

HAVEN OF HOPE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2018

*Douglas J. Brown*  
12/6/18

**HAVEN OF HOPE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2018**

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## 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, 2018, 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 Haven of Hope, Inc., as of June 30, 2018, 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, Betzler & Dame, PLLC*

November 5, 2018

**HAVEN OF HOPE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 372,875
Grants receivable	81,428
Unconditional promises to give:	
United Way funding for the next fiscal year	<u>11,831</u>

TOTAL CURRENT ASSETS	466,134
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Property and equipment, net	<u>178,401</u>
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TOTAL ASSETS	<u><u>\$ 644,535</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 10,490
Accrued salaries and compensated absences	66,159
Payroll taxes payable	<u>134</u>

TOTAL CURRENT LIABILITIES	<u>76,783</u>
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**NET ASSETS:**

Unrestricted	555,921
Temporarily restricted	<u>11,831</u>

TOTAL NET ASSETS	<u>567,752</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 644,535</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, 2018**

**UNRESTRICTED NET ASSETS**

Revenues and Support:	
Grants	\$ 469,941
In-kind	130,850
Donations	41,225
City and county governments	21,162
United Way funding in addition to restricted funding	4,310
Interest income	<u>1,090</u>
 TOTAL UNRESTRICTED REVENUES AND SUPPORT	 668,578
 Net assets released from restrictions:	
Expiration of time restriction - United Way	<u>11,200</u>
 TOTAL UNRESTRICTED REVENUES, SUPPORT AND RECLASSIFICATIONS	 <u>679,778</u>
 Expenses:	
Program services:	
Shelter program	658,813
Supporting services:	
Management and general	<u>31,375</u>
 TOTAL EXPENSES	 <u>690,188</u>
 DECREASE IN UNRESTRICTED NET ASSETS	 <u>(10,410)</u>
 <b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>	
Contributions:	
United Way funding for the next year	11,831
Net assets released from restrictions:	
United Way	<u>(11,200)</u>
 INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>631</u>
 CHANGE IN NET ASSETS	 (9,779)
 NET ASSETS, BEGINNING OF YEAR	 <u>577,531</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 567,752</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, 2018**

	<b>Program Services Shelter</b>	<b>Supporting Services Management and General</b>	<b>Total</b>
FUNCTIONAL EXPENSES:			
Salaries and wages	\$ 392,069	\$ 25,292	\$ 417,361
In-kind expense	130,850	-	130,850
Employee benefits	41,588	2,683	44,271
Communications	18,189	-	18,189
Repair and maintenance	15,530	-	15,530
Insurance	12,352	-	12,352
Services	7,380	3,400	10,780
Travel	9,940	-	9,940
Depreciation	8,568	-	8,568
Supplies	8,272	-	8,272
Utilities	5,118	-	5,118
Equipment lease	3,595	-	3,595
Client assistance	2,375	-	2,375
License and memberships	1,369	-	1,369
Postage	946	-	946
Miscellaneous	343	-	343
Training and seminars	250	-	250
Publications and subscriptions	79	-	79
	<u>\$ 658,813</u>	<u>\$ 31,375</u>	<u>\$ 690,188</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, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (9,779)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	8,568
Increase in grant receivable	(31,157)
Increase in pledges receivable	(631)
Increase in accounts payable	6,053
Increase in accrued salaries and leave	16,810
Increase in payroll taxes payable	<u>119</u>
Net cash used in operating activities	<u>(10,017)</u>
Net decrease in cash and cash equivalents	<u>(10,017)</u>
Cash and cash equivalents, beginning of year	<u>382,892</u>
Cash and cash equivalents, end of year	<u><u>\$ 372,875</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, 2018**

**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, and in accordance with the American Institute of Certified Public Accountant's Audit and Accounting Guide, *Audits of Not-for-Profit Organizations*.

Basis of Presentation

The Organization has adopted the provisions of FASB ASC 958-605-25 and FASB ASC 958. Under the provisions of FASB ASC 958-605-25, contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenue of the unrestricted net assets class.

Under the provisions of FASB ASC 958, 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 represent those net assets that are not subject to donor imposed stipulations.
- Temporarily restricted net assets include net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- Permanently restricted net assets are those net assets subject to donor-imposed stipulations that require net assets to be maintained permanently by the Organization. The Organization does not maintain any permanently restricted net assets.

HAVEN OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

HAVEN OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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	\$ 101,427
Supplies and minor equipment	29,423
	<u>\$ 130,850</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.

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, 2018.

**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**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>(172,724)</u>
Net	<u>\$ 178,401</u>

Depreciation expense was \$8,568 for the year ended June 30, 2018.

**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 elections.

The Organization incurred Simple IRA expenses of \$5,546 for the year ended June 30, 2018, with \$5,364 being a program expense and \$182 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, 2018

**NOTE 7 - GRANTS RECEIVABLE**

Grants receivable at June 30, 2018 were as follows:

Tennessee Department of Finance and Administration	\$ 66,249
Tennessee Coalition Against Domestic & Sexual Violence	<u>15,179</u>
	<u><u>\$ 81,428</u></u>