

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

**Financial Statements**

**for the year ended**

**June 30, 2019**

**(with comparative financial information  
for the year ended June 30, 2018)**

# 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, 2019 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 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 The Haven Shelter and Services, Inc. as of June 30, 2019 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 30, 2018, 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, 2018, 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 4, 2019

# THE HAVEN SHELTER AND SERVICES, INC.

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## Notes to Financial Statements June 30, 2019

### 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.

#### *New accounting pronouncement*

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, Presentation of Financial Statements of *Not-for-Profit Entities*. The Organization adopted the new standard as of July 1, 2018. In addition to changes in terminology used to describe categories of new assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources, and disclosures related to functional allocation of expenses were expanded.

Under generally accepted accounting principles of the United States, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Unrestricted net assets have been renamed net assets without donor restrictions. Temporarily restricted net assets have been renamed net assets with donor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations, that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets without donor restrictions are assets that are no subject to or are no longer subject to donor-imposed stipulations

#### *Promises to give*

Contributions, including unconditional pledges, are recognized when donors' commitments are received. Conditional pledges become unconditional and are recognized when the conditions are substantially met. Unconditional pledges are recognized at the estimated present value, net of an allowance for uncollectible amounts, if needed. Contributions receivable for one year or less are recorded at face value. Contributions are classified as unrestricted unless the donor has restricted the contribution to a specific purpose.

Net assets with donor restrictions result from support/contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Net assets with donor restrictions that are permanent are from support/contributions 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.

(continued)

## Notes to Financial Statements June 30, 2019

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

#### *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.

#### *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 \$291 for 2019.

#### *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 supporting activities have been summarized on a functional basis in the note for functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs, office supplies, and depreciation, which are allocated on an estimate of usage.

#### *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 services and other*

The Organization recognizes donated services, supplies, assets, and other items in accordance with FASB Accounting Standards Codification 958-360-45-3 Accounting for Contributions Received and Contributions Made. All in-kind contributions are recorded when received at fair value as income and expenses or capitalized as property or equipment. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. The Organization pays for most services requiring specific expertise. However, many individuals interested in the Organization's programs volunteer their time. For 2019, volunteers donated approximately over 3,000 hours.

#### *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 excluded donor restricted net assets.

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## Notes to Financial Statements June 30, 2019

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

#### *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, 2018, 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.

#### *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, 2019, the Corporation contributed \$16,731 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, 2019 and 2018, for informational purposes:

Commonwealth of Virginia – Department of Criminal Justice Services Sexual Assault Program	\$ 463 821	\$ 473 511
Commonwealth of Virginia – Department of Criminal Justice Services Victims' Advocacy Program	32 358	32 224
Commonwealth of Virginia – Department of Social Services	112 043	112 043
Department of Housing and Community Development – Homeless Solution Grant	-	17 669
Other grants	<u>189 372</u>	<u>153 712</u>
	<u>\$ 797 594</u>	<u>\$ 789 189</u>

# THE HAVEN SHELTER AND SERVICES, INC.

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## Notes to Financial Statements June 30, 2019

### Note 4 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following:

Time restrictions	\$	50 000
Purpose restrictions		210 604
	\$	<u>260 604</u>

Net assets with donor restrictions released totaled \$731,414 during the current year. Net assets with donor restrictions are included in cash and cash equivalents and grants and contributions receivable as of June 30, 2019.

### 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.

### Note 6 - Investments

Investments are stated at their readily determinable fair value and are summarized as follows as of June 30, 2019:

	<u>Cost</u>	<u>Fair Value</u>	Unrealized Appreciation (Depreciation)
Money market funds	\$ <u>150 738</u>	\$ <u>150 738</u>	\$ <u>-</u>

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>	Unrealized Appreciation (Depreciation)
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>

### 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, 2019 and 2018. There were no uninsured balances at June 30, 2019 and 2018. Management believes there are no significant credit risks from receivables that are due primarily from grant funding.

## Notes to Financial Statements June 30, 2019

### 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 \$20,875 during the year ended June 30, 2019. 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 4, 2019 the financial statements were issued.

### 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 are 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 2019. Interest payable monthly at a rate of 1.0% over Prime Rate currently 5.25%. As of June 30, 2019, and 2018, there was no outstanding balance. Total proceeds used during 2018 amounts to \$41,000.

### Note 12 - Future accounting pronouncements

In February 2016, *Financial Accounting Standards Board* (FASB) issued new guidance over leases which requires that all leasing activity with terms greater than one year be recognized on the statement of financial position with a right of use asset and a lease liability. The asset and corresponding liability will be calculated based upon the present value of lease payments. The new standard will be effective for periods beginning after December 2020.



# THE HAVEN SHELTER AND SERVICES, INC.

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## Notes to Financial Statements June 30, 2019

### Note 13 - Liquidity and Availability and Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The following table reflects the financial assets, reduced by amounts not available for general expenditures within one year.

Cash	\$	59 841
Investments		150 738
Grants and contributions receivable		<u>229 280</u>
		439 859
Less:		
Board designated reserve		47 000
Purpose restrictions		<u>260 604</u>
Financial assets available to meet cash needs of general expenditures within one year	\$	<u><u>132 255</u></u>

### Note 14 - Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) "Presentation of Financial Statements of Not-for-Profit Entities". The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, but there were no changes to net assets.