

**HOPE CLINIC FOR WOMEN**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2009**

## HOPE CLINIC FOR WOMEN

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Hope Clinic For Women  
Nashville, Tennessee

We have audited the accompanying statement of financial position of Hope Clinic for Women as of December 31, 2009, and the related statements of activities, functional expenses 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 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 Clinic for Women as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 31, 2010

**HOPE CLINIC FOR WOMEN**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009**

**ASSETS**

<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 126,078
Pledges Receivable	15,915
Related Party Pledges Receivable	<u>11,334</u>
Total Current Assets	<u>153,327</u>
<b>Property and Equipment</b>	
Less: Accumulated Depreciation	1,072,803
	<u>(276,781)</u>
Property and Equipment - Net	<u>796,022</u>
<b>Noncurrent Assets</b>	
Pledges Receivable, due after one year	5,237
Related Party Pledges Receivable, due after one year	15,348
Other Assets	<u>768</u>
Total Noncurrent Assets	<u>21,353</u>
Total Assets	<u><u>\$ 970,702</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>	
Accounts Payable	\$ 6,309
Deferred Support	750
Current Portion of Notes Payable	<u>3,818</u>
Total Current Liabilities	10,877
<b>Non-Current Portion of Notes Payable</b>	
	<u>466,003</u>
Total Liabilities	<u>476,880</u>
<b>Net Assets</b>	
Unrestricted	450,032
Temporarily Restricted	<u>43,790</u>
Total Net Assets	<u>493,822</u>
Total Liabilities and Net Assets	<u><u>\$ 970,702</u></u>

The accompanying notes are an integral part of this statement

**HOPE CLINIC FOR WOMEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Support			
Contributions	\$ 182,656	\$ 76,772	\$ 259,428
Received Indirectly - Allocated by Local Churches	78,983	-	78,983
Donated Materials and Services In-Kind	107,592	-	107,592
Special Events, net of direct costs of \$30,381	161,958	-	161,958
Net Assets Released from Restrictions	98,916	(98,916)	-
Total Support	<u>630,105</u>	<u>(22,144)</u>	<u>607,961</u>
Revenue			
Interest Income	309	-	309
Other Income	15,677	-	15,677
Total Support and Revenue	<u>646,091</u>	<u>(22,144)</u>	<u>623,947</u>
<b>Expenses</b>			
Program Services			
Counseling and Support	<u>695,091</u>	<u>-</u>	<u>695,091</u>
Supporting services			
Management and General	85,709	-	85,709
Fundraising	65,556	-	65,556
Total Support Services	<u>151,265</u>	<u>-</u>	<u>151,265</u>
Total Expenses	<u>846,356</u>	<u>-</u>	<u>846,356</u>
Change in Net Assets	(200,265)	(22,144)	(222,409)
Net Assets, January 1, 2009	<u>650,297</u>	<u>65,934</u>	<u>716,231</u>
<b>Net Assets, December 31, 2009</b>	<u><u>\$ 450,032</u></u>	<u><u>\$ 43,790</u></u>	<u><u>\$ 493,822</u></u>

The accompanying notes are an integral part of this statement

**HOPE CLINIC FOR WOMEN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Counseling and Support</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 354,084	\$ 43,750	\$ 45,771	\$ 443,605
Employee Benefits	26,016	3,219	3,285	32,520
Payroll Taxes	25,789	3,191	3,256	32,236
 Total Salaries and Benefits	 405,889	 50,160	 52,312	 508,361
Professional Fees	-	16,969	-	16,969
Continuing Education	4,954	1,321	330	6,605
Postage and Shipping	3,462	923	231	4,616
Direct Mail and Newsletter	-	-	1,194	1,194
Office Supplies	4,098	1,093	273	5,464
Telephone	6,061	1,616	404	8,081
Utilities	8,017	2,138	534	10,689
Janitorial Services	2,676	-	-	2,676
Equipment Purchases	3,299	880	219	4,398
Repairs and Maintenance	4,046	1,079	270	5,395
Insurance	8,354	2,228	557	11,139
Client Materials	45	-	-	45
Bank Charges	-	808	-	808
Donated Materials and Services-In-Kind	107,592	-	-	107,592
Licenses and Dues	887	237	59	1,183
Travel and Conferences	254	68	16	338
Advertising and Public Relations	27,583	-	-	27,583
Gifts / Appreciation	413	110	27	550
Board Expenses	-	273	-	273
Miscellaneous	3,893	1,038	260	5,191
Systems Development	8,698	-	-	8,698
Community Relations	-	-	7,679	7,679
Security	731	-	-	731
Medical	6,033	-	-	6,033
Prevention	2,639	-	-	2,639
Pregnancy Services	3,815	-	-	3,815
Interest	39,329	-	-	39,329
Maternity Home	23,657	-	-	23,657
Church Outreach	787	-	-	787
 Total Other Expenses	 271,323	 30,781	 12,053	 314,157
 Total Expenses Before Depreciation	 677,212	 80,941	 64,365	 822,518
Depreciation	17,879	4,768	1,191	23,838
 Total Functional Expenses	 \$ 695,091	 \$ 85,709	 \$ 65,556	 \$ 846,356

The accompanying notes are an integral part of this statement

**HOPE CLINIC FOR WOMEN**  
**STATEMENT OF CASH FLOWS**

**DECEMBER 31, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (222,409)
Depreciation	23,838
Adjustments to reconcile net income to net cash used by operations:	
(Increase) Decrease in:	
Pledges Receivable	147,482
Related Party Pledges Receivable	14,942
Account Receivable	1,350
Increase (Decrease) in:	
Accounts Payable	843
Deferred Support	<u>(1,050)</u>
Net Cash Used by Operating Activities	<u>(35,004)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of Notes Payable	<u>(13,670)</u>
Net Cash Used by Financing Activities	<u>(13,670)</u>
Net Decrease in Cash	(48,674)
Cash, January 1, 2009	<u>174,752</u>
Cash, December 31, 2009	<u>\$ 126,078</u>

**SUPPLEMENTAL DISCLOSURES**

Interest Paid	<u>\$ 39,329</u>
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The accompanying notes are an integral part of this statement

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization and Purpose:**

*Hope Clinic for Women*, founded in March 1983, is a safe and confidential place for women dealing with life choices regarding past, present and future pregnancies; providing education, professional counseling, medical care and practical support regardless of age, race or religion. Hope Clinic equips individuals in the Middle Tennessee area to make healthy choices for themselves and their families related to our three core programs: Pregnancy Services, Prevention Services, and Counseling Services

**Pregnancy Services** - Provides options information, professional counseling, pregnancy tests, and limited ultrasounds. In addition, participants of the Pregnancy BRIDGE Client Treatment plan receive a mentor, practical support, educational classes, and ongoing professional counseling in exchange for material assistance. With both male and female counselors, we provide counseling to all people involved (woman, father of the baby and parents). Another component of the pregnancy services is *Wendy's Place. our Home for Moms and Babies*, opened October 2008. Clients receive free housing, counseling, and case management throughout the duration of their pregnancy and following delivery for six to nine months, regardless of whether they choose to parent or place for adoption.

**Prevention Services** – This program is for private/public middle and high school students, young adults, churches and parents covering accurate information on STDs, abstinence education and the tools necessary to make healthy life choices. Since 2001, Hope Clinic has offered STD testing and treatment. Our Nurse Practitioner answers clients' questions, listens to their concerns, and educates them on women's health, pregnancy, and STDs. Often she successfully transitions medical clients needing additional care to our professional counselors for individual counseling.

**Counseling Services** - Originally began as post abortion counseling. In the past year that has expanded to include all forms of Pregnancy Loss (miscarriage and stillbirth). It includes a combination of clinical, practical and spiritual components. In 2009, we also added postpartum depression counseling (in partnership with St. Thomas Health Services).

#### **Classification of Restricted and Unrestricted Net Assets:**

Hope Clinic for Women has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Codification establishes standards for general-purpose external financial statements provided by not-for-profit organizations. In addition, it requires that the amounts of three classes of assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position, and that the amounts of change in each of these classes of net assets be displayed in a statement of activities.

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Classification of Restricted and Unrestricted Net Assets (Continued):**

The FASB Accounting Standards Codification requires the Organization to report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purposed restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted funds received and released from restrictions in the same period are reported as unrestricted support.

At December 31, 2009 and for the year then ended there were no permanent restrictions on assets.

Donor and pledge contributions are recognized as support upon receipt from donor.

#### **Advertising:**

The Organization expenses advertising costs as incurred. Advertising costs for 2009 were \$27,583.

#### **Basis of Presentation:**

The accompanying financial statements have been prepared on the accrual basis and include the assets, liabilities, and financial activities of the Organization.

#### **Depreciation:**

Acquisitions of property are recorded at original cost and are depreciated on the straight-line basis over their respective estimated useful lives.

#### **Income Taxes:**

Hope Clinic for Women is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Cash:**

The Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Donated Assets and Services:**

Noncash donations are recorded as contributions at their estimated fair values at the date of donation. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills. These services would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received.

#### **Estimates:**

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

#### **Concentration of Credit Risk:**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash on deposit and pledges receivable from individuals. Cash deposits are primarily in financial institutions in Tennessee and, at times, may exceed federally insured amounts. Concentrations of credit risk with respect to pledges receivable are limited to individuals and donors in the greater Nashville area. Management does not believe that significant credit risk exists at December 31, 2009.

#### **Accounts and Pledges Receivable:**

Accounts and pledges to be received within the next 12 months or with restrictions that have been met at year-end are classified as current assets. Pledges designated by the donor to be received more than 12 months after year-end have been classified as noncurrent assets. The Organization does not require collateral or other security to support the receivables nor does it accrue interest on any of its receivables. Management has evaluated all outstanding pledges at December 31, 2009 and determined that no additional allowance is considered necessary.

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

### 2. PLEDGES RECEIVABLE

During the year, the Organization conducted a pledge drive and accepted donor pledges and promises to give with all funds being unrestricted. The pledges and promises to give are recorded as revenue at their net realizable value at the time received. The pledges have been discounted in the amount of \$223 using the Organization's anticipated risk free rate of return of 4.25%. Pledges due in the next fiscal year are reflected as current, whereas, pledges due in subsequent years are reflected as long-term. The majority of the pledges were received from individual donors. Collection of pledges receivable as of December 31, 2009 is anticipated over the following maturity schedule:

2010	\$ 15,915
2011	2,320
2012	1,940
2013	1,200
	<u>21,375</u>
Less discount to net present value	(223)
Net present value of receivables	<u>\$ 21,152</u>

### 3. RELATED PARTY PLEDGES RECEIVABLE

Related party pledges receivable consisted of all pledges received from employees and board members at December 31, 2009. The pledges have been discounted in the amount of \$652 using the Organization's anticipated risk free rate of return of 4.25%. Related party pledges receivable due in the next fiscal year are reflected as current, whereas, pledges due in subsequent years are reflected as long-term. Collection of related party pledges receivable as of December 31, 2009 is anticipated over the following maturity schedule:

2010	\$ 11,334
2011	8,000
2012	8,000
	<u>27,334</u>
Less discount to net present value	(652)
Net present value of receivables	<u>\$ 26,682</u>

*Collections of contributions during the year exceeded pledges, net of uncollectible pledges, by \$162,424. Uncollectible pledges were determined as \$41,760.*

## HOPE CLINIC FOR WOMEN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

#### 4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2009 is as follows:

Land	\$ 222,000
Building and Improvements	708,193
Medical Equipment	39,650
Office Equipment	14,799
Furniture and Fixtures	17,128
Medical Leasehold Improvements	18,041
Computers and Software	52,992
	<u>1,072,803</u>
Less: Accumulated Depreciation and Amortization	<u>(276,781)</u>
Property and Equipment - Net	<u>\$ 796,022</u>

#### 5. NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended December 31, 2009 as follows:

Purpose restrictions accomplished:	
Abstinence Program	\$ 4,000
Medical Clinic Fund	43,000
Client Fund	3,392
Maternity Home Fund	18,594
Maternity Staff Fund	29,930
	<u>\$ 98,916</u>

#### 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2009:

Medical Clinic Fund	\$ 36,500
Maternity Staff Fund	3,112
Maternity Home Fund	4,178
	<u>\$ 43,790</u>

#### 7. RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA retirement plan covering all full-time employees who have received or are reasonably expected to receive \$5,000 in compensation for the year. The Organization matches full-time employee contributions up to 3% of gross salary and contributed \$2,531 to the plan during 2009. The plan was suspended on June 30, 2009.

# HOPE CLINIC FOR WOMEN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

### 8. NOTES PAYABLE

Note payable to Southeast Financial Federal Credit Union, dated August 1, 2007, collateralized with residential real property, payable \$1,904 due monthly including interest calculated at 9.25% \$ 227,764

Note payable to Southeast Financial Federal Credit Union, dated March 27, 2008, payable interest only for one year. Beginning April 27, 2010, the loan is payable at \$1,694 including principle and interest calculated at 7% until March 27, 2025. All remaining principle is due on March 27, 2025. The note is secured by commercial real property. 242,057

Total Notes Payable 469,821

Less Current Portion (3,818)

Non-Current Portion of Notes Payable \$ 466,003

As of December 31, 2009, long term debt matures as follows:

2010	3,818
2011	4,814
2012	5,211
2013	5,643
2014 and thereafter	<u>450,335</u>
	<u><u>\$ 469,821</u></u>

### 9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 31, 2010 which is the date the financial statements were available to be issued.



**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

*Communication of Significant Deficiencies*

To the Board of Directors  
Hope Clinic for Women  
Nashville, Tennessee

In planning and performing our audit of the financial statements of Hope Clinic for Women as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Hope Clinic for Women's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Bellenfant & Miles, PLLC*

May 31, 2010