

THE HAVEN SHELTER AND SERVICES, INC.

Financial Statements

for the year ended

June 30, 2018

**(with comparative financial information
for the year ended June 30, 2017)**

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, 2018 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.

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, 2018 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 September 22, 2017, 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, 2017, 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
August 30, 2018

THE HAVEN SHELTER AND SERVICES, INC.

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Statement of Financial Position**June 30, 2018****(with comparative totals for the year ended June 30, 2017)**

	2018	2017
Assets		
Cash and cash equivalents	\$ 164,397	\$ 80,738
Investments	214,589	193,651
Grants and contributions receivable	29,457	20,765
Prepaid expenses	8,119	5,840
Land, building, fixtures and equipment	885,423	884,345
Less accumulated depreciation	<u>(391,166)</u>	<u>(361,266)</u>
Total assets	<u>\$ 910,819</u>	<u>\$ 824,073</u>
Liabilities and net assets		
Liabilities		
Accounts payable	\$ 7,141	\$ 2,869
Deferred expenses	3,169	-
Accrued expenses	<u>17,745</u>	<u>10,903</u>
Total current liabilities	28,055	13,772
Net assets		
Unrestricted net assets		
Unrestricted operating	194,083	98,005
Unrestricted property and equipment	<u>494,257</u>	<u>523,079</u>
Total unrestricted net assets	688,340	621,084
Temporarily restricted	<u>194,424</u>	<u>189,217</u>
Total net assets	882,764	810,301
Total liabilities and net assets	<u>\$ 910,819</u>	<u>\$ 824,073</u>

See notes to financial statements.

THE HAVEN SHELTER AND SERVICES, INC.

Statement of Activities

Year Ended June 30, 2018

(with summarized financial information for the year ended June 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
Public support and revenue				
Grants	\$ -	\$ 789,189	\$ 789,189	\$ 852,388
Other Contributions	199,283	-	199,283	92,425
Thrift shop, less cost of good sold of \$6,178 for 2018 and \$4,477 for 2017	75,004	-	75,004	44,469
Annual Campaign/Newsletter	34,908	-	34,908	52,031
Special events				
Just Gardens	7,840	-	7,840	10,311
St. Patrick's Day	11,814	-	11,814	11,302
Other	5,832	-	5,832	2,025
Pearl Clothing	1,043	-	1,043	4,139
Investment income	3,997	-	3,997	1,556
Unrealized/realized gains (losses)	20,629	-	20,629	10,678
Other income	3,924	-	3,924	233
	<u>364,274</u>	<u>789,189</u>	<u>1,153,463</u>	<u>1,081,557</u>
Total public support and revenue				
	<u>364,274</u>	<u>789,189</u>	<u>1,153,463</u>	<u>1,081,557</u>
Net assets released from restrictions	<u>783,982</u>	<u>(783,982)</u>	<u>-</u>	<u>-</u>
	<u>783,982</u>	<u>(783,982)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>1,148,256</u>	<u>5,207</u>	<u>1,153,463</u>	<u>1,081,557</u>
	<u>1,148,256</u>	<u>5,207</u>	<u>1,153,463</u>	<u>1,081,557</u>
Expenditures				
Program services	875,040	-	875,040	802,335
Supporting services				
Fundraising	99,215	-	99,215	92,688
General and administrative	106,745	-	106,745	109,213
Total supporting services	<u>205,960</u>	<u>-</u>	<u>205,960</u>	<u>201,901</u>
	<u>205,960</u>	<u>-</u>	<u>205,960</u>	<u>201,901</u>
Total expenditures	<u>1,081,000</u>	<u>-</u>	<u>1,081,000</u>	<u>1,004,236</u>
	<u>1,081,000</u>	<u>-</u>	<u>1,081,000</u>	<u>1,004,236</u>
Change in net assets	67,256	5,207	72,463	77,321
	67,256	5,207	72,463	77,321
Net assets at beginning of year	<u>621,084</u>	<u>189,217</u>	<u>810,301</u>	<u>732,980</u>
	<u>621,084</u>	<u>189,217</u>	<u>810,301</u>	<u>732,980</u>
Net assets at end of year	<u>\$ 688,340</u>	<u>\$ 194,424</u>	<u>\$ 882,764</u>	<u>\$ 810,301</u>
	<u>\$ 688,340</u>	<u>\$ 194,424</u>	<u>\$ 882,764</u>	<u>\$ 810,301</u>

See notes to the financial statements.

THE HAVEN SHELTER AND SERVICES, INC.**Statement of Functional Expenses for the year ended June 30, 2018****(with summarized financial information for the year ended June 30, 2017)**

	Program Expenses	Management and General			2018 Total	2017 Total
		Fundraising	General and Administrative	Total		
Salaries and payroll taxes	\$ 602,368	\$ 77,969	\$ 80,629	\$ 158,598	\$ 760,966	\$ 716,905
Employee benefits	41,770	5,407	5,591	10,998	52,768	50,783
Total salaries and benefits	<u>644,138</u>	<u>83,376</u>	<u>86,220</u>	<u>169,596</u>	<u>813,734</u>	<u>767,688</u>
Housing	17,889	-	-	-	17,889	18,717
Professional fees	15,829	-	6,564	6,564	22,393	17,251
Supplies	10,391	396	115	511	10,902	15,603
Telephone	20,566	1,143	1,143	2,286	22,852	15,220
Postage	1,757	227	235	462	2,219	3,342
Occupancy	33,434	4,327	4,476	8,803	42,237	31,437
Equipment and maintenance	19,447	1,422	1,470	2,892	22,339	15,571
Printing and development	8,376	7,777	1,121	8,898	17,274	19,205
Travel	12,728	-	1,338	1,338	14,066	16,498
Training	5,432	-	-	-	5,432	2,601
Insurance	24,716	-	-	-	24,716	28,247
Miscellaneous	3,710	547	566	1,113	4,823	6,115
Depreciation	31,473	-	3,497	3,497	34,970	28,607
Services	25,154	-	-	-	25,154	18,134
Total functional expenses	<u>\$ 875,040</u>	<u>\$ 99,215</u>	<u>\$ 106,745</u>	<u>\$ 205,960</u>	<u>\$ 1,081,000</u>	<u>\$ 1,004,236</u>

See notes to the financial statements.

THE HAVEN SHELTER AND SERVICES, INC.

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Statement of Cash Flows**Year Ended June 30, 2018****(with comparative financial information for the year ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	72,463	77,321
Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:		
Depreciation	34,970	28,607
Donated investments	(2,038)	(3,349)
Unrealized (gains) losses	4,926	(9,231)
Realized (gains) losses	(25,555)	(1,447)
Changes in operating assets and liabilities:		
(Increase) Decrease in grants receivable	(8,692)	22,140
(Increase) Decrease in prepaid expenses	(2,279)	(415)
Increase (Decrease) in accounts payable	4,272	(368)
Increase (Decrease) in deferred revenue	3,169	-
Increase (Decrease) in accrued expenses	6,842	(4,150)
Net cash (used in) provided by operating activities	<u>88,078</u>	<u>109,108</u>
Cash flows from investing activities		
Purchase of investments	(208,260)	(47,362)
Sale of investments	210,571	48,130
Purchases of equipment	(6,730)	(69,344)
Net cash (used in) provided by investing activities	<u>(4,419)</u>	<u>(68,576)</u>
Cash flows from financing activities		
Proceeds from line of credit	41,000	-
Repayment of line of credit	(41,000)	-
Net cash (used in) provided by investing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	83,659	40,532
Cash and cash equivalents at beginning of year	<u>80,738</u>	<u>40,206</u>
Cash and cash equivalents at end of year	<u>\$ 164,397</u>	<u>\$ 80,738</u>

See notes to financial statements.

THE HAVEN SHELTER AND SERVICES, INC.

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Notes to Financial Statements June 30, 2018

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.

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 \$1,458 for 2018.

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THE HAVEN SHELTER AND SERVICES, INC.

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Notes to Financial Statements June 30, 2018

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

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, 2017, from which the summarized information was derived.

Deferred Revenue

Deferred revenue consists of unexpended funds received for the next year's expenses or received in advance.

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THE HAVEN SHELTER AND SERVICES, INC.

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Notes to Financial Statements June 30, 2018

Note 1 - Summary of significant accounting policies (concluded)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized and realized gains and losses are included in the change in net assets.

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 3% match of applicable gross salaries. 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, 2018, the Corporation contributed \$11,046 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, 2018 and 2017, for informational purposes:

Commonwealth of Virginia – Department of Criminal Justice Services Sexual Assault Program	\$ 473 511	\$ 496 843
Commonwealth of Virginia – Department of Criminal Justice Services Victims' Advocacy Program	32 224	32 224
Commonwealth of Virginia – Department of Social Services Virginia Domestic Violence Prevention Program	112 043	111 519
Department of Housing and Community Development – Homeless Solution Grant	17 699	29 331
Other grants	<u>153 712</u>	<u>182 471</u>
	<u>\$ 789 189</u>	<u>\$ 852 388</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, 2018, temporarily restricted net assets for the donor restricted programs and capital expenditures, amounted to \$194,424. These net assets include cash and cash equivalents and investments.

Net assets released for purpose restrictions for 2018 totaled \$783,982 for program and capital restrictions.

Note 5 - Commitments

The Organization is obligated under an operating lease for the administrative office. The lease term begins July 1, 2018 and ends June 30, 2023. Rent for this lease is \$1,500/monthly. Commitments for this lease are \$18,000, annually. The lease may be renewed for an additional five year term at the end of the initial five year term. The Organization also has a separate lease for its thrift shop. This lease renews annually and rent is due at a rate of \$500 monthly. The lease of the thrift shop is discounted by \$6,600 and this donated service is included in donations.

The Organization also leases a vehicle, starting November 2016. Total payments are due \$324 monthly for thirty-eight months.

THE HAVEN SHELTER AND SERVICES, INC.

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Notes to Financial Statements June 30, 2018

Note 6 - Investments

Investments are stated at their readily determinable fair value and are summarized as follows as of June 30, 2018:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 212 550	\$ 212 550	\$ -
Equities	<u>1 463</u>	<u>2 039</u>	<u>576</u>
	<u>\$ 214 013</u>	<u>\$ 214 589</u>	<u>\$ 576</u>

Investments are stated at their readily determinable fair value and are summarized as follows as of June 30, 2017:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 13 776	\$ 13 776	\$ -
Equities	33 842	32 515	(1 327)
Mutual funds	85 047	87 826	2 779
Exchange Traded Products	<u>51 855</u>	<u>59 534</u>	<u>7 679</u>
	<u>\$ 184 520</u>	<u>\$ 193 651</u>	<u>\$ 9 131</u>

Note 7 - 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, 2018 and 2017. There were no uninsured balances at June 30, 2018 and 2017. Management believes there are no significant credit risks from receivables that are due primarily from grant funding.

Note 8 - Donated services and facilities

Services, materials, and facilities are donated to the Organization by various individuals and organizations. Donated services, materials and facilities were \$15,889 during the year ended June 30, 2018. 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 9 – Subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 14, 2018 the financial statements were issued.

**Notes to Financial Statements
June 30, 2018**

Note 10 - 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 one valuation, because they generally provide the most reliable evidence of fair value.

Note 11- Line of credit

The Organization has a line of credit available in the amount \$50,000, maturity September 2018. Interest payable monthly at a rate of 1.0% over Prime Rate currently 5.25%. As of June 30, 2018, there was no outstanding balance. Total proceeds used during 2018 amounts to \$41,000.

Note 12 - Future accounting pronouncements

In August 2016, *Financial Accounting Standards Board* (FASB) issued Accounting Standards Update, (ASU) No. 2016-14, "Not for Profit Entities: Presentation of Not-for-Profit Entities", which both simplifies certain aspects of reporting required by non-for-profit organizations and increases disclosures with a goal to improve the usefulness of non-for-profit financial statements to the various stakeholders, including management, directors, lenders, and donors. Significant changes include the following: replaces the existing three classes of net assets, with two classes of net assets, net assets with donor restrictions, and without donor restrictions; requires all not-for-profits to provide expenses by nature and function; requires expansive disclosures of information about liquidity and availability of resources.

The amendments are effective for fiscal years beginning after December 15, 2017.