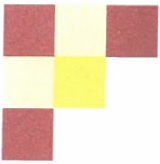


**HAVEN OF HOPE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2016**

HAVEN OF HOPE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2016

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Edmondson, Betzler & Dame, PLLC

(Certified Public Accountants)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Haven of Hope, Inc.

We have audited the accompanying financial statements of Haven of Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 from 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haven of Hope, Inc., as of June 30, 2016, 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.

Edmondson, Betyer & Dame, PLLC

September 15, 2016

HAVEN OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 368,837
Grants receivable	52,866
Unconditional promises to give:	
United Way funding for the next fiscal year	<u>11,410</u>

TOTAL CURRENT ASSETS	433,113
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Property and equipment, net	<u>195,683</u>
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TOTAL ASSETS	<u><u>\$ 628,796</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 3,810
Accrued salaries and compensated absences	46,448
Payroll taxes payable	<u>8</u>

TOTAL CURRENT LIABILITIES	<u>50,266</u>
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NET ASSETS:

Unrestricted	567,120
Temporarily restricted	<u>11,410</u>

TOTAL NET ASSETS	<u>578,530</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 628,796</u></u>
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The accompanying notes are an integral part of these financial statements.

**HAVEN OF HOPE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

UNRESTRICTED NET ASSETS

Revenues and Support:	
Grants	\$ 370,412
City and county governments	9,412
Donations	70,836
United Way funding in addition to restricted funding	589
In-kind	49,396
Interest	939
	<hr/>
TOTAL UNRESTRICTED REVENUES AND SUPPORT	501,584
Net assets released from restrictions:	
Expiration of time restriction - United Way	11,571
	<hr/>
TOTAL UNRESTRICTED REVENUES, SUPPORT AND RECLASSIFICATIONS	513,155
	<hr/>
Expenses:	
Program services:	
Shelter program	463,564
Supporting services:	
Management and general	36,440
	<hr/>
TOTAL EXPENSES	500,004
	<hr/>
INCREASE IN UNRESTRICTED NET ASSETS	13,151
	<hr/>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>	
Contributions:	
United Way funding for the next year	11,410
Net assets released from restrictions:	
United Way	(11,571)
	<hr/>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(161)
	<hr/>
CHANGE IN NET ASSETS	12,990
NET ASSETS, BEGINNING OF YEAR	565,540
	<hr/>
NET ASSETS, END OF YEAR	\$ 578,530
	<hr/>

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

HAVEN OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services Shelter	Supporting Services Management and General	Total
FUNCTIONAL EXPENSES:			
Salaries and wages	\$ 290,299	\$ 29,920	\$ 320,219
In-kind expense	49,396	-	49,396
Employee benefits	40,709	3,220	43,929
Communications	15,113	-	15,113
Supplies	12,341	-	12,341
Services	8,519	3,300	11,819
Insurance	11,380	-	11,380
Depreciation and amortization	8,320	-	8,320
Plant repair and maintenance	8,222	-	8,222
Travel	7,743	-	7,743
Utilities	4,478	-	4,478
Equipment lease	2,424	-	2,424
License and memberships	1,406	-	1,406
Postage	1,182	-	1,182
Miscellaneous	691	-	691
Client assistance	596	-	596
Training and seminars	500	-	500
Publications and subscriptions	245	-	245
	<u>\$ 463,564</u>	<u>\$ 36,440</u>	<u>\$ 500,004</u>
Total expenses			

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

HAVEN OF HOPE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 12,990
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,320
Decrease in grant receivable	6,146
Decrease in accounts receivable	2,963
Decrease in pledges receivable	161
Increase in accounts payable	940
Increase in accrued salaries and leave	6,725
Decrease in payroll taxes payable	<u>(34)</u>
Net cash provided by operating activities	<u>38,211</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(3,052)</u>
Net cash used in investing activities	<u>(3,052)</u>

Net increase in cash and cash equivalents	35,159
Cash and cash equivalents, beginning of year	<u>333,678</u>
Cash and cash equivalents, end of year	<u><u>\$ 368,837</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, 2016

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 net 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.

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

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.

HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

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		22,893
Maintenance		103
	\$	<u>49,396</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, 2016

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.

Income Taxes

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, 2016.

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2016, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Organization has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Events Occurring After Reporting Date

Haven of Hope, Inc. has evaluated events and transactions that occurred between June 30, 2016 and September 15, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

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. Cash during the year may exceed the FDIC insured limits.

HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

United Way	\$ <u>11,410</u>
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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.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 27,000
Buildings	235,255
Furniture, fixtures and equipment	52,849
Building improvements	23,321
Automobile	<u>12,700</u>
	351,125
Less accumulated depreciation	<u>(155,442)</u>
Net	<u>\$ 195,683</u>

Depreciation expense was \$8,320 for the year ended June 30, 2016.

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.

**HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

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 elections.

The Organization incurred Simple IRA expenses of \$7,170 for the year ended June 30, 2016, with \$6,544 being a program expense and \$626 being an administrative expense. These expenses are included in employee benefits in the Statement of Functional Expenses.

NOTE 7 - GRANTS RECEIVABLE

Grants receivable at June 30, 2016 were as follows:

Tennessee Department of Finance and Administration	\$ 37,735
Tennessee Coalition Against Domestic & Sexual Violence	<u>15,131</u>
	<u>\$ 52,866</u>