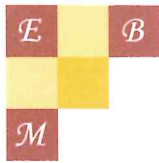


HAVEN OF HOPE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2011

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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, 2011, 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, 2011, 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

October 5, 2011

HAVEN OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 204,806
Grants receivable	55,032
Unconditional promises to give:	
United Way funding for the next fiscal year	<u>11,730</u>

TOTAL CURRENT ASSETS	271,568
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Property and equipment, net	<u>211,388</u>
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TOTAL ASSETS	<u><u>\$ 482,956</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 4,557
Accrued salaries and compensated absences	40,371
Payroll taxes payable	<u>580</u>

TOTAL CURRENT LIABILITIES	<u>45,508</u>
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NET ASSETS:

Unrestricted	425,718
Temporarily restricted	<u>11,730</u>

TOTAL NET ASSETS	<u>437,448</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 482,956</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, 2011**

UNRESTRICTED NET ASSETS

Revenues and Support:	
Grants	\$ 360,994
City and county governments	18,812
Donations	65,065
United Way funding in addition to restricted funding	5,120
In-kind	46,727
Interest	2,489
Other income	<u>3,142</u>
 TOTAL UNRESTRICTED REVENUES AND SUPPORT	 502,349
 Net assets released from restrictions:	
Expiration of time restriction - United Way	<u>9,895</u>
 TOTAL UNRESTRICTED REVENUES, SUPPORT AND RECLASSIFICATIONS	 <u>512,244</u>
 Expenses:	
Program services:	
Shelter program	437,873
Supporting services:	
Management and general	<u>60,251</u>
 TOTAL EXPENSES	 <u>498,124</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 <u>14,120</u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>	
Contributions	
United Way funding for the next year	11,730
Net assets released from restrictions	
United Way	<u>(9,895)</u>
 INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>1,835</u>
 CHANGE IN NET ASSETS	 15,955
 NET ASSETS, BEGINNING OF YEAR	 <u>421,493</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 437,448</u></u>

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

HAVEN OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	Program Services Shelter	Supporting Services Management and General	Total
FUNCTIONAL EXPENSES:			
Salaries and wages	\$ 262,481	\$ 53,420	\$ 315,901
Employee benefits	49,047	6,798	55,845
In-kind expense	46,727	-	46,727
Communications	17,704	-	17,704
Client assistance	3,933	-	3,933
Depreciation and amortization	7,630	-	7,630
Plant repair and maintenance	6,582	-	6,582
Educational media	431	-	431
Travel	6,483	33	6,516
Services	8,598	-	8,598
Insurance	8,383	-	8,383
Supplies	4,314	-	4,314
Utilities	5,515	-	5,515
Fundraising	2,004	-	2,004
Minor equipment	1,460	-	1,460
Equipment lease	2,563	-	2,563
Postage	1,311	-	1,311
Training and seminars	854	-	854
License and memberships	1,020	-	1,020
Advertising	356	-	356
Publications and subscriptions	477	-	477
	<u>\$ 437,873</u>	<u>\$ 60,251</u>	<u>\$ 498,124</u>
Total expenses	<u>\$ 437,873</u>	<u>\$ 60,251</u>	<u>\$ 498,124</u>

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

HAVEN OF HOPE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 15,955
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,630
Increase in grant receivable	(18,995)
Increase in pledges receivable	(1,835)
Increase in accounts payable	292
Increase in accrued salaries and leave	511
Decrease in payroll taxes payable	<u>(2,270)</u>
Net cash provided by operating activities	<u>1,288</u>
Net increase in cash and cash equivalents	1,288
Cash and cash equivalents, beginning of year	<u>203,518</u>
Cash and cash equivalents, end of year	<u><u>\$ 204,806</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, 2011

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, 2011

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	15,625
Professional services	1,800
Printing & publication	1,050
Miscellaneous services	1,852
	<u>\$ 46,727</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, 2011

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, 2011.

Events Occurring After Reporting Date

Haven of Hope, Inc. has evaluated events and transactions that occurred between June 30, 2011 and October 5, 2011, 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, 2011, 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	\$ 11,730
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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, 2011

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>(116,887)</u>
Net	<u>\$ 211,388</u>

Depreciation expense was \$7,630 for the year ended June 30, 2011.

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 \$5,283 for the year ended June 30, 2011, with \$4,932 being a program expense and \$351 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, 2011

NOTE 7 - GRANTS RECEIVABLE

Grants receivable at June 30, 2011 were as follows:

Tennessee Department of Finance and Administration	\$ 31,602
Tennessee Coalition Against Domestic & Sexual Violence	<u>23,430</u>
	<u><u>\$ 55,032</u></u>