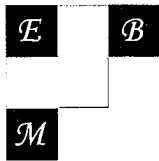


**HAVEN OF HOPE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2010**

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AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2010**

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Edmondson, Betzler & Montgomery, PLLC
(Certified Public Accountants)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Haven of Hope, Inc.

We have audited the accompanying statement of financial position of Haven of Hope, Inc., as of June 30, 2010, and the related statements of activities 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 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 Haven of Hope, Inc., as of June 30, 2010, 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.

Edmondson, Betzler & Montgomery, PLLC

September 20, 2010

HAVEN OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 203,518
Grants receivable	36,037
Unconditional promises to give:	
United Way funding for the next fiscal year	<u>9,895</u>

TOTAL CURRENT ASSETS	249,450
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Property and equipment	<u>219,018</u>
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TOTAL ASSETS	<u><u>\$ 468,468</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 4,265
Accrued salaries and compensated absences	39,861
Payroll taxes payable	<u>2,849</u>

TOTAL CURRENT LIABILITIES	<u>46,975</u>
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NET ASSETS:

Unrestricted	401,598
Unrestricted - Board designated	10,000
Temporarily restricted	<u>9,895</u>

TOTAL NET ASSETS	<u>421,493</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 468,468</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, 2010**

UNRESTRICTED NET ASSETS

Revenues and Support:

Grants	\$ 369,464
City and county governments	18,812
Donations	98,876
United Way funding in addition to restricted funding	12,380
In-kind	55,178
Interest	2,450
Other income	<u>505</u>

TOTAL UNRESTRICTED REVENUES AND SUPPORT 557,665

Net assets released from restrictions:

Expiration of time restriction - United Way	<u>12,078</u>
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TOTAL UNRESTRICTED REVENUES, SUPPORT AND RECLASSIFICATIONS 569,743

Expenses:

Program services:	
Shelter program	491,489
Supporting services:	
Management and general	<u>46,611</u>

TOTAL EXPENSES 538,100

INCREASE IN UNRESTRICTED NET ASSETS 31,643

TEMPORARILY RESTRICTED NET ASSETS

Contributions	
United Way funding for the next year	9,895
Net assets released from restrictions	
Untied Way	<u>(12,078)</u>

DECREASE IN TEMPORARILY RESTRICTED NET ASSETS (2,183)

CHANGE IN NET ASSETS 29,460

NET ASSETS, BEGINNING OF YEAR 392,033

NET ASSETS, END OF YEAR \$ 421,493

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

HAVEN OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010

	Program Services Shelter	Supporting Services Management and General	Total
FUNCTIONAL EXPENSES:			
Salaries and wages	\$ 270,273	\$ 38,860	\$ 309,133
Employee benefits	51,617	7,355	58,972
In-kind expense	55,178	-	55,178
Communications	18,920	-	18,920
Client assistance	13,614	-	13,614
Depreciation and amortization	10,442	-	10,442
Plant repair and maintenance	9,742	-	9,742
Educational media	9,540	-	9,540
Travel	8,713	376	9,089
Services	8,691	-	8,691
Insurance	8,101	-	8,101
Supplies	7,600	-	7,600
Utilities	6,207	-	6,207
Fundraising	2,508	-	2,508
Minor equipment	2,450	-	2,450
Equipment lease	2,401	-	2,401
Postage	1,635	-	1,635
Training and seminars	1,230	20	1,250
License and memberships	1,195	-	1,195
Advertising	1,184	-	1,184
Publications and subscriptions	248	-	248
	<u>\$ 491,489</u>	<u>\$ 46,611</u>	<u>\$ 538,100</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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 29,460
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,442
Decrease in grant receivable	12,532
Decrease in pledges receivable	2,183
Decrease in other receivable	678
Increase in accounts payable	892
Decrease in accrued salaries and leave	(84)
Increase in payroll taxes payable	63
Decrease in simple IRA payable	(504)
	<u>55,662</u>
Net cash provided by operating activities	<u>55,662</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of assets	<u>(8,300)</u>
Net cash used in investing activities	<u>(8,300)</u>
Net increase in cash and cash equivalents	47,362
Cash and cash equivalents, beginning of year	<u>156,156</u>
Cash and cash equivalents, end of year	<u><u>\$ 203,518</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, 2010

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 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.

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.

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

HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2010

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	20,105
Professional services	3,126
Printing & publication	2,362
Miscellaneous services	3,185
	<u>\$ 55,178</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, 2010

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.

Tax-Exempt Status

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, 2010.

Events Occurring After Reporting Date

Haven of Hope, Inc. has evaluated events and transactions that occurred between June 30, 2010 and September 20, 2010, 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. At June 30, 2010, the Organization did not have cash balances beyond this limit.

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

United Way	\$ 9,895
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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.

HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2010

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 27,000
Buildings	235,255
Furnitures, fixtures and equipment	39,799
Building Improvements	13,521
Automobile	<u>12,700</u>
	328,275
Less accumulated depreciation	<u>(109,257)</u>
Net	<u>\$ 219,018</u>

Depreciation expense was \$10,442 for the year ended June 30, 2010.

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.

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 election.

The Organization incurred Simple IRA expenses of \$4,092 for the year ended June 30, 2010, with \$3,425 being a program expense and \$667 being an administrative expense. These expenses are included in employee benefits in the Statement of Functional Expenses.

HAVEN OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2010

NOTE 7 - GRANTS RECEIVABLE

Grants receivable at June 30, 2010 were as follows:

Tennessee Department of Finance and Administration	\$ 24,890
Tennessee Coalition Against Domestic & Sexual Violence	9,232
Legal Aid Society	<u>1,915</u>
	<u><u>\$ 36,037</u></u>