



**MAURY COUNTY CENTER AGAINST DOMESTIC
VIOLENCE**

FINANCIAL STATEMENTS

JUNE 30, 2008

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**HOPE HOUSE
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FINANCIAL STATEMENTS
JUNE 30, 2008**

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INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

Board of Directors
Hope House
Maury County Center Against Domestic Violence
Columbia, Tennessee

We have audited the accompanying statement of financial position of Hope House - Maury County Center Against Domestic Violence (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2008. These financial statements are the responsibility of Hope House - Maury County Center Against Domestic Violence'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 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 Hope House - Maury County Center Against Domestic Violence as of June 30, 2008 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Joe Osterfeld, CPA
Columbia, TN
March 25, 2009

HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

| | |
|--------------------------------|--------------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 215,596 |
| Accounts receivable | 24,420 |
| Other receivables | 101 |
| Total Current Assets | <u>240,117</u> |
| Property and Equipment | |
| Land and buildings | 233,849 |
| Automobiles | 19,250 |
| Office furniture and equipment | 18,669 |
| | <u>271,768</u> |
| Less: accumulated depreciation | <u>(64,688)</u> |
| Net Property and Equipment | <u>207,080</u> |
| Other Assets | |
| Utility deposits | 2,060 |
| Gift cards | 167 |
| | <u>2,227</u> |
| Total Assets | <u><u>\$ 449,424</u></u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|--------------------------|
| Current Liabilities | |
| Accounts payable | \$ 16,449 |
| Accrued expenses | 5,731 |
| Deferred revenue | 12,123 |
| Total Current Liabilities | <u>34,303</u> |
| Net Assets | |
| Unrestricted net assets | 415,121 |
| Total Net Assets | <u>415,121</u> |
| Total Liabilities and Net Assets | <u><u>\$ 449,424</u></u> |

See accompanying notes and accountant's report.

**HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|------------------------------------------------------|---------------------|-----------------------------------|-------------------|
| Support and Revenues | | | |
| Grant revenue | \$ - | \$ 208,159 | \$ 208,159 |
| Unrestricted donations | 41,500 | | 41,500 |
| United Way | - | 30,000 | 30,000 |
| Fundraising | 119,108 | | 119,108 |
| Rental income | 2,234 | | 2,234 |
| In-kind contributions | 57,726 | | 57,726 |
| Volunteer hours | 18,666 | | 18,666 |
| Interest income | 10,712 | | 10,712 |
| Gift card contributions | 1,169 | | 1,169 |
| Released from restrictions | 238,159 | (238,159) | - |
| Total public support, revenues and reclassifications | <u>489,274</u> | <u>-</u> | <u>489,274</u> |
| Expenses | | | |
| Program expenses | 354,739 | | 354,739 |
| Management & general | 62,479 | | 62,479 |
| Fundraising | 54,726 | | 54,726 |
| Total Expenses | <u>471,944</u> | <u>-</u> | <u>471,944</u> |
| Change in net assets | 17,330 | - | 17,330 |
| Net assets, beginning of year | 397,791 | - | 397,791 |
| Net assets, end of year | <u>\$ 415,121</u> | <u>\$ -</u> | <u>\$ 415,121</u> |

See accompanying notes and accountant's report.

HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Program Services</u> | <u>Management & General</u> | <u>Fundraising</u> | <u>Total</u> |
|-------------------------|-----------------------------|-------------------------------------|--------------------|-------------------|
| Salaries and wages | \$ 146,478 | \$ 53,333 | \$ 4,187 | \$ 203,997 |
| Payroll taxes | 12,775 | 4,080 | 320 | 17,175 |
| Health insurance | 4,279 | | | 4,279 |
| Retirement | - | 792 | | 792 |
| Volunteer hours | 18,666 | | | 18,666 |
| Fundraising expenses | - | | 50,219 | 50,219 |
| In-kind contributions | 57,726 | | | 57,726 |
| Bank charges | 127 | | | 127 |
| Advertising | - | | | - |
| Depreciation | 9,173 | | | 9,173 |
| Dues and subscriptions | 1,015 | | | 1,015 |
| Telephone | 10,827 | | | 10,827 |
| Crisis line | 3,450 | | | 3,450 |
| Utilities | 18,553 | | | 18,553 |
| Insurance | 10,615 | | | 10,615 |
| Awareness/Advocacy | | | | - |
| Miscellaneous | 672 | | | 672 |
| Professional fees | - | 4,275 | | 4,275 |
| Office supplies | 7,756 | | | 7,756 |
| Occupancy | 30,600 | | | 30,600 |
| Postage | 785 | | | 785 |
| Printing & publications | 4,778 | | | 4,778 |
| Direct client benefits | 7,015 | | | 7,015 |
| Repairs and maintenance | 3,498 | | | 3,498 |
| Training/ seminars | 2,118 | | | 2,118 |
| Travel | 3,833 | | | 3,833 |
| | <u>\$ 354,739</u> | <u>\$ 62,479</u> | <u>\$ 54,726</u> | <u>\$ 471,944</u> |

See accompanying notes and accountant's report.

**HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

| | |
|--------------------------------------------------------------------------------------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase in net assets | \$ 17,330 |
| Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities | |
| Depreciation | 9,173 |
| (Increase) decrease in operating assets: | |
| Accounts receivable | (1,134) |
| Gift cards | (117) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | 1,803 |
| Accrued expenses | (5,240) |
| Deferred revenue | 12,123 |
| Net cash provided (used) by operating activities | <u>33,938</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of fixed assets | <u>(87,588)</u> |
| Net cash provided (used) by investing activities | <u>(87,588)</u> |
| Increase (decrease) in cash | <u>(53,650)</u> |
| Cash, beginning of year | 269,246 |
| Cash, end of year | <u><u>\$ 215,596</u></u> |

See accompanying notes and accountant's report.

**HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hope House - Maury County Center Against Domestic Violence (Hope House) 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; 2) to engage in community education to heighten public awareness of 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 Hope House's existence. A board of directors governs Hope House.

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, Hope House 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, 2008.

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 temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. Hope House had no temporarily or permanently restricted net assets at June 30, 2007.

Donation of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Hope House reports these donations as unrestricted support unless the donor has restricted the donated asset to a specific purpose. 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, Hope House reports expirations of donor restrictions when the donated assets are placed in service as

**HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008**

instructed by the donor. Hope House transfers temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Hope House 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 Hope House 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

Hope House has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Hope House is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, Hope House does not use fund accounting.

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.

Income Taxes

Hope House 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.

Property and Equipment

It is Hope House's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost.

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MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008**

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.

Support and Revenues

Hope House receives its grant support primarily from the State of Tennessee, Department of Finance and Administration, Office of Criminal Justice Programs.

NOTE 2 – CASH AND CREDIT RISK

All cash and certificate of deposits of Hope House is deposited in FDIC insured banks. At June 30, 2008, Hope House had deposits at one bank exceeding the \$100,000 FDIC deposit insurance coverage by \$65,567.

NOTE 3 – ACCOUNTS RECEIVABLE

At June 30, 2008, accounts receivable – grantors were composed of the following:

| Program | |
|--------------------------------------|------------------|
| State of Tennessee – VOCA | \$ 8,370 |
| State of Tennessee – Family Violence | 6,886 |
| State of Tennessee – STOP | 2,010 |
| Housing and Urban Development | 5,533 |
| Other | <u>1,621</u> |
| | <u>\$ 24,420</u> |

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

NOTE 4 – RISK CONCENTRATIONS

Approximately 26% of Hope House 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.

**HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2008 consist of:

| | <u>Useful Life</u> | <u>2008</u> |
|--------------------------------|------------------------|-------------------|
| Land | NA | \$ 80,173 |
| Building | 40 | 153,676 |
| Automobiles | 5 | 19,250 |
| Furniture and fixtures | 5-7 | 2,869 |
| Equipment | 5-7 | 15,800 |
| | | <u>271,768</u> |
| Less: accumulated depreciation | | 64,688 |
| | | <u>\$ 207,080</u> |

Depreciation expense for the years ended June 30, 2008 was \$9,173. Hope House has no planned major maintenance activities planned.

NOTE 7 – GRANTS

Hope House received funding from the following grants:

| | <u>Grant Contract Number</u> | <u>Grant Contract Period</u> | <u>2007</u> |
|---------------------------------------------|--------------------------------------|----------------------------------|-------------------|
| State of Tennessee | | | |
| Family Violence Shelter | Z0502200700 | 7/1/07 - 6/30/10 | \$ 62,035 |
| Victims of Crime Act (VOCA) | Z0703312900 | 7/1/06 - 6/30/09 | 50,660 |
| STOP | Z0703302900 | 7/1/06 - 6/30/09 | 15,887 |
| Legal Assistance for Victims | WLAX0024 | 1/1/07 - 12/31/08 | 5,291 |
| US Department of Housing and Urban Developm | TN53033 | 4/1/08 - 36/31/09 | 70,536 |
| Emergency Food and Shelter Program | 774200-004 | 12/1/06 - 12/31/07 | 3,750 |
| | | | <u>\$ 208,159</u> |

NOTE 8 – OPERATING LEASES

Rent expense for the year ended June 30, 2008 was \$30,600. Hope House leases two facilities on a month to month basis for \$700 and \$650 per month respectively. Hope House leases a third location month to month for \$1,200 each month which has a sixty day cancellation notice requirement.

**HOPE HOUSE
MAURY COUNTY CENTER AGAINST DOMESTIC VIOLENCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 9 – SUBSEQUENT EVENT AND RELATED PARTY TRANSACTIONS

On June 20, 2008, Hope House signed a lease agreement with Campbell and Lovell Rentals for facilities to be used for their administrative and counseling offices. The lease term is for one year and lease payments have been discounted from \$2,600 to \$1,900 per month. Campbell and Lovell Rentals made, at no cost to Hope House, renovations to the premises to accommodate Hope House's administrative and counseling needs.

Bobby Lovell, who is Jeannette Lovell's husband is a partner in Campbell and Lovell Rentals. Negotiation of the lease was handled by Eddie Campbell.