15,423	15,423
Security	1,408	-	-	1,408
Medical	55,618	-	-	55,618
Prevention	12,654	-	-	12,654
Pregnancy Services	12,325	-	-	12,325
Donated Pregnancy Supplies In-Kind	59,179	-	-	59,179
Donated Fundraising Expenses In-Kind	-	-	7,439	7,439
Interest	16,261	-	-	16,261
Church Outreach	3,852	-	-	3,852
Other	5,784	-	-	5,784
 Total Other Expenses	 545,127	 25,881	 27,452	 598,460
 Total Expenses Before Depreciation	 947,143	 111,316	 86,548	 1,145,007
Depreciation	13,618	3,631	908	18,157
 Total Functional Expenses	 \$ 960,761	 \$ 114,947	 \$ 87,456	 \$ 1,163,164

The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 105,964
Depreciation	18,157
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:	
(Increase) Decrease in:	
Pledges Receivable	(6,065)
Related Party Pledges Receivable	1,000
Prepaid Insurance	(1,632)
Other Assets	130
Increase (Decrease) in:	
Accounts Payable	11,695
Net Cash Provided by Operating Activities	129,249

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Building Improvements	(97,479)
Purchase of Equipment	(9,730)
Net Cash Used by Investing Activities	(107,209)

CASH FLOWS FROM FINANCING ACTIVITIES

Additional Borrowings on Line of Credit	56,741
Principle Paid on Note	(61,721)
Net Cash Used by Financing Activities	(4,980)

Net Increase in Cash	17,060
Cash, October 1, 2014	19,495
Cash, September 30, 2015	\$ 36,555

SUPPLEMENTAL DISCLOSURE

Interest Paid	\$ 16,261
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The accompanying notes are an integral part of this statement.

HOPE CLINIC FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 womens' 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, 2015

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 \$9,859 as of September 30, 2015.

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, 2015.

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, 2015 were \$8,746. 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, 2015

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 2012 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, 2015

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, 2015.

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, 2015 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, 2015 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, 2015 is anticipated over the following maturity schedule:

2015	<u>\$ 9,765</u>
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HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2015

3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at September 30, 2015. 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, 2015 there were no long-term related party pledges receivable. Collection of related party pledges receivable as of September 30, 2015 is anticipated over the following maturity schedule:

2015	<u>\$ 8,000</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, 2015 as follows:

Purpose restrictions accomplished:	
Prevention Fund	<u>\$ 5,909</u>

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2015:

Medical Program	\$ 3,828
Pregnancy Fund	5,458
Counseling Fund	573
	<u>\$ 9,859</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, 2015 was \$1,653.

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2015

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	\$ 216,719
Less Current Portion	<u>5,868</u>
Non-Current Portion of Notes Payable	<u>\$ 210,851</u>

As of September 30, 2015, long term debt matures as follows:

	<u>Note Payable</u>
2016	\$ 5,868
2017	5,801
2018	6,221
2019	6,670
2020	7,153
2021 and thereafter	<u>185,006</u>
	<u>\$ 216,719</u>

HOPE CLINIC FOR WOMEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2015

9. OPERATING LEASE

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

Year	
2016	3,875
2017	<u>2,260</u>
	<u>\$ 6,135</u>

10. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2015 is as follows:

Land	\$ 81,000
Building and Improvements	506,999
Medical Equipment	25,380
Office Equipment	19,794
Furniture and Fixtures	16,816
Computers and Software	<u>56,335</u>
	706,324
Less: Accumulated Depreciation and Amortization	<u>(324,711)</u>
Property and Equipment - Net	<u>\$ 381,613</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)	\$ 59,179
Donated fundraising expenses	7,439
Donated lab services	227,718
Donated service hours (Valued at \$14/hr; medical at \$25/hr)	74,778
	<u>\$ 369,114</u>

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 8, 2016, which is the date the financial statements were available to be issued.