



CENTER OF HOPE
FINANCIAL STATEMENTS

JUNE 30, 2016

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**CENTER OF HOPE
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JUNE 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on the Basic Financial Statements	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center of Hope
Columbia, Tennessee

We have audited the accompanying financial statements of Center of Hope (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 Center of Hope as of June 30, 2016, 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.



Joe Osterfeld, CPA
Columbia, Tennessee
May 10, 2017

CENTER OF HOPE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current Assets	
Cash and cash equivalents	\$ 392,015
Accounts receivable	45,783
Total Current Assets	<u>437,798</u>
Property and Equipment	
Land and buildings	361,624
Automobiles	19,250
Office furniture and equipment	27,784
	<u>408,658</u>
Less: accumulated depreciation	(124,473)
Net Property and Equipment	<u>284,185</u>
Other Assets	
Utility deposits	2,120
Gift cards	487
	<u>2,607</u>
Total Assets	<u><u>\$ 724,590</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 10,694
Accrued expenses	4,092
Deferred revenue	10,000
Total Current Liabilities	<u>24,786</u>
Net Assets	
Unrestricted net assets	699,804
Total Net Assets	<u>699,804</u>
Total Liabilities and Net Assets	<u><u>\$ 724,590</u></u>

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

CENTER OF HOPE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Grant revenue	\$ -	\$ 310,787	\$ 310,787
Donations	158,914	22,308	181,222
United Way	-	27,000	27,000
Fundraising	79,756		79,756
Rental income	4,867		4,867
In-kind contributions	54,792		54,792
Volunteer hours	15,234		15,234
Interest income	841		841
Other	420		420
Released from restrictions	350,095	(350,095)	-
Total public support and revenues	<u>664,919</u>	<u>10,000</u>	<u>674,919</u>
Expenses			
Program expenses	457,805		457,805
Management & general	52,554		52,554
Fundraising	28,210		28,210
Total Expenses	<u>538,569</u>	<u>-</u>	<u>538,569</u>
Change in net assets	126,350	10,000	136,350
Net assets, beginning of year	563,454	-	563,454
Net assets, end of year	<u>\$ 689,804</u>	<u>\$ 10,000</u>	<u>\$ 699,804</u>

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

CENTER OF HOPE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 189,616	\$ 39,564	\$ 3,965	\$ 233,145
Payroll taxes	\$ 15,362	\$ 3,027	\$ 303	\$ 18,692
Employee health insurance	\$ -			\$ -
Retirement	\$ 937	\$ 483		\$ 1,420
Volunteer hours	\$ 15,234			\$ 15,234
Fundraising expenses	\$ -		\$ 23,942	\$ 23,942
In-kind contributions	\$ 54,792			\$ 54,792
Bank charges	\$ 291			\$ 291
Background checks	\$ 348			\$ 348
Depreciation	\$ 4,275			\$ 4,275
Dues and subscriptions	\$ 525			\$ 525
Telephone	\$ 6,577			\$ 6,577
Taxes & license	\$ 918			\$ 918
Utilities	\$ 19,035			\$ 19,035
Insurance	\$ 14,430			\$ 14,430
Miscellaneous	\$ 545			\$ 545
Professional fees	\$ 54,212	\$ 9,480		\$ 63,692
Occupancy	\$ 42,000			\$ 42,000
Postage	\$ 505			\$ 505
Direct client benefits	\$ 30,469			\$ 30,469
Repairs and maintenance	\$ 5,418			\$ 5,418
Travel	\$ 2,316			\$ 2,316
	<u>\$ 457,805</u>	<u>\$ 52,554</u>	<u>\$ 28,210</u>	<u>\$ 538,569</u>

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

CENTER OF HOPE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 136,350
Adjustments to reconcile increase in net assets	
to net cash provided (used) by operating activities	
Depreciation	4,275
(Increase) decrease in operating assets:	
Accounts receivable	(14,260)
Gift cards	220
Other assets	(30)
Increase (decrease) in operating liabilities:	
Accounts payable	(3,202)
Accrued expenses	859
Deferred revenue	10,000
Net cash provided (used) by operating activities	<u>134,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(73,858)
Net cash provided (used) by investing activities	<u>(73,858)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment on loans	<u>-</u>
Net cash provided (used) by financing activities	<u>-</u>
Increase (decrease) in cash	<u>60,354</u>
Cash, beginning of year	331,661
Cash, end of year	<u><u>\$ 392,015</u></u>

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

CENTER OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Center of Hope, Inc. (Center of Hope) was organized in 1988 to aid victims of domestic and sexual violence and to educate the public about the problems of domestic and sexual violence and its causes. Among its purposes are:

- 1) to provide shelter, counseling, advocacy and other direct services to victims of domestic and sexual violence in or about Maury County;
- 2) to engage in community education to heighten public awareness of issues concerning domestic and sexual violence to change societal attitudes and institutions which promote and condone violence; and
- 3) to build and maintain a strong organization to deal with the problems of domestic and sexual violence.

Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Center of Hope's existence. A board of directors governs the Center of Hope.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with US generally accepted accounting principles. 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 – Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donor of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. Currently, there are no assets that meet this description.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center of Hope considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2016.

CENTER OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Donation of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. The Center of Hope reports these donations as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how these long-lived assets must be maintained, the Center of Hope reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Center of Hope transfers temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

The Center of Hope records donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

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.

Fair Values of Financial Instruments

Financial instruments of the Center of Hope include cash, short-term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year-end does not differ materially from the carrying values of the financial instruments recorded in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

CENTER OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Income Taxes

The Center of Hope is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Center's Form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2014, 2015 and 2016 are subject to examination by the IRS, generally for 3 years after they are filed. There are no tax examinations currently in process. Management has concluded that the Center of Hope has taken no uncertain tax positions as of June 30, 2016.

Property and Equipment

It is the Center of Hope's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation is calculated using the straight-line method over the useful life of the asset and is reflected as an expense in the Statement of Functional Expenses.

NOTE 2 – CASH AND CREDIT RISK

All cash and certificate of deposits of Center of Hope is deposited in FDIC insured banks. At June 30, 2016, Center of Hope did not have any deposits that exceeded the \$250,000 FDIC insurance limit.

NOTE 3 – ACCOUNTS RECEIVABLE

At June 30, 2016, accounts receivable – grantors were composed of the following:

<u>Program</u>	
State of Tennessee – FVPSA	\$ 13,941
State of Tennessee – SASP	3,026
Housing and Urban Development	15,935
BlueCross BlueShield of Tennessee	10,000
Other	<u>2,881</u>
	<u>\$ 45,783</u>

Accounts receivable are stated at their net realizable value. All receivables are considered collectable by management.

NOTE 4 – RISK CONCENTRATIONS

Approximately 22%, of Center of Hope funding was provided by the State of Tennessee, Department of Finance and Administration, Office of Criminal Justice Programs. A major reduction of funds by the grantor, should this occur, could have a significant effect on future operations.

CENTER OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – COMPENSATED ABSENCES

Employees are entitled to paid vacation depending on length of service and other factors. Vacation is based on the calendar year and any vacation time not used by December 31 is forfeited. Employees are also entitled to personal/sick leave. Personal/sick leave is not accrued because it does not accumulate or vest with employees.

NOTE 6 – OPERATING LEASES

Rent expense for the year ended June 30, 2016 was \$42,000. The Center of Hope leased two facilities used for safe houses on a month to month basis during the year ended; one for \$1,200 per month; and one for \$400 per month. The Center of Hope also leases a third location used for administrative and counseling purposes for \$1,900 per month on a month to month basis.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 consist of:

	Useful Life	
Land	NA	\$ 80,173
Building	40	281,451
Automobiles	5	19,250
Office furniture and equipment	5-7	6,869
Construction in progress	5-7	20,915
		<u>408,658</u>
Less: accumulated depreciation		<u>(124,473)</u>
		<u><u>\$ 284,185</u></u>

Depreciation expense for the year ended June 30, 2016 was \$4,275. Center of Hope has no planned major maintenance activities planned.

NOTE 8 – LAWSUIT

The Center of Hope is involved in two lawsuits where the plaintiff is seeking injunctive relief to stop the Center of Hope from building a facility. The plaintiff is not asking for monetary damages. One of the lawsuits was settled in April 2015 without any liability to the Center of Hope. The Center of Hope expects the other lawsuit also to be resolved without any liability. No liability has been accrued in the financial statements.

CENTER OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – GRANTS

Center of Hope received funding from the following grants:

		<u>Grant Contract Period</u>	
State of Tennessee - Office of Criminal Justice Programs			
	Family Violence Shelter	7/1/15 - 6/30/16	126,548
	SASP	7/1/15 - 6/30/16	24,788
State of Tennessee - Department of Health	TCSDSV	7/1/15 - 6/30/16	8,108
U S Department of Housing and Urban Devel	TN0052L4J031407	4/1/11 - 3/31/16	68,264
Emergency Food and Shelter Program			2,088
The TJX Foundation			15,000
The Community Foundation			10,000
Walmart Grant			1,000
Clarcove Foundation			3,500
Baptist Healing Trust			48,491
IOLTA Tennessee Bar Foundation			<u>3,000</u>
			<u>\$ 310,787</u>

NOTE 10 – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through May 10, 2017, which is the financial statement issuance date. See Note 8 for information on the status of two lawsuits. No other material subsequent events have occurred that need to be disclosed.