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**HAVEN OF HOPE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2009**

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Edmondson, Betzler & Montgomery, PLLC
(Certified Public Accountants)



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Haven of Hope, Inc.

We have audited the accompanying statement of financial position of Haven of Hope, Inc., as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haven of Hope, Inc., at June 30, 2009, and the related activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Edmondson, Betzler & Montgomery, PLLC

September 20, 2009

HAVEN OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

CURRENT ASSETS:	\$ 156,156
Cash and cash equivalents	48,569
Grants receivable	678
Other receivable	
Unconditional promises to give:	12,078
United Way funding for the next fiscal year	<u> </u>
TOTAL CURRENT ASSETS	217,481
	<u>221,160</u>
Property and equipment	
TOTAL ASSETS	<u><u>\$ 438,641</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	\$ 3,373
Accounts payable	39,945
Accrued salaries and compensated absences	2,786
Payroll taxes payable	504
Simple IRA payable	<u> </u>
TOTALCURRENT LIABILITIES	46,608
	<u> </u>
NET ASSETS:	379,955
Unrestricted	12,078
Temporarily rstricted	<u> </u>
TOTAL NET ASSETS	392,033
	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 438,641</u></u>

The accompanying notes are an integral part of these financial statements.

**HAVEN OF HOPE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

UNRESTRICTED NET ASSETS

Revenues and Support:	
Grants	\$ 349,711 ✓
City and county governments	24,067 ✓
Donations	41,571 ✓
United Way funding in addition to restricted funding	6,213
In-kind	66,068
Interest	1,372
Dividends and capital gain distributions	630
Realized loss on sale of investments	(1,311)
Other income	<u>22,424</u>
TOTAL UNRESTRICTED REVENUES AND SUPPORT	510,745
Net assets released from restrictions:	
Expiration of time restriction - United Way	<u>15,339</u>
TOTAL UNRESTRICTED REVENUES, SUPPORT AND RECLASSIFICATIONS	<u>526,084</u>
Expenses:	
Program services:	
Shelter program	439,396
Supporting services:	
Management and general	<u>71,264</u>
TOTAL EXPENSES	<u>510,660</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>15,424</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>	
Contributions	
United Way funding for the next year	12,078
Net assets released from restrictions	
Untied Way	<u>(15,339)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(3,261)</u>
CHANGE IN NET ASSETS	12,163
NET ASSETS, BEGINNING OF YEAR	<u>379,870</u>
NET ASSETS, END OF YEAR	<u>\$ 392,033</u>

The accompanying notes are an integral part of these financial statements.

HAVEN OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2009

	Program Services Shelter	Supporting Services Management and General	Total
FUNCTIONAL EXPENSES:			
Salaries and wages	\$ 240,225	\$ 62,355	\$ 302,580
Employee benefits	41,111	7,374	48,485
Travel	7,220	787	8,007
Utilities	6,617	-	6,617
Postage	1,370	-	1,370
Publications and subscriptions	89	-	89
Equipment lease	2,664	-	2,664
Educational media	53	-	53
Minor equipment	1,014	-	1,014
In-kind expense	63,358	510	63,868
License and memberships	875	-	875
Training and seminars	792	238	1,030
Client assistance	8,412	-	8,412
Supplies	7,349	-	7,349
Insurance	7,845	-	7,845
Communications	18,673	-	18,673
Services	9,135	-	9,135
Fundraising	1,490	-	1,490
Plant repair and maintenance	8,307	-	8,307
Depreciation and amortization	12,797	-	12,797
Total expenses	<u>\$ 439,396</u>	<u>\$ 71,264</u>	<u>\$ 510,660</u>

The accompanying notes are an integral part of these financial statements.

HAVEN OF HOPE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	\$ 12,163
Change in net assets	
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	12,797
Realized loss on sale of investments	1,311
Increase in grant receivable	(23,697)
Decrease in pledges receivable	3,261
Increase in other receivable	(678)
Decrease in accounts payable	(143)
Increase in accrued salaries and leave	8,045
Decrease in payroll taxes payable	(307)
Decrease in simple IRA payable	(1,171)
Decrease in deferred revenue	(16,464)
	<u>(4,883)</u>
Net cash used in operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES:	(2,701)
Acquisition of assets	7,704
Investments redeemed	
	<u>5,003</u>
Net cash provided by investing activities	
	120
Net increase in cash and cash equivalents	
Cash and cash equivalents, beginning of year	<u>156,036</u>
Cash and cash equivalents, end of year	<u><u>\$ 156,156</u></u>

The accompanying notes are an integral part of these financial statements.

**HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Haven of Hope, Inc. (the "Organization") is a not-for-profit Tennessee corporation chartered March 20, 1985, to provide counseling and protective services to abused individuals, most of whom are residents of Coffee, Bedford, Franklin, Lincoln, Marshall and Moore counties.

Accounting Method

The financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily (or permanently, when applicable) restricted assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less, which are neither designated nor restricted for long-term purposes to be cash equivalents.

Property and Equipment

Expenditures for additions, major renewals and betterments with a per unit cost in excess of \$500 are capitalized at cost and those for maintenance and repairs are currently charged to expense. Donated assets are recorded at fair value at the date of the gift. Depreciation is computed on the straight-line method over the following estimated useful lives.

The Organization follows the policy of recording contributions of long-lived assets directly instead of recognizing their gift over the useful life of the asset. The amounts shown are from market valuation as of the date of the contribution.

Shelter building	39 years
Furniture and equipment	5 - 10 years
Improvements	10 - 20 years
Vehicles	5 years

HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

As accounts receivable are amounts due primarily from government agencies, there is minimal risk of their being uncollectible; therefore no allowance for uncollectible accounts is deemed necessary. The Organization determines an allowance for uncollectible receivable based on prior years' experience and management's analysis of specific promises made. An allowance for uncollectible accounts is not deemed necessary for promises receivable.

Grant Revenue

The Organization receives monetary grants' from the Tennessee Department of Finance and Administration. The grants require the Organization to maintain certain levels of services and generally require a specified percentage of the grants be matched with local funds. The Organization recognizes revenue from grants only when all conditions specified by the grants have been met.

In-kind Support

In-kind support includes the estimated fair rental value of office space, as well as the estimated fair value of other items contributed to the Organization. Contributed services are recognized if the services received a) create or enhance non-financial assets or b) require special skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The following amounts are included in in-kind support:

Rent	\$ 26,400
Supplies and minor equipment	32,496
Professional services	4,730
Vehicles	2,200
Miscellaneous services	242
	<u>\$ 66,068</u>

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the shelter program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the activities benefited.

Tax-Exempt Status

The Organization is chartered as a Tennessee tax-exempt, nonprofit organization. On the federal level, the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2009.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts in financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2009, the Organization did not have cash balances beyond this limit.

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

United Way	\$ 12,078
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The United Way amount includes Bedford County and Franklin County as this amount is promised prior to the beginning of the fiscal year in which the cash will be received, and is considered temporarily restricted due to the time restriction.

**HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 27,000
Buildings	235,255
Furnitures, fixtures and equipment	39,799
Building Improvements	5,221
Automobile	<u>12,700</u>
	319,975
Less accumulated depreciation	<u>(98,815)</u>
Net	<u>\$ 221,160</u>

Depreciation expense was \$12,797 for the year ended June 30, 2009.

NOTE 5 - CONTINGENCIES

Haven of Hope, Inc. receives a substantial portion of its support from the Tennessee Department of Finance and Administration and various local governments. Failure to obtain this funding for any year could have a significant effect on the continued operations of the Organization's programs and activities.

The grants from the Tennessee Department of Finance and Administration require the Organization to provide certain services and activities as specified by each grant. State programs are subject to agency monitoring and retroactive adjustments which may result in paybacks by Haven of Hope in excess of liabilities accrued on an estimated basis in the financial statements.

NOTE 6 - SIMPLE IRA RETIREMENT PLAN

The Organization provides an income tax deferred retirement savings plan. An eligible employee may contribute the portion of his or her salary that is allowed by law, with Haven of Hope, Inc. contributing an amount equal to the employee's contribution, up to three percent of compensation.

The Organization contracts with a trust company that has various investment options, with each participant making investment election.

The Organization incurred Simple IRA expenses of \$4,071 for the year ended June 30, 2009, with \$2,797 being a program expense and \$1,274 being an administrative expense. These expenses are included in employee benefits in the Statement of Functional Expenses.

**HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

NOTE 7 - GRANTS RECEIVABLE

Grants receivable at June 30, 2009 were as follows:

Tennessee Department of Finance and Administration	\$ 24,780
Tennessee Coalition Against Domestic & Sexual Violence	21,298
Tennessee Housing Development Agency	<u>2,491</u>
	<u><u>\$ 48,569</u></u>