

**THE HAVEN SHELTER AND SERVICES, INC.**

**Financial Statements**

**for the year ended**

**June 30, 2016**

**(with comparative financial information  
for the year ended June 30, 2015)**

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# THE HAVEN SHELTER AND SERVICES, INC.

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## **Independent Auditor's Report**

Board of Directors  
The Haven Shelter and Services, Inc.  
Warsaw, Virginia

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of The Haven Shelter and Services, Inc. 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 of material misstatement.

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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 audit 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 The Haven Shelter and Services, Inc. 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.

### ***Report on Summarized Comparative Information***

We have previously audited The Haven Shelter and Services, Inc. financial statements, and our report dated August 14, 2015, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in material respects, with the audited financial statements from which it has been derived.

*Frank Barcalow*

Frank Barcalow CPA, P.L.L.C.  
Richmond, Virginia  
September 7, 2016

**THE HAVEN SHELTER AND SERVICES, INC.**  
**Statement of Financial Position**  
**June 30, 2016**  
**(with comparative totals for the year ended June 30, 2015)**

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 40,206	\$ 87,895
Investments	180,366	184,278
Grants contributions receivable	42,905	33,389
Prepaid expenses	5,425	4,785
Land, building, fixtures and equipment	819,788	813,956
Less accumulated depreciation	<u>(337,420)</u>	<u>(314,321)</u>
<b>Total assets</b>	<u><u>\$ 751,270</u></u>	<u><u>\$ 809,982</u></u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 3,237	\$ 3,944
Accrued expenses	<u>15,053</u>	<u>10,189</u>
<b>Total liabilities</b>	<u>18,290</u>	<u>14,133</u>
<b>Net assets</b>	<b>Draft</b>	
Unrestricted	553,322	618,594
Temporarily restricted	<u>179,658</u>	<u>177,255</u>
<b>Total net assets</b>	732,980	795,849
<b>Total liabilities and net assets</b>	<u><u>\$ 751,270</u></u>	<u><u>\$ 809,982</u></u>

See notes to financial statements.

**THE HAVEN SHELTER AND SERVICES, INC.**

**Statement of Activities**

**Year Ended June 30, 2016**

**(with summarized financial information for the year ended June 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>Public support and revenue</b>				
Grants	\$ -	\$ 529,148	\$ 529,148	\$ 433,979
Other Contributions	106,549	-	106,549	132,787
Thrift shop, less cost of good sold of \$4,645 and \$3,049	47,932	-	47,932	62,990
Annual Campaign/Newsletter	55,481	-	55,481	36,440
Special events				
Just Gardens	11,298	-	11,298	-
St. Patrick's Day	15,622	-	15,622	20,246
Monte Carlo	-	-	-	23,112
Pearl Clothing	17,828	-	17,828	-
Investment income	7,201	-	7,201	-
Unrealized/realized gains (losses)	(8,464)	-	(8,464)	2,846
Other income	25	-	25	594
	<u>253,472</u>	<u>529,148</u>	<u>782,620</u>	<u>712,994</u>
<b>Total public support and revenue</b>				
	<u>526,745</u>	<u>(526,745)</u>	<u>-</u>	<u>-</u>
<b>Net assets released from restrictions</b>				
	<u>780,217</u>	<u>2,403</u>	<u>782,620</u>	<u>712,994</u>
<b>Total public support and revenue</b>				
	<u>845,489</u>	<u>-</u>	<u>845,489</u>	<u>721,892</u>
<b>Total expenditures</b>				
	(65,272)	2,403	(62,869)	(8,898)
<b>Change in net assets</b>				
<b>Net assets at beginning of year</b>	<u>618,594</u>	<u>177,255</u>	<u>795,849</u>	<u>804,747</u>
<b>Net assets at end of year</b>	<u>\$ 553,322</u>	<u>\$ 179,658</u>	<u>\$ 732,980</u>	<u>\$ 795,849</u>

See notes to the financial statements.

**THE HAVEN SHELTER AND SERVICES, INC.**

**Statement of Functional Expenses for the year ended June 30, 2016**

**(with summarized financial information for the year ended June 30, 2015)**

	Program Expenses	Management and General			2016 Total	2015 Total
		Fundraising	General and Administrative	Total		
Salaries and payroll taxes	\$ 446,453	\$ 41,044	\$ 60,678	\$ 101,722	\$ 548,175	\$ 464,229
Employee benefits	38,861	3,573	5,281	8,854	47,715	38,455
<b>Total salaries and benefits</b>	<b>485,314</b>	<b>44,617</b>	<b>65,959</b>	<b>110,576</b>	<b>595,890</b>	<b>502,684</b>
<b>Housing</b>	19,001	-	-	-	19,001	16,176
<b>Professional fees</b>	-	16,749	12,723	29,472	29,472	16,279
<b>Supplies</b>	6,252	575	850	1,425	7,677	5,330
<b>Telephone</b>	17,691	983	983	1,966	19,657	22,320
<b>Postage</b>	4,547	418	618	1,036	5,583	4,054
<b>Occupancy</b>	28,686	2,637	3,898	6,535	35,221	37,463
<b>Equipment and maintenance</b>	18,157	1,669	Draft 469	4,138	22,295	13,053
<b>Printing and development</b>	9,496	10,929	2,353	13,282	22,778	22,055
<b>Travel</b>	16,798	-	1,866	1,866	18,664	14,818
<b>Training</b>	2,572	-	-	-	2,572	2,359
<b>Insurance</b>	24,714	-	-	-	24,714	19,991
<b>Miscellaneous</b>	2,348	216	1,284	1,500	3,848	2,664
<b>Depreciation</b>	22,335	-	2,482	2,482	24,817	29,551
<b>Services</b>	13,300	-	-	-	13,300	13,095
<b>Total functional expenses</b>	<b>\$ 671,211</b>	<b>\$ 78,793</b>	<b>\$ 95,485</b>	<b>\$ 174,278</b>	<b>\$ 845,489</b>	<b>\$ 721,892</b>

See notes to the financial statements.

**THE HAVEN SHELTER AND SERVICES, INC.**

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**Statement of Cash Flows****Year Ended June 30, 2016****(with summarized financial information for the year ended June 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	(62,869)	(8,898)
Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:		
Depreciation	24,817	29,551
Unrealized (gains) losses	(2,126)	(2,846)
Realized (gains) losses	10,590	-
Changes in operating assets and liabilities:		
(Increase) Decrease in grants receivable	(9,516)	(9,466)
(Increase) Decrease in prepaid expenses	(640)	1,386
Increase (Decrease) in accounts payable	(707)	(372)
Increase (Decrease) in accrued expenses	4,864	(2,343)
	<u>4,864</u>	<u>(2,343)</u>
<b>Net cash (used in) provided by operating activities</b>	<u>(35,587)</u>	<u>7,012</u>
<b>Cash flows from investing activities</b>		
Investment of certificates of deposit	-	(117)
Maturities of certificates of deposit	-	183,000
Purchase of investments	(53,242)	(181,432)
Sale of investments	48,690	-
Purchases of equipment	(7,550)	(10,792)
	<u>(7,550)</u>	<u>(10,792)</u>
<b>Net cash (used in) provided by investing activities</b>	<u>(12,102)</u>	<u>(9,341)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(47,689)	(2,329)
<b>Cash and cash equivalents at beginning of year</b>	<u>87,895</u>	<u>90,224</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 40,206</u>	<u>\$ 87,895</u>

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See notes to financial statements.

# THE HAVEN SHELTER AND SERVICES, INC.

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## Notes to Financial Statements June 30, 2016

### Note 1 - Summary of significant accounting policies

#### *Nature of organization*

The Haven Shelter and Services, Inc. (The Haven), a nonprofit corporation, was incorporated in October 1999, for the purpose of providing services and programs to and for the advocacy of individuals who have experienced sexual and intimate partner violence and who are from Essex County, Lancaster County, Northumberland County, Richmond County, and Westmoreland County in the State of Virginia. As the only shelter of any kind within the established service area, The Haven is also called upon to provide services to women and children who are homeless for reasons other than sexual and intimate partner violence. The Haven provides support services to service participants and their families. To greater further its mission, the Haven seeks to enhance public awareness of sexual and intimate partner violence through community outreach and education. The Haven is funded primarily through grants from the Commonwealth of Virginia and the federal government, foundation grants, and local funding from churches, individuals, and the five counties served. For an additional funding source, The Haven operates a thrift shop selling items donated by the community.

#### *Promises to give*

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 restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises were received. Currently, the Haven does not have an allowance.

#### *Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under generally accepted accounting principles, The Haven is required to report 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. At the present time, the Corporation does not have any permanently restricted net assets.

#### *Certificates of deposits*

Investments in certificates of deposits are reported at their fair value, which approximates, cost, plus accrued interest, usually held to maturity. The Organization reports investment income as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

#### *Estimates*

The preparation of financial statements in conformity with U.S. 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.

#### *Reclassifications*

Certain prior year balances may have been reclassified to conform to current year presentation.

#### *Advertising Costs*

Advertising costs incurred by the Organization are expensed in the period to be benefitted by the advertisements. Total advertising costs were \$1,560 for 2016.

(continued)



**Notes to Financial Statements  
June 30, 2016**

**Note 1 - Summary of significant accounting policies (continued)**

*Grant support*

The Haven recognizes revenue from its grants as costs are incurred. Revenues are received monthly, based on a request for reimbursement to its various funding sources. These programs are subject to approval by the grantors and their representatives. Accordingly, compliance with applicable requirements may not be established until some future date. The amount, if any, of expenditures, which may be disallowed by granting agencies, cannot be determined.

*Functional expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and displayed in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited.

*Property and equipment*

Building, property and equipment are recorded at cost and at fair market value, if donated, for all items valued or expended over \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 5 to 31.5 years.

*Donated materials and services*

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Donated materials, facilities, and professional services are reflected as contributions in the accompanying statements at their estimated values at the date of the receipts. No amounts have been reflected in the statements for volunteer services inasmuch as they do not meet the criteria for recognition; however, a substantial number of volunteers have donated significant amounts of their time in The Haven's program services and in its fundraising efforts.

*Cash equivalents*

For purposes of the Statement of Cash Flows, The Haven considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude temporarily restricted cash and cash equivalents.

*Income taxes*

The Haven is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Virginia state income taxes. Therefore, no provision or liability for federal or state income taxes has been made. In addition, The Haven has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the code. The Haven's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

*Comparative totals*

The financial statements include certain prior-year 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

(continued)

# THE HAVEN SHELTER AND SERVICES, INC.

## Notes to Financial Statements June 30, 2016

### Note 1 - Summary of significant accounting policies (concluded)

#### Investments

Investments held by the Haven are reported at fair market value in the statement of activities. Unrealized and realized gains or losses are recorded in the statement of activities.

### Note 2 – Retirement Plan

The Haven sponsors a defined contribution plan for the benefit of its employees. Under the plan, The Haven contributes up to 5% of applicable gross salaries, with an additional match of an employee's contribution up to 5%, depending upon employment. Employees are eligible to receive the Haven's contribution after one year of employment, but employees may contribute individually upon the start of employment. Benefits are vested in the first year of participation. During the year ended June 30, 2016, the Corporation contributed \$12,228 which is included in the Statements of Activities.

### Note 3 – Grants

The Haven received grants from the following sources for the years ended June 30, 2016 and 2015, for informational purposes:

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Commonwealth of Virginia – Department of Criminal Justice Services Sexual Assault Program	\$ 79 438	\$ 78 882
Commonwealth of Virginia – Department of Criminal Justice Services Victims' Advocacy Program	32 784	30 586
Commonwealth of Virginia – Department of Social Services Virginia Domestic Violence Prevention Program	205 153	169 276
Department of Housing and Community Development – Homeless Solution Grant	40 345	40 883
Other grants	<u>171 428</u>	<u>114 352</u>
	<u>\$ 529 148</u>	<u>\$ 433 979</u>

### Note 4 – Temporarily restricted net assets

Temporarily restricted net assets include contributions related to the capital campaign and grant funding. Funds must be used for capital expenditures and grant funding purposes. As of June 30, 2016, temporarily restricted net assets for the donor restricted programs and capital expenditures, amounted to \$179,658. These net assets include cash and cash equivalents and investments.

Net assets released for purpose restrictions for 2016 totaled \$526,745 for program and capital restrictions.

### Note 6 - Commitments

The Organization is obligated under an operating lease for the administrative office and gift shop. The lease term is currently month to month. Rent for this lease is \$1,250/monthly. Commitments for this lease are \$15,000 annually. The office building currently rented, is owned by a Board member. No amounts were owed for rental expense as of June 30, 2016.

# THE HAVEN SHELTER AND SERVICES, INC.

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## Notes to Financial Statements June 30, 2016

### Note 7 - Investments

Investments are stated at their readily determinable fair value and are summarized as follows as of June 30, 2016:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 49 564	\$ 49 564	\$ -
Equities	18 607	22 932	4 325
Mutual funds	59 786	57 787	( 1 999)
Exchange Traded Products	<u>49 760</u>	<u>50 083</u>	<u>322</u>
	<u>\$ 177 717</u>	<u>\$ 180 366</u>	<u>\$ 2 651</u>

### Note 8 - Concentration of credit risk

Financial instruments, which potentially subject The Haven to concentration of credit risk, consist principally of cash, cash equivalents, and unsecured receivables. Cash and cash equivalents are maintained in two financial institutions in Warsaw, Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000, at June 30, 2016. There were no uninsured balances at June 30, 2016. Management believes there are no significant credit risks from receivables that are due primarily from grant funding.

### Note 9 - Donated services and facilities

Services, materials, and facilities are donated to the Organization by various individuals and organizations. Donated services, materials and facilities were \$5,192 during the year ended June 30, 2016. Donations were recorded at fair market value at the date of the donation and have been included in revenue, expenses, or capitalized assets in the statements of position or the statements of activities.

### Note 10 – Subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 7, 2016 the financial statements were issued.

**Notes to Financial Statements  
June 30, 2016**

**Note 11 - Fair value measurements**

The Organization adopted FASB ASC (Accounting Standards Codification) 820-10-50-2A, "Fair Value Measurements", to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. This Standard clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Three levels of the fair value hierarchy under this Standard is based on these three types of inputs as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments were measured at fair value by level 1 valuation, because they generally provide the most reliable evidence of fair value.

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