



CENTER OF HOPE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2013

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CENTER OF HOPE, INC.
FINANCIAL STATEMENTS
JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Center of Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center of Hope, Inc. as of June 30, 2013, 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.

Joe Osterfeld, CPA
Columbia, Tennessee
May 30, 2014

CENTER OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

Current Assets	
Cash and cash equivalents	\$ 299,845
Accounts receivable	37,894
Total Current Assets	<u>337,739</u>
Property and Equipment	
Land and buildings	237,849
Automobiles	19,250
Office furniture and equipment	27,784
	<u>284,883</u>
Less: accumulated depreciation	(110,025)
Net Property and Equipment	<u>174,858</u>
Other Assets	
Utility deposits	2,090
Gift cards	116
	<u>2,206</u>
Total Assets	<u><u>\$ 514,803</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 7,848
Accrued expenses	3,585
Total Current Liabilities	<u>11,433</u>
Net Assets	
Unrestricted net assets	<u>503,370</u>
Total Net Assets	<u>503,370</u>
Total Liabilities and Net Assets	<u><u>\$ 514,803</u></u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Grant revenue	\$ -	\$ 238,462	\$ 238,462
Donations	48,899	52,928	101,827
United Way	-	29,000	29,000
Fundraising	71,260		71,260
Rental income	3,244		3,244
In-kind contributions	32,619		32,619
Volunteer hours	17,163		17,163
Interest income	2,010		2,010
Other	540		540
Released from restrictions	320,390	(320,390)	-
Total public support, revenues and reclassifications	<u>496,125</u>	<u>-</u>	<u>496,125</u>
Expenses			
Program expenses	417,795		417,795
Management & general	60,244		60,244
Fundraising	24,243		24,243
Total Expenses	<u>502,282</u>	<u>-</u>	<u>502,282</u>
Change in net assets	(6,157)	-	(6,157)
Net assets, beginning of year	509,527	-	509,527
Net assets, end of year	<u>\$ 503,370</u>	<u>\$ -</u>	<u>\$ 503,370</u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 166,975	\$ 49,352	\$ 3,043	\$ 219,370
Payroll taxes	17,501	3,775	233	21,509
Health insurance	11,437			11,437
Retirement	4,456	752		5,208
Volunteer hours	17,163			17,163
Fundraising expenses	5,788		20,967	26,755
In-kind contributions	31,714			31,714
Bank charges	138			138
Advertising	113			113
Depreciation	5,979			5,979
Dues and subscriptions	1,175			1,175
Telephone	12,969			12,969
Taxes & license	917			917
Utilities	20,600			20,600
Insurance	10,509			10,509
Miscellaneous	581			581
Professional fees	30,725	6,365		37,090
Occupancy	39,300			39,300
Postage	450			450
Printing & publications	230			230
Direct client benefits	20,393			20,393
Repairs and maintenance	4,427			4,427
Training/ seminars	5,536			5,536
Travel	8,719			8,719
	<u>\$ 417,795</u>	<u>\$ 60,244</u>	<u>\$ 24,243</u>	<u>\$ 502,282</u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ (6,157)
Adjustments to reconcile increase in net assets	
to net cash provided (used) by operating activities	
Depreciation	5,979
(Increase) decrease in operating assets:	
Accounts receivable	(13,939)
Gift cards	(102)
Other assets	-
Increase (decrease) in operating liabilities:	
Accounts payable	(24,486)
Accrued expenses	(228)
Deferred revenue	-
Net cash provided (used) by operating activities	<u>(38,933)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash provided (used) by investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment on loans	<u>-</u>
Net cash provided (used) by financing activities	-
 Increase (decrease) in cash	 <u><u>(38,933)</u></u>
Cash, beginning of year	338,778
Cash, end of year	<u><u>\$ 299,845</u></u>

See accompanying notes and accountant's report.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Center of Hope, Inc., formerly the Maury County Center Against Domestic Violence (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. The Organization changed its name in December 2012. 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; and
- 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 the Center of Hope's existence. A board of directors governs the Center of Hope.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with US generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- 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 action 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.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donor of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. Currently, there are no assets that meet this description.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Cash and Cash Equivalents

For purposes of the statement of cash flows, the 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, 2013.

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. The Center of Hope had no temporarily or permanently restricted net assets at June 30, 2013.

Donation of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. The Center of Hope 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, the Center of Hope reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Center of Hope transfers temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

The 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.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Fair Values of Financial Instruments

Financial instruments of the 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.

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

The 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 Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2011, 2012 and 2013 are subject to examination by the IRS, generally for 3 years after they were filed.

Property and Equipment

It is the 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 the Center of Hope is deposited in FDIC insured banks. At June 30, 2013, the Center of Hope did not have any deposits that exceeded the \$250,000 FDIC insurance limit.

NOTE 3 – RISK CONCENTRATIONS

Approximately 29 %, of the 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.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2013, accounts receivable – grantors were composed of the following:

Program	
State of Tennessee – VOCA	\$ 9,250
State of Tennessee – Family Violence	7,287
State of Tennessee – SASP	1,256
Housing and Urban Development	19,197
Other	<u>904</u>
	<u>\$ 37,894</u>

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

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, 2013 consist of:

	Useful Life	
Land	NA	\$ 80,173
Building	40	157,676
Automobiles	5	19,250
Furniture and fixtures	5-7	6,869
Equipment	5-7	<u>20,915</u>
		284,883
Less: accumulated depreciation		<u>110,025</u>
		<u>\$ 174,858</u>

Depreciation expense for the year ended June 30, 2013 was \$5,979. The Center of Hope has no planned major maintenance activities planned.

CENTER OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – GRANTS

The Center of Hope received funding from the following grants:

	<u>Grant Contract Number</u>	<u>Grant Contract Period</u>	
State of Tennessee - Office of Criminal Justice Programs			
Family Violence Shelter		7/1/12 - 6/30/13	60,664
Victims of Crime Act (VOCA)		7/1/12 - 6/30/13	69,542
SASP			13,379
State of Tennessee - Department of Health		7/1/12 - 6/30/13	
TCADSV			11,689
U S Department of Housing and Urban Developm	TN0052B4J031104	4/1/12 - 3/31/13	72,000
Emergency Food and Shelter Program			6,188
The Community Foundation			5,000
			<u>\$ 238,462</u>

NOTE 8 – OPERATING LEASES

Rent expense for the year ended June 30, 2013 was \$39,300. The Center of Hope leases two facilities used for safe houses on a month to month basis; one for \$975 per month; and one for \$400 per month beginning June 2009. The 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.

NOTE 9 – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through May 30, 2014, which is the financial statement issuance date. No material subsequent events have occurred that need to be disclosed.