



CENTER OF HOPE, INC.
FINANCIAL STATEMENTS
JUNE 30, 2021

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CENTER OF HOPE, INC.
FINANCIAL STATEMENTS AND AUDITOR'S REPORTS
JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	13
Schedule of Findings and Questioned Costs	14
Schedule of Prior Year Findings and Questioned Costs	15

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center of Hope, Inc.
Columbia, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Center of Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Center of Hope, Inc. as of June 30, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Center of Hope, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center of Hope, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center of Hope, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center of Hope, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2023, on our consideration of Center of Hope, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Center of Hope, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center of Hope, Inc.'s internal control over financial reporting and compliance.

Joe Osterfeld, CPA
Columbia, Tennessee
May 10, 2023

CENTER OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets	
Cash and cash equivalents	\$ 640,116
Accounts receivable	172,551
Total Current Assets	<u>812,667</u>
Property and Equipment	
Land and buildings	166,842
Automobiles	47,283
Office furniture and equipment	56,199
	<u>270,324</u>
Less: accumulated depreciation	(165,332)
Net Property and Equipment	<u>104,992</u>
Other Assets	
Utility deposits	3,005
Lease deposits	2,500
Gift cards	708
	<u>6,213</u>
Total Assets	<u><u>\$ 923,872</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 26,079
Accrued expenses	7,305
Deferred revenue	10,000
Total Current Liabilities	<u>43,384</u>
Net Assets	
Without Donor Restrictions	880,488
With Donor Restrictions	-
Total Net Assets	<u>880,488</u>
Total Liabilities and Net Assets	<u><u>\$ 923,872</u></u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Grant revenue	\$ -	\$ 788,461	\$ 788,461
Donations	211,676		211,676
United Way	-	13,000	13,000
Fundraising	54,363		54,363
Rental income	5,499		5,499
In-kind contributions	68,027		68,027
Volunteer hours	26,772		26,772
Interest income	1,108		1,108
Other	1,138		1,138
Released from restrictions	801,461	(801,461)	-
Total public support, revenues and reclassifications	<u>1,170,044</u>	<u>-</u>	<u>1,170,044</u>
Expenses			
Program expenses	1,021,396		1,021,396
Management & general	106,994		106,994
Fundraising	20,547		20,547
Total Expenses	<u>1,148,937</u>	<u>-</u>	<u>1,148,937</u>
Change in net assets	21,107	-	21,107
Net assets, beginning of year	859,381	-	859,381
Net assets, end of year	<u><u>\$ 880,488</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 880,488</u></u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 466,940	\$ 82,887	\$ 6,536	\$ 556,363
Payroll taxes	37,277	6,341	500	44,118
Employee health insurance	27,874			27,874
Retirement	5,280	2,720		8,000
Volunteer hours	26,772			26,772
Fundraising expenses	-		13,511	13,511
In-kind contributions	68,027			68,027
Bank charges	396			396
Background checks	518			518
Depreciation	14,504			14,504
Dues and subscriptions	2,115			2,115
Telephone	9,797	5,086		14,883
Printing and publications	89			89
Taxes & license	41			41
Utilities	29,938	1,160		31,098
Insurance	29,508			29,508
Miscellaneous	4,490			4,490
Professional fees	55,925	5,000		60,925
Occupancy	73,268	3,800		77,068
Postage	496			496
Direct client benefits	117,521			117,521
Repairs and maintenance	44,421			44,421
Training and seminars	205			205
Travel	5,994			5,994
	<u>\$ 1,021,396</u>	<u>\$ 106,994</u>	<u>\$ 20,547</u>	<u>\$ 1,148,937</u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 21,107
Adjustments to reconcile increase in net assets	
to net cash provided (used) by operating activities	
Depreciation	14,504
(Increase) decrease in operating assets:	
Accounts receivable	(19,210)
Gift cards	165
Other assets	3,788
Increase (decrease) in operating liabilities:	
Accounts payable	(9,290)
Accrued expenses	(92)
Deferred revenue	10,000
Net cash provided (used) by operating activities	<u>20,972</u>
Increase (decrease) in cash	<u>20,972</u>
Cash, beginning of year	619,144
Cash, end of year	<u><u>\$ 640,116</u></u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Center of Hope, Inc. (Center of Hope) was organized in 1988 to aid victims of domestic and sexual violence and to educate the public about the problems of domestic and sexual violence and its causes. Among its purposes are 1) to provide shelter, counseling, advocacy and other direct services to victims of domestic and sexual violence in or about Maury County and Lawrence County; 2) to engage in community education to heighten public awareness if issues concerning domestic and sexual violence to change societal attitudes and institutions which promote and condone violence; 3) to build and maintain a strong organization to deal with the problems of domestic and sexual violence. Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to Center of Hope's existence. A board of directors governs Center of Hope.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Center of Hope considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2021.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions support that increases those net asset classes. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions. Center of Hope had no net assets with donor restrictions at June 30, 2021.

Donation of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Center of Hope reports these donations as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how these long-lived assets must be maintained, Center of Hope reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. Center of Hope transfers net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services

Center of Hope records donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

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.

Fair Values of Financial Instruments

Financial instruments of Center of Hope include cash, short-term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year end does not differ materially from the carrying values of the financial instruments recorded in the accompanying statement of financial position.

Financial Statement Presentation

Financial statement presentation follows generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses are allocated to their appropriate category of program services or supporting services upon recording vendor payables or direct payment of invoices based upon benefit received. For more general expenses, allocation is based upon natural classifications such as salaries and square footage utilized.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Income Taxes

Center of Hope is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made. The Center's Form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2019, 2020 and 2021 are subject to examination by the IRS, generally for 3 years after they are filed.

Property and Equipment

It is Center of Hope's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation is calculated using the straight-line method over the useful life of the asset and is reflected as an expense in the Statement of Functional Expenses.

NOTE 2 – CASH AND CREDIT RISK

All cash and certificate of deposits of Center of Hope are deposited in FDIC insured banks. At June 30, 2021, Center of Hope had \$149,647 of deposits that exceeded the \$250,000 FDIC insurance limit.

NOTE 3 – ACCOUNTS RECEIVABLE

At June 30, 2021, accounts receivable – grantors were composed of the following:

Program	
State of Tennessee – VOCA	\$ 30,078
State of Tennessee – VOCA #2	86,035
State of Tennessee – STOP	28,766
FVPSA	1,344
ESG CV2	11,049
EFS	3,435
PHHSBC	3,276
Housing and Urban Development	<u>8,568</u>
	<u>\$ 172,551</u>

Accounts receivables are stated at their net realizable value. All receivables are considered collectable by management.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – RISK CONCENTRATIONS

Approximately 67%, of Center of Hope funding was provided by the State of Tennessee, Department of Finance and Administration, Office of Criminal Justice Programs. A major reduction of funds by the grantor, should this occur, could have a significant effect on future operations.

NOTE 5 – COMPENSATED ABSENCES

Employees are entitled to paid vacation depending on length of service and other factors. Vacation is based on the calendar year and any vacation time not used by December 31 is forfeited. Employees are also entitled to personal/sick leave. Personal/sick leave is not accrued because it does not accumulate or vest with employees.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consist of:

	Useful Life	
Land	NA	\$ 5,000
Building	40	161,842
Automobiles	5	47,283
Furniture and fixtures	5-7	14,877
Equipment	5-7	41,322
		<hr/> 270,324
Less: accumulated depreciation		165,332
		<hr/> <hr/> \$ 104,992

Depreciation expense for the year ended June 30, 2021 was \$14,504. Center of Hope has no planned major maintenance activities planned.

NOTE 7 – OPERATING LEASES

Rent expense for the year ended June 30, 2021 was \$77,068. Center of Hope leased three facilities used for safe houses during the year ended.

3 year leases were signed in June 2018 for two of those safe house facilities located in Lawrenceburg, TN. The lease agreement contained a clause that allowed for an additional 3 year lease term that expires May 31, 2024. The lease for the safe house facilities in Columbia, Tennessee is on a month to month basis for \$1,600 per month.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Center of Hope also leases a third location used for administrative and counseling purposes for \$1,900 per month on a month-to-month basis. During the year ended, Center of Hope moved their administrative offices to a new location. That lease began on September 1, 2020 and expires August 31, 2021 for \$2,500 per month, at which time, the lease became month-to-month.

As of June 30, 2021, future minimum lease payments are as follows:

<u>Fiscal Year End</u>	<u>Amount</u>
2022	\$ 31,100
2023	26,100
2024	<u>23,925</u>
Total	<u>\$ 81,125</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center of Hope's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	\$ 812,667
Donor Restrictions	<u>0</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 812,667</u>

NOTE 9 – COVID 19 OUTBREAK

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of corona virus originating in Wuhan, China (the Covid 19 outbreak) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the Covid 19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the Covid 19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Center of Hope's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the Covid 19 outbreak and the global responses to curb its spread, the Center of Hope is not able to estimate the full effects of the Covid 19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2022.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Center of Hope has received three new funding grants for FY2021 (FVPSA CARES, UWGN-COVID Response, & Community CARES) to help offset costs from decreased general funds and ensure we can continue safe services.

NOTE 10 – GRANTS

Center of Hope received funding from the following grants:

	Grant Contract Number	Grant Contract Period	
State of Tennessee - Office of Criminal Justice Programs			
VOCA, Other VS-Transitional Housing	41604	7/1/20 - 9/30/22	140,615
STOP/STATE SASP, SA	41679	7/1/20 - 6/30/21	111,086
VOCA, DV	41623	7/1/20 - 6/30/22	364,106
FVPSA Cares, FVPSA Cares	41946	7/1/20 - 6/30/21	17,242
State of Tennessee - Department of Health			
TCADSV		2/1/21 - 01/31/22	8,002
U S Department of Housing and Urban Development	TN0052L4J031912	4/1/20 - 6/31/21	69,788
Emergency Solutions Grant CARES (ESG-CV)	ESG-CV2-06	01/01/21 - 9/30/22	11,049
Emergency Food and Shelter Program			6,869
Tennessee Community CARES			37,454
United Way Maury County			13,000
United Way Covid Response			15,000
IOLTA - Tennessee Bar Foundation			3,250
The Community Foundation			4,000
			<u>\$ 801,461</u>

NOTE 11 – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through May 10, 2023, which is the financial statement issuance date. No material subsequent events have occurred that need to be disclosed.

Joe Osterfeld, CPA

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Center of Hope, Inc.
Columbia, TN 38401

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center of Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Center of Hope, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center of Hope, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center of Hope, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Joe Osterfeld, CPA
Columbia, Tennessee
May 10, 2023

Center of Hope, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are
 not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Section II - Financial Statement Findings

Current Year Findings: No matters were reported.

Prior Year Findings: No matters were reported.

Center of Hope, Inc.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Financial Statement Findings:

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
Not Applicable	No prior year findings	