

**HAVEN OF HOPE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**JUNE 30, 2008**

**HAVEN OF HOPE, INC.**

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**HOUSHOLDER ARTMAN, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**



**INDEPENDENT AUDITORS' REPORT**

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December 17, 2008

To the Board of Directors  
Haven of Hope, Inc.  
Manchester, Tennessee

We have audited the accompanying statement of financial position of Haven of Hope, Inc. (a nonprofit organization) as of June 30, 2008, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2008, on our consideration of Haven of Hope, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Haven of Hope, Inc. taken as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal and state awards on page 11 is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Housholder Artman PLLC*

**HAVEN OF HOPE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2008**

<u>ASSETS</u>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 156,036
Investments	9,015
Grants receivable	24,872
Unconditional promises to give:	
United Way funding for the next fiscal year	15,339
	<hr/>
TOTAL CURRENT ASSETS	205,262
	<hr/>
PROPERTY AND EQUIPMENT	231,256
	<hr/>
TOTAL ASSETS	\$ 436,518
	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 3,516
Accrued salaries and compensated absences	22,752
Payroll taxes payable	12,241
Simple IRA payable	1,675
Deferred revenue	16,464
	<hr/>
TOTAL CURRENT LIABILITIES	56,648
	<hr/>
LONG TERM LIABILITIES	
	<hr/>
TOTAL LONG TERM LIABILITIES	-
	<hr/>
<b>NET ASSETS</b>	
Unrestricted	364,531
Temporarily restricted	15,339
	<hr/>
TOTAL NET ASSETS	379,870
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 436,518
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

**HAVEN OF HOPE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

**UNRESTRICTED NET ASSETS**

Revenues and Support:	
Grants	\$ 267,987
City and county governments	11,170
Donations	38,396
United Way funding in addition to restricted funding	9,953
In-kind	52,542
Interest	2,369
Dividends and capital gain distributions	1,154
Capital campaign	34,394
Other income	45,109

TOTAL UNRESTRICTED REVENUES AND SUPPORT	463,074
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Net assets released from restrictions	
Expiration of time restriction - United Way	8,604

TOTAL UNRESTRICTED REVENUES, SUPPORT, AND RECLASSIFICATIONS	471,678
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Expenses and Losses:	
Program services:	
Shelter program	375,873
Supporting services:	
Management and general	52,336

Total Expenses	428,209
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Unrealized losses	1,576
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TOTAL EXPENSES AND LOSSES	429,785
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INCREASE IN UNRESTRICTED NET ASSETS	41,893
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**TEMPORARILY RESTRICTED NET ASSETS**

Contributions	
United Way funding for the next year	15,339
Net assets released from restrictions	
United Way	(8,604)

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	6,735
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CHANGE IN NET ASSETS	48,628
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NET ASSETS AT BEGINNING OF YEAR	331,242
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NET ASSETS AT END OF YEAR	\$ 379,870
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The accompanying notes are an integral part of this financial statement.



**HAVEN OF HOPE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 48,628
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	10,866
Increase (decrease) in:	
Grant receivable	144
Pledges receivable	(6,735)
(Increase) decrease in:	
Accounts payable	(1,570)
Accrued salaries and leave	(985)
Payroll taxes payable	524
Simple IRA payable	683
Deferred revenue	16,464
Unrealized losses on investments	1,186
Total Adjustments	<u>20,577</u>
Net cash provided by operating activities	<u>69,205</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Acquisition of assets	(999)
Investments purchased	(764)
Investments redeemed	1,541
Net cash provided by investing activities	<u>(222)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Principal payments on long-term debt	(35,664)
Net cash used in financing activities	<u>(35,664)</u>
Net increase in cash and cash equivalents	\$ 33,319
Cash and cash equivalents at beginning of year	122,717
Cash and cash equivalents at end of year	<u><u>\$ 156,036</u></u>

**SUPPLEMENTAL CASH FLOW DISCLOSURES:**

Interest paid	\$ 2,607
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The accompanying notes are an integral part of this financial statement.

**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purposes**

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 to 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, 7, and 10 years
Improvements	10, 15, and 20 years
Vehicles	5 years

**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.

**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**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	\$ 25,400
Supplies and minor equipment	25,066
Professional services	1,800
Miscellaneous services	276
	<u>\$ 52,542</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.

**Tax-Exempt Status**

The Organization is not a private foundation and is exempt from federal income tax, except on unrelated business taxable income, under the provisions of Internal Revenue Service Code Section 501(c) (3). The Corporation had no unrelated business taxable income for fiscal year 2008; therefore, no liability for income taxes was incurred.

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the unrestricted revenues and support or expenses and losses in the accompanying Statement of Activities.



**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 2 - CASH**

Funds of the Organization are maintained in checking accounts and money market accounts. The checking accounts are insured by the Federal Deposit Insurance Corporation. The money market account is maintained by Edward D. Jones and Company, an investment advisory firm, and is not federally insured. The composition of cash at June 30, 2008 is as follows:

Petty cash	\$ 160
Checking	82,849
Money market	73,027
	<u>\$ 156,036</u>

**NOTE 3 - INVESTMENTS**

At June 30, 2008, the Organization had the following investments:

<u>Description</u>	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mortgage backed securities	\$ 5,827	\$ 5,855	\$ 28
Mutual funds	4,599	3,160	(1,439)
	<u>\$ 10,426</u>	<u>\$ 9,015</u>	<u>\$ (1,411)</u>

Unrealized appreciation on investments at the beginning of the year was \$167.

Return on investments for the year ended June 30, 2008 was as follows:

Investment Income - dividends and capital gains	\$ 1,154
Investment gains (losses) - realized	<u>-</u>
Total Return	<u>\$ 1,154</u>

Beginning principal value	\$ 10,979
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Approximate annual rate of total return	10.5%
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**NOTE 4 - PROMISES TO GIVE**

Unconditional promises to give consist of the following:

United Way	\$15,339
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Amounts due in more than one year are not significant; thus no discount factor has been applied.

The United Way amount includes Bedford 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**  
**JUNE 30, 2008**

**NOTE 5 – PROPERTY AND EQUIPMENT**

The following changes in property and equipment occurred during the year ended June 30, 2008:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Buildings	235,255	1,000	-	236,255
Furniture, fixtures, and equipment	38,299	-	-	38,299
Improvements	5,221	-	-	5,221
Vehicles	10,500	-	-	10,500
	<u>316,275</u>	<u>1,000</u>	<u>-</u>	<u>317,275</u>
Less: accumulated depreciation	(75,152)	(10,867)	-	(86,019)
	<u>\$ 241,123</u>	<u>\$ (9,867)</u>	<u>\$ -</u>	<u>\$ 231,256</u>

Depreciation expense for the year ended June 30, 2008, totaled \$10,866.

**NOTE 6 - 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 the Haven of Hope in excess of liabilities accrued on an estimated basis in the financial statements.

**NOTE 7 - 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 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 \$5,006 for the year ended June 30, 2008, with \$4,039 being a program expense and \$967 being an administrative expense included in employee benefits in the Schedule of Functional Expenses.

**HAVEN OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 8 - NOTE PAYABLE**

The Organization purchased a building and land in June 2005 for \$166,151. Of this amount, \$100,000 was financed through a local bank at a variable interest rate starting at 5.5%, never increasing above 8.0%. The building and land purchased are collateral for the loan and is due June 1, 2015. At June 30, 2008 the remaining principal balance of the loan was \$0. The Organization launched a capital fundraising campaign to eliminate the outstanding debt as soon as possible.

Below is a summary of the note payable:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2008</u>
Note payable	\$ 35,664	-	(35,664)	\$ -

Interest paid for the year ended June 30, 2008 totaled \$2,607.

**NOTE 9 – GRANTS RECEIVABLE**

Grants receivable at June 30, 2008 were as follows:

Tennessee Department of Finance and Administration	\$ 23,013
Tennessee Department of Human Services	1,859
	<u>\$ 24,872</u>

**HAVEN OF HOPE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Program Services: Shelter	Supporting Services: Management and General	Total
<b>FUNCTIONAL EXPENSES:</b>			
Salaries and wages	\$ 198,899	\$ 44,701	\$ 243,600
Employee benefits	42,208	6,699	48,907
Travel	6,428	777	7,205
Utilities - Program	4,961	-	4,961
Postage	1,960	-	1,960
Publications and subscriptions	73	-	73
Equipment lease	1,524	-	1,524
Educational media	229	-	229
Minor equipment	180	-	180
In-kind	52,404	139	52,543
Interest expense	2,607	-	2,607
License and memberships	1,005	-	1,005
Training and seminars	890	20	910
Client assistance	10,344	-	10,344
Supplies	3,958	-	3,958
Insurance	7,199	-	7,199
Communications	14,501	-	14,501
Services	8,581	-	8,581
Plant repair and maintenance	7,056	-	7,056
Depreciation and amortization	10,866	-	10,866
<b>TOTAL EXPENSES</b>	<b>\$ 375,873</b>	<b>\$ 52,336</b>	<b>\$ 428,209</b>

See accompanying independent auditors' report on supplementary information.



**HAVEN OF HOPE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	Receivable (Deferred) July 1, 2007	Grant Receipts	Grant Expenditures/ Uses	Receivable (Deferred) June 30, 2008
<b>FEDERAL AWARDS</b>								
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>								
Passed Through Tennessee Department of Finance and Administration:								
Family Violence Shelter Program (Federal Portion)	93.671	Z-05021958-00	7/1/04 - 6/30/07	\$ 232,191	\$ 7,429	\$ (7,429)	\$ -	\$ -
Family Violence Shelter Program (Federal Portion)	93.671	Z-05021994-00	7/1/07-06/30/10	232,191	-	(70,493)	77,311	6,818
Total U.S. Department of Health and Human Services					7,429	(77,922)	77,311	6,818
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>								
Emergency Food and Shelter Program	97.024	N/A	11/1/07-10/31/08	5,750	-	(2,875)	2,875	-
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>								
Passed Through Tennessee Department of Finance and Administration:								
Emergency Shelter Grant Program	14.231	Z-07-031475-00	7/1/06 - 6/30/07	22,997	(156)	-	156	-
Emergency Shelter Grant Program	14.231	Z-08-022560-00	7/1/07-06/30/08	22,977	-	(18,926)	20,785	1,859
Total U.S. Department of Housing and Urban Development					(156)	(18,926)	20,941	1,859
<b>U.S. DEPARTMENT OF JUSTICE:</b>								
Passed Through Tennessee Department of Finance and Administration:								
Stop Violence Against Women	16.588	Z-07-033035-00	7/1/06 - 6/30/09	136,293	5,499	(44,209)	43,403	4,693
Victims of Crime Act	16.575	Z-07-033189-00	7/1/06 - 6/30/09	213,705	7,067	(70,740)	70,505	6,832
Total U.S. Department of Justice					12,566	(114,949)	113,908	11,525
Total Expenditures of Federal Awards					\$ 19,839	\$ (214,672)	\$ 215,035	\$ 20,202
<b>STATE AWARDS</b>								
<b>TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION:</b>								
Family Violence Shelter Program (State Portion)	N/A	Z-05021958-00	7/1/04 - 6/30/07	159,018	\$ 5,177	\$ (5,177)	\$ -	\$ -
Family Violence Shelter Program (State Portion)	N/A	Z-05021994-00	7/1/07-06/30/10	159,018	-	(48,282)	52,952	4,670
Total Expenditures of State Awards					5,177	(53,459)	52,952	4,670
Total Expenditures of Federal and State Awards					\$ 25,016	\$ (268,131)	\$ 267,987	\$ 24,872

See accompanying independent auditors' report on supplemental information.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

December 17, 2008

To the Board of Directors  
Haven of Hope, Inc.

We have audited the financial statements of Haven of Hope, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Haven of Hope, Inc.'s internal control over financial reporting 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 Haven of Hope, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2008-01 and 2008-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

**HOUSHOLDER ARTMAN, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haven of Hope, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Haven of Hope, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Haven of Hope, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management and government regulatory agencies and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Housholder Artman PLLC*



**HAVEN OF HOPE, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**JUNE 30, 2008**

**Findings:**

2008-01 Under professional standards promulgated by the American Institute of Certified Public Accountants, there is a presumed deficiency in internal control when the financial statements and related disclosures are drafted by the auditor, unless the Organization possesses an accounting department that is staffed with personnel with the requisite skills and training to perform such functions and the function was performed by the auditor as an accommodation to management. For this engagement, financial statements were submitted to us by management that were generated as a by-product of the bookkeeping system. We proposed certain adjustments to these financial statements as a result of our audit and we drafted the disclosures required by professional standards.

Recommendation: Due to the nature and size of the Organization, it may not be practical or possible to perform these functions internally. Therefore, management may wish to acknowledge and accept this deficiency or develop compensating controls.

Management response: We concur with the auditors' finding and recommendation.

2008-02 As of June 30, 2008, the Organization had deposits of \$73,027 in money market funds which were not federally insured. This is a repeat finding from 2007-02

Recommendation: To reduce credit risk, the Organization should consider moving the funds to an account that is federally insured.

Management response: We concur with the auditor's finding and recommendation.