

**HAVEN OF HOPE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2023**

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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) (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## INDEPENDENT AUDITORS' REPORT

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Ernestine, Betty Lee & Dan, Ph.D.*

October 2, 2023

*7 Douglas Brown*  
*12/7/2023*

**HAVEN OF HOPE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 590,539
Investments at fair value	186,529
Grants receivable	84,202
Unconditional promises to give:	
United Way funding for the next fiscal year	<u>10,547</u>

TOTAL CURRENT ASSETS	871,817
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Property and equipment, net	<u>148,840</u>
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TOTAL ASSETS	<u><u>\$ 1,020,657</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 10,567
Accrued payroll and compensated absences	86,450
Deferred revenue	<u>35,000</u>

TOTAL CURRENT LIABILITIES	<u>132,017</u>
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**NET ASSETS:**

Net assets without donor restrictions	878,093
Net assets with donor restrictions	<u>10,547</u>

TOTAL NET ASSETS	<u>888,640</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,020,657</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, 2023**

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

Revenues and Support:	
Grants	\$ 586,313
In-kind	285,313
Donations	71,927
City and county governments	39,012
Dividend income	5,565
Unrealized gain on investments	3,151
Interest income	2,061
United Way funding in addition to restricted funding	569
	<hr/>
TOTAL REVENUES AND SUPPORT	993,911
Net assets released from restrictions:	
Expiration of time restriction - United Way	12,229
	<hr/>
TOTAL REVENUES, SUPPORT AND RECLASSIFICATIONS	1,006,140
	<hr/>
Expenses:	
Program service:	
Shelter	851,091
Supporting services:	
Management and general	59,367
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TOTAL EXPENSES	910,458
	<hr/>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	95,682
	<hr/>
<b><u>NET ASSETS WITH DONOR RESTRICTIONS</u></b>	
Contributions:	
United Way funding for the next year	10,547
Net assets released from restrictions:	
United Way	(12,229)
	<hr/>
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(1,682)
	<hr/>
CHANGE IN NET ASSETS	94,000
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NET ASSETS, BEGINNING OF YEAR	794,640
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NET ASSETS, END OF YEAR	\$ 888,640
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The accompanying notes are an integral part of these financial statements.

**HAVEN OF HOPE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	<u>Program Service</u>	<u>Supporting Services</u>	
	<u>Shelter</u>	<u>Management and General</u>	<u>Total</u>
FUNCTIONAL EXPENSES:			
Salaries and wages	\$ 403,643	\$ 44,849	\$ 448,492
In-kind - rent	259,407	-	259,407
Employee benefits	51,513	5,724	57,237
In-kind - supplies	25,906	-	25,906
Repairs and maintenance	19,311	-	19,311
Supplies	15,399	1,711	17,110
Insurance	15,316	-	15,316
Communications	13,199	1,466	14,665
Professional services	9,543	3,800	13,343
Client assistance	12,020	-	12,020
Depreciation	9,729	1,081	10,810
Travel	8,240	-	8,240
Utilities	4,011	446	4,457
Miscellaneous	1,826	-	1,826
Training and seminars	1,497	-	1,497
Printing and postage	531	59	590
License and memberships	-	231	231
	<u>-</u>	<u>231</u>	<u>231</u>
Total expenses	<u>\$ 851,091</u>	<u>\$ 59,367</u>	<u>\$ 910,458</u>

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

**HAVEN OF HOPE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 94,000
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(3,151)
Reinvested investment income	(3,874)
Depreciation	10,810
Increase in grant receivable	(6,909)
Decrease in pledges receivable	1,682
Increase in accounts payable	7,884
Increase in accrued payroll and compensated absences	752
Decrease in deferred revenue	<u>(3,000)</u>
Net cash provided by operating activities	<u>98,194</u>
Net increase in cash and cash equivalents	<u>98,194</u>
Cash and cash equivalents, beginning of year	<u>492,345</u>
Cash and cash equivalents, end of year	<u><u>\$ 590,539</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, 2023**

**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.

Basis of Accounting

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*.

Financial Statement Presentation

The financial statements are prepared in conformity with the standards promulgated by the Financial Accounting Standards Board in FASB ASC 958-605-25, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-225, *Financial Statements of Not-for-Profit Organizations*.

Net Assets

Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are those that are free of donor-imposed restrictions. Net assets with donor restrictions are those limited by donor-imposed stipulations.

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.

Investments

The Organization carries investments in marketable securities with readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities.

**HAVEN OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

Contributions

All contributions are considered to be without donor restriction unless specifically stated by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

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, 2023**

**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	\$ 259,407
Supplies and minor equipment	25,906
	<u>\$ 285,313</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 financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, building expenses, supplies, office expense, professional fees, insurance and depreciation, which are allocated on the basis of estimates of time and effort.

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, 2023.

**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

Income Taxes (continued)

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2023, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Organization has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Events Occurring After Reporting Date

Haven of Hope, Inc. has evaluated events and transactions that occurred after June 30, 2023, through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition or disclosure in the June 30, 2023 financial statements.

**NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has \$871,817 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash, investments, grants receivable and unconditional promise to give. The Organization has a goal to maintain financial assets on hand to meet 120 days of normal operating expense, which are, on average, approximately \$205,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 3 - 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. Cash during the year may exceed the FDIC insured limits.

**NOTE 4 - GRANTS RECEIVABLE**

Grants receivable were as follows:

Tennessee Department of Finance and Administration	\$ 73,376
Tennessee Coalition to End Domestic & Sexual Violence	<u>10,826</u>
	<u>\$ 84,202</u>

**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 5 - PROMISES TO GIVE**

Unconditional promises to give consist of the following:

United Way	\$ <u>10,547</u>
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The United Way amount includes 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 restricted due to the time restriction.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Land	\$ 27,000
Buildings	235,255
Furniture, fixtures and equipment	55,723
Building improvements	28,744
Automobile	<u>20,009</u>
	366,731
Less accumulated depreciation	<u>(217,891)</u>
Net	<u>\$ 148,840</u>

Depreciation expense was \$10,810 for the year ended June 30, 2023.

**NOTE 7 - INVESTMENTS**

A summary of investments since acquisition is as follows:

	Cost	Market
Money market funds	\$ 2,735	\$ 2,735
Equity funds	136,859	151,496
Fixed income funds	<u>29,406</u>	<u>32,298</u>
Total	<u>\$ 169,000</u>	<u>\$ 186,529</u>

Total investment return is summarized below:

Investment earnings	\$ 5,572
Unrealized gain on investments	3,151
Investment fees	<u>(1,698)</u>
	<u>\$ 7,025</u>

**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 8 - FAIR VALUE MEASUREMENTS**

Financial Accounting Standards (FASB) ASC 820, established a three-level valuation hierarchy for disclosures of fair value measurements defined as Level 1 – inputs for quoted market prices for identical assets or liabilities in active markets; Level 2 – inputs include quoted market prices for similar assets and liabilities in active markets and inputs that are observable either directly or indirectly and; Level 3 – inputs that are unobservable and significant to the fair value measurements.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2023 is as follows:

	<u>Fair Value</u>	<u>In Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 2,735	\$ 2,735	\$ -	\$ -
Equity funds	151,496	151,496	-	-
Fixed income funds	32,298	32,298	-	-
Total	<u>\$ 186,529</u>	<u>\$ 186,529</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30 were restricted for the following purposes:

Unconditional promises to give for the year ended June 30, 2023	<u>\$ 10,547</u>
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**NOTE 10 - CONTINGENCIES**

The Organization 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 the Organization in excess of liabilities accrued on an estimated basis in the financial statements.

**HAVEN OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**NOTE 11 - 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 the Organization contributing an amount equal to the employee's contribution, up to six 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 \$7,621 for the year ended June 30, 2023, with \$6,859 being a program expense and \$762 being an administrative expense. These expenses are included in employee benefits in the Statement of Functional Expenses.