

HOPE SOUTHERN INDIANA, INC.

Financial Statements

Years Ended June 30, 2013 and 2012

HOPE SOUTHERN INDIANA, INC.
Financial Statements
June 30, 2013 and 2012

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Independent Auditors' Report

To the Board of Directors
Hope Southern Indiana, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hope Southern Indiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements. The prior year summarized comparative information included on the Statement of Functional Expenses has been derived from the Organization's 2012 financial statements and, in our report dated November 26, 2012, we expressed an unqualified opinion on those 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Hope Southern Indiana, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
November 15, 2013

HOPE SOUTHERN INDIANA, INC.
 Statements of Financial Position
 June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 546,253	\$ 494,752
Investments	119,813	103,389
Grants receivable	181,574	197,491
Pledges receivable	13,878	22,053
Property and equipment, net of accumulated depreciation	<u>206,971</u>	<u>208,934</u>
Total assets	<u>\$ 1,068,489</u>	<u>\$ 1,026,619</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	<u>\$ 32,584</u>	<u>\$ 20,815</u>
Total liabilities	<u>32,584</u>	<u>20,815</u>
Net Assets		
Unrestricted	414,666	409,038
Temporarily restricted	614,636	590,163
Permanently restricted	<u>6,603</u>	<u>6,603</u>
Total net assets	<u>1,035,905</u>	<u>1,005,804</u>
Total liabilities and net assets	<u>\$ 1,068,489</u>	<u>\$ 1,026,619</u>

HOPE SOUTHERN INDIANA, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUES				
Public Support				
Contributions				
United Way	\$ -	\$ 176,336	\$ -	\$ 176,336
General public	170,319	63,134	-	233,453
Donated services, supplies, & space	508,218	-	-	508,218
Total public support	678,537	239,470	-	918,007
Revenues				
Grants from government agencies	76,656	-	-	76,656
Interest income	737	-	-	737
Rental income	1,100	-	-	1,100
Other	350	-	-	350
Total revenues	78,843	-	-	78,843
Unrealized/realized gain on investments	16,423	-	-	16,423
	773,803	239,470	-	1,013,273
Net assets released from restrictions:				
Satisfaction of purpose or time restrictions	214,997	(214,997)	-	-
Total public support and revenues	988,800	24,473	-	1,013,273
EXPENSES				
Program Services				
Family Services	501,387	-	-	501,387
Retired Senior Volunteer Program (RSVP)	179,805	-	-	179,805
Youth Services	182,318	-	-	182,318
Total program services	863,510	-	-	863,510
Supporting Services				
Management and general	90,156	-	-	90,156
Fundraising	29,506	-	-	29,506
Total supporting services	119,662	-	-	119,662
Total expenses	983,172	-	-	983,172
Change in net assets	5,628	24,473	-	30,101
Net assets at the beginning of the year	409,038	590,163	6,603	1,005,804
Net assets at the end of the year	\$ 414,666	\$ 614,636	\$ 6,603	\$ 1,035,905

See notes to financial statements.

HOPE SOUTHERN INDIANA, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUES				
Public Support				
Contributions				
United Way	\$ -	\$ 201,841	\$ -	\$ 201,841
General public	121,686	224,342	-	346,028
Donated services and supplies	<u>487,702</u>	<u>-</u>	<u>-</u>	<u>487,702</u>
Total public support	609,388	426,183	-	1,035,571
Revenues				
Grants from government agencies	76,526	-	-	76,526
Interest income	1,954	-	-	1,954
Rental income	425	-	-	425
Gain (loss) on disposal of fixed assets	(643)	-	-	(643)
Other	<u>4,685</u>	<u>-</u>	<u>-</u>	<u>4,685</u>
Total revenues	82,947	-	-	82,947
Change in net assets of Interfaith Community Council Foundation, Inc.				
	<u>1,341</u>	<u>-</u>	<u>-</u>	<u>1,341</u>
	693,676	426,183	-	1,119,859
Net assets released from restrictions:				
Satisfaction of purpose or time restrictions	<u>432,028</u>	<u>(432,028)</u>	<u>-</u>	<u>-</u>
Total public support and revenues	1,125,704	(5,845)	-	1,119,859
EXPENSES				
Program Services				
Family Services	358,755	-	-	358,755
Retired Senior Volunteer Program (RSVP)	173,861	-	-	173,861
Youth Services	<u>262,672</u>	<u>-</u>	<u>-</u>	<u>262,672</u>
Total program services	795,288	-	-	795,288
Supporting Services				
Management and general	140,913	-	-	140,913
Fundraising	<u>22,927</u>	<u>-</u>	<u>-</u>	<u>22,927</u>
Total supporting services	<u>163,840</u>	<u>-</u>	<u>-</u>	<u>163,840</u>
Total expenses	<u>959,128</u>	<u>-</u>	<u>-</u>	<u>959,128</u>
Change in net assets	166,576	(5,845)	-	160,731
Net assets at the beginning of the year	<u>242,462</u>	<u>596,008</u>	<u>6,603</u>	<u>845,073</u>
Net assets at the end of the year	<u>\$ 409,038</u>	<u>\$ 590,163</u>	<u>\$ 6,603</u>	<u>\$ 1,005,804</u>

See notes to financial statements.

HOPE SOUTHERN INDIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2013

	Program Services				Supporting Services			Total Program and Supporting Services	June 30, 2012 Total All Funds (Memorandum Only)
	Family Services	RSVP	Youth Services	Total	Management and General	Fundraising	Total		
Food (in-kind)	\$ 295,906	\$ -	\$ -	\$ 295,906	\$ -	\$ -	\$ -	\$ 295,906	\$ 234,518
Salaries	45,819	88,923	16,757	151,499	53,631	22,730	76,361	227,860	234,774
Assistance to individuals	-	37,088	107,871	144,959	1,963	-	1,963	146,922	241,762
Program	50,906	5,310	22,583	78,799	-	3,017	3,017	81,816	109,775
Rent (in-kind)	46,339	-	15,424	61,763	5,590	-	5,590	67,353	-
Employee benefits	4,195	8,141	1,534	13,870	4,910	2,081	6,991	20,861	19,170
Telephone & internet	8,802	4,478	2,819	16,099	1,022	-	1,022	17,121	14,857
Payroll taxes	3,382	6,563	1,237	11,182	3,958	1,678	5,636	16,818	16,967
Repairs & maintenance	11,028	810	3,633	15,471	49	-	49	15,520	8,406
Utilities	9,523	-	3,170	12,693	1,149	-	1,149	13,842	13,212
Miscellaneous	3,376	3,456	-	6,832	2,927	-	2,927	9,759	12,461
Insurance	2,907	5,353	968	9,228	351	-	351	9,579	5,117
Supplies	3,755	3,546	1,147	8,448	1,111	-	1,111	9,559	7,437
Rent	5,554	975	1,848	8,377	670	-	670	9,047	7,457
Volunteer recognition	-	8,613	33	8,646	-	-	-	8,646	5,324
Professional fees	-	-	-	-	8,530	-	8,530	8,530	8,030
Postage & shipping	1,997	2,222	665	4,884	240	-	240	5,124	3,985
Travel	-	2,328	-	2,328	1,588	-	1,588	3,916	5,680
Dues & subscriptions	-	1,065	-	1,065	1,569	-	1,569	2,634	2,020
Staff training & conferences	1,435	463	478	2,376	118	-	118	2,494	3,303
Promotion & printing	-	40	-	40	-	-	-	40	594
Total expenses before depreciation	494,924	179,374	180,167	854,465	89,376	29,506	118,882	973,347	954,849
Depreciation	6,463	431	2,151	9,045	780	-	780	9,825	4,279
Total functional expenses	\$ 501,387	\$ 179,805	\$ 182,318	\$ 863,510	\$ 90,156	\$ 29,506	\$ 119,662	\$ 983,172	\$ 959,128

See notes to financial statements.

HOPE SOUTHERN INDIANA, INC.
 Statements of Cash Flows
 Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 30,101	\$ 160,731
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	9,825	4,279
Unrealized/realized (gains) losses on investments	(16,423)	(1,341)
Decrease (increase) in assets:		
Grants and pledges receivable	24,092	15,557
Increase (decrease) in liabilities:		
Accrued expenses	11,769	1,133
Loss (gain) on the disposal of assets	<u>-</u>	<u>643</u>
Net cash flows from operating activities	59,364	181,002
Cash Flows From Investing Activities		
Purchases of fixed assets	(7,863)	(200,872)
Proceeds from sale of fixed assets	<u>-</u>	<u>1,200</u>
Net cash flows from investing activities	(7,863)	(199,672)
Net change in cash and cash equivalents	51,501	(18,670)
Cash and cash equivalents at the beginning of the year	<u>494,752</u>	<u>513,422</u>
Cash and cash equivalents at the end of the year	<u>\$ 546,253</u>	<u>\$ 494,752</u>

HOPE SOUTHERN INDIANA, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Activities - Hope Southern Indiana, Inc., formerly known as Interfaith Community Council, Inc., (“the Organization”) is a not-for-profit, charitable organization incorporated in the State of Indiana as an ecumenical Christian mission which provides social and educational services to persons from every socioeconomic background regardless of race, religion, class, gender, or age. The Organization was organized November 5, 1964, as the Downtown Neighborhood Council. In 1978, the name was changed to Interfaith Community Council, Inc. in order to reflect Protestant and Catholic composition and in April 2012, the name was changed to Hope Southern Indiana, Inc. The Organization’s primary programs are as follows:

Hope Southern Indiana, Inc. works collaboratively and in partnership with many area nonprofits, entities and churches. Two well-known programs that represent this are the Pack the Bus Collaboration, a collaboration with tens of partners annually that provides a backpack of school supplies for children in the New Albany Floyd County School system who are on the Free Lunch Program; and the Snack Attack Café Partnership, a partnership with four partners that provides a healthy snack or meal during out of school time along with a physical activity. The Organization also works with community redevelopment efforts, efforts to relieve hunger, housing issues affecting the community, and in other ongoing collaborative relationships.

Family & Emergency Services (FES) provides emergency assistance to individuals and families in need. These services include a Food Pantry, eviction prevention, basic utility assistance to prevent disconnection, emergency seasonal assistance by way of small household appliances, and public transportation assistance for medical and employment related travel.

Other programs offered through the Organization are Spirit of the Season, which is designed to assist struggling families through traditional holidays with themed food baskets, basic necessities, toys at Christmas, etc. Seniors Gathering and Sharing is a fellowship opportunity for area seniors to visit and reconnect which is provided with the intention of overall health and wellness. The Clothe-A-Teen Program provides new back to school clothing for area teens. The Organization also continues to develop and provide programs and trainings designed to assist families through tragic circumstances toward self sufficiency. The Organization has a large volunteer workforce made up of community members, engages work teams and national mission teams, and it oversees a five county area of a national program called RSVP (Retired & Senior Volunteer Program).

In April 2012, Interfaith Community Council Foundation, Inc. (“the Foundation”) dissolved. The Foundation held the investments for the Organization. When the Foundation dissolved, the investments were transferred to the Organization and are included on the Statement of Financial Position.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Accounting Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all highly liquid investments and certificates of deposits with a maturity of three months or less when purchased to be cash equivalents.

Grants and Pledges Receivable - Grants and pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and deems all grants and pledges receivable to be fully collectible at year-end. Management determines if an allowance for uncollectible amounts is necessary based on historical collection of receivables. At June 30, 2013 no allowance was considered necessary.

HOPE SOUTHERN INDIANA, INC.
Notes to Financial Statements (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Property and equipment are stated at cost or, if donated, at their estimated fair value at the date of donation. The Organization's policy is to expense assets costing \$500 or less. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Equipment and furniture	3-7 years
Vehicles	5 years
Leasehold improvements	39 years

Donor-Imposed Restrictions - The Organization records and reports its assets, liabilities, revenues, expenses, gains and losses and other support based on the existence or absence of donor-imposed restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

The Organization reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Permanently restricted net assets include those contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Contributed Services, Supplies and Property - Certain contributed food, supplies and the use of facilities are recorded as support and expenses at fair value when determinable, otherwise at values indicated by the donor. Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services which neither create nor enhance nonfinancial assets, nor require specialized skills, are not recognized as support in the accompanying Statement of Activities and Changes in Net Assets. However, the Organization and its RSVP Program place more than 1,200 volunteers at as many as 160 sites in a five county region of Southern Indiana who work at non-paid positions totaling more than 130,000 hours annually. For the years ended June 30, 2013 and 2012, the Organization received food, supplies, services, and the use of facilities valued at \$508,218 and \$487,702, respectively.

Income Tax Status - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization evaluates its uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain. At the Statement of Financial Position date, the Organization's Form 990s for the years ending June 30, 2013, 2012, and 2011 remain subject to examination by the Internal Revenue Service.

Functional Allocation of Expenses - The June 30, 2012 Statement of Functional Expenses presents summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

HOPE SOUTHERN INDIANA, INC.
Notes to Financial Statements (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Review - Management has evaluated events and transactions occurring subsequent to the Statement of Financial Position date of June 30, 2013 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 15, 2013, the date these financial statements were available to be issued.

NOTE 2 - CASH ON DEPOSIT IN EXCESS OF FEDERAL DEPOSIT INSURANCE LIMITS

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances.

NOTE 3 - INVESTMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for the Organization's assets measured at fair value.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's investments consist of marketable securities (mutual funds) stated at fair market value as of June 30, 2013 and 2012. In accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the following tables represent the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of June 30, 2013 and 2012. All investments are included in Level 1 of the fair value hierarchy:

HOPE SOUTHERN INDIANA, INC.
Notes to Financial Statements (Continued)

NOTE 3 - INVESTMENTS (Continued)

<u>Fair Value Measurements at June 30, 2013</u>			
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Franklin Templeton Investments	\$ 25,420	\$ 25,719	\$ 299
American Funds	<u>81,758</u>	<u>94,094</u>	<u>12,336</u>
Total	<u>\$ 107,178</u>	<u>\$ 119,813</u>	<u>\$ 12,635</u>

<u>Fair Value Measurements at June 30, 2012</u>			
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Franklin Templeton Investments	\$ 24,615	\$ 21,624	\$ (2,991)
American Funds	<u>78,569</u>	<u>81,765</u>	<u>3,196</u>
Total	<u>\$ 103,184</u>	<u>\$ 103,389</u>	<u>\$ 205</u>

NOTE 4 - GRANTS RECEIVABLE

Grants Receivable consists of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Grants Receivable		
Metro United Way	\$ 175,276	\$ 197,491
Corporation for National and Community Service	<u>6,298</u>	<u>-</u>
Total grants receivable	<u>\$ 181,574</u>	<u>\$ 197,491</u>

NOTE 5 - PLEDGES RECEIVABLE

The Organization began a capital campaign during the fiscal year ended June 30, 2011 to raise funds for program expansion and to remodel and purchase equipment for the Brown Starks Building located at 1200 Bono Road in New Albany, Indiana. The pledges receivable balance at June 30, 2013 and 2012 totaled \$10,427 and \$22,053, respectively. At June 30, 2013, the amount outstanding is due within the next year. Unconditional promises to give are recorded as revenue in the period when the pledge is made. The cash balance in the capital campaign checking account is \$186,840, which is included in temporarily restricted net assets at June 30, 2013. During the fiscal year ending June 30, 2013, the Organization began the Power of One fundraising campaign. Power of One pledges receivable at June 30, 2013 totaled \$3,451. This amount is due within the next year and is included in temporarily restricted net assets at June 30, 2013.

HOPE SOUTHERN INDIANA, INC.
Notes to Financial Statements (Continued)

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following components at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 191,959	\$ 191,959
Equipment and furniture	44,398	36,537
Vehicles	-	7,575
	<u>236,357</u>	<u>236,071</u>
Less accumulated depreciation	<u>(29,386)</u>	<u>(27,137)</u>
Total	<u>\$ 206,971</u>	<u>\$ 208,934</u>

NOTE 7 - RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Capital Campaign	\$ 197,267	\$ 202,169
Metro United Way	138,416	158,869
Retired Senior Volunteer Program	97,763	92,078
Spirit of the Season	41,684	30,471
Stem Investment	38,289	32,961
Neighbor Fund	37,981	29,517
Clothe-A-Teen	32,200	22,959
Family Service	14,086	10,842
Seasonal Assistance Program	12,998	9,796
Power of One	3,451	-
Family Self-Sufficiency	501	501
Total temporarily restricted net assets	<u>\$ 614,636</u>	<u>\$ 590,163</u>

Permanently restricted net assets were available for the following purposes at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Wiseheart Investment	<u>\$ 6,603</u>	<u>\$ 6,603</u>
Total permanently restricted net assets	<u>\$ 6,603</u>	<u>\$ 6,603</u>

NOTE 8 - CONCENTRATIONS

For the years ended June 30, 2013 and 2012, United Way contributions of \$176,336 and \$201,841, respectively, represented 17% and 18% of the Organization's total revenues.

NOTE 9 - RETIREMENT PLAN

The Organization has established a Simplified Employee Pension Plan. Under this plan, the Organization has agreed to contribute a dollar-for-dollar match of up to 3% of the employee's annual salary if the employee contributes to the plan. For the years ended June 30, 2013 and 2012, the Organization's contributions were \$4,535 and \$4,727, respectively.

HOPE SOUTHERN INDIANA, INC.
Notes to Financial Statements (Continued)

NOTE 10 - LEASES

On October 13, 2011, the Organization entered into a lease agreement with Housing Authority of the City of New Albany to lease office space located in the Brown Starks Neighborhood Place Building located at 1200 Bono Road, New Albany, Indiana. The lease was from November 1, 2012 until October 31, 2013, where the lease automatically renewed for a successive one year period. This renewal will continue annually unless either party provides at least a 90 day notice of non-renewal of the lease prior to the anniversary of the lease. The monthly rent is \$1 per month plus the portion of the utilities and services for the building that is the responsibility of the Organization.

The Organization also has a lease for office equipment that is classified as an operating lease. Total expense for the years ended June 30, 2013 and 2012 was \$6,960 and \$6,557, respectively.

Future minimum lease payments under the noncancellable operating leases with initial or remaining terms of one year or more are as follows:

<u>Years ending June 30,</u>	
2014	\$ 4,909
2015	4,284
2016	4,284
2017	4,284
2018	<u>4,284</u>
Total	<u>\$ 22,045</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization does business with River Valley Financial Bank including maintaining a checking account. Bob Klee hamer, Senior Vice-President for River Valley Financial Bank, is a board member of Hope Southern Indiana, Inc.