

HAVEN
AUDITED FINANCIAL STATEMENTS
June 30, 2022 and 2021



**HAVEN
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Haven
Bozeman, MT

Opinion

We have audited the accompanying financial statements of Haven (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Haven as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Haven and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Haven's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Haven's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Haven's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Amatics CPA Group
Bozeman, Montana
October 24, 2022

HAVEN
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 276,591	\$ 377,004
Investments in bank insured deposit program	644,122	6,182,026
Grants receivable	258,518	71,794
Restricted unemployment insurance reserve	17,019	15,231
Pledges receivable - current portion	355,483	107,532
Other current assets	14,852	950
Total current assets	1,566,585	6,754,537
PROPERTY AND EQUIPMENT , net of accumulated depreciation	4,364,818	1,040,329
OTHER ASSETS		
Pledges receivable, net of discount and current portion	709,852	1,232,212
Artwork	34,000	-
Investments	3,480,648	-
Endowment investments	16,652	18,908
Total other assets	4,241,152	1,251,120
Total assets	\$ 10,172,555	\$ 9,045,986

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 708,642	\$ 42,729
Payroll liabilities	58,688	63,628
Accrued leave payable	38,068	34,818
Construction retainage payable	145,394	-
Other current liabilities	17,119	14,540
Deferred revenue	5,500	-
Total current liabilities	973,411	155,715
NET ASSETS		
Without donor restrictions:		
Board designated - capital campaign	151,386	151,386
Undesignated	5,108,124	1,701,303
With donor restrictions	3,939,634	7,037,582
Total net assets	9,199,144	8,890,271
Total liabilities and net assets	\$ 10,172,555	\$ 9,045,986

See notes to financial statements.

HAVEN
STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Government grants	\$ 495,993	\$ -	\$ 495,993
Private grants	173,328	134,121	307,449
Contributions	230,998	28,600	259,598
Capital campaign contributions	-	225,911	225,911
Fundraising revenue	772,582	-	772,582
Investment return, net	(58,365)	(2,256)	(60,621)
In-kind contributions	66,306	-	66,306
Satisfaction of program restrictions	<u>3,484,324</u>	<u>(3,484,324)</u>	<u>-</u>
Total revenue and support	<u>5,165,166</u>	<u>(3,097,948)</u>	<u>2,067,218</u>
EXPENSES			
Functional expenses			
Program - direct services	1,137,436	-	1,137,436
Fundraising	352,778	-	352,778
Administration	<u>268,131</u>	<u>-</u>	<u>268,131</u>
Total expenses	<u>1,758,345</u>	<u>-</u>	<u>1,758,345</u>
CHANGE IN NET ASSETS	3,406,821	(3,097,948)	308,873
Net assets at beginning of year	<u>1,852,689</u>	<u>7,037,582</u>	<u>8,890,271</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,259,510</u>	<u>\$ 3,939,634</u>	<u>\$ 9,199,144</u>

See notes to financial statements.

HAVEN
STATEMENT OF ACTIVITIES
Year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Government grants	\$ 401,854	\$ -	\$ 401,854
Private grants	287,161	97,305	384,466
Contributions	211,464	52,350	263,814
Capital campaign contributions	-	4,226,150	4,226,150
Fundraising revenue	521,487	-	521,487
Investment return, net	1,976	3,981	5,957
In-kind contributions	122,204	-	122,204
Satisfaction of program restrictions	<u>810,492</u>	<u>(810,492)</u>	<u>-</u>
Total revenue and support	<u>2,356,638</u>	<u>3,569,294</u>	<u>5,925,932</u>
EXPENSES			
Functional expenses			
Program - direct services	923,444	-	923,444
Fundraising	437,161	-	437,161
Administration	<u>282,597</u>	<u>-</u>	<u>282,597</u>
Total expenses	<u>1,643,202</u>	<u>-</u>	<u>1,643,202</u>
CHANGE IN NET ASSETS	713,436	3,569,294	4,282,730
Net assets at beginning of year	<u>1,139,253</u>	<u>3,468,288</u>	<u>4,607,541</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,852,689</u></u>	<u><u>\$ 7,037,582</u></u>	<u><u>\$ 8,890,271</u></u>

See notes to financial statements.

HAVEN
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	<u>Programs</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Direct Services</u>	<u>Fundraising</u>	<u>Administration</u>	
Capital campaign expenses	\$ -	\$ 17,221	\$ -	\$ 17,221
Capital campaign expenses - personnel	-	32,957	-	32,957
Community awareness	8,099	6,512	2,339	16,950
Counseling	81,144	-	-	81,144
Depreciation	15,343	-	3,836	19,179
Development and training	26,899	12,909	9,683	49,491
Fundraising expense	-	40,522	5,669	46,191
Grants to subrecipients	125,047	-	-	125,047
Information technology	22,396	7,768	15,910	46,074
Insurance	8,149	-	4,017	12,166
Occupancy	89,662	-	1,250	90,912
Personnel	693,678	234,889	215,224	1,143,791
Professional fees	2,411	-	10,203	12,614
Survivor basic needs	64,608	-	-	64,608
	<u>64,608</u>	<u>-</u>	<u>-</u>	<u>64,608</u>
Total expenses	<u>\$ 1,137,436</u>	<u>\$ 352,778</u>	<u>\$ 268,131</u>	<u>\$ 1,758,345</u>

See notes to financial statements.

HAVEN
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	<u>Programs</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Direct Services</u>	<u>Fundraising</u>	<u>Administration</u>	
Capital campaign expenses	\$ -	\$ 51,273	\$ -	\$ 51,273
Capital campaign expenses - personnel	-	106,013	-	106,013
Community awareness	15,334	10,769	3,253	29,356
Counseling	70,020	-	-	70,020
Depreciation	17,914	-	4,478	22,392
Development and training	26,739	8,431	5,864	41,034
Fundraising expense	-	61,011	-	61,011
Grants to subrecipients	89,551	-	-	89,551
Information technology	20,870	-	6,930	27,800
Insurance	2,729	-	10,672	13,401
Occupancy	89,447	-	4,529	93,976
Personnel	516,400	182,860	186,000	885,260
Professional fees	2,833	16,804	60,871	80,508
Survivor basic needs	71,607	-	-	71,607
	<u>71,607</u>	<u>-</u>	<u>-</u>	<u>71,607</u>
Total expenses	<u>\$ 923,444</u>	<u>\$ 437,161</u>	<u>\$ 282,597</u>	<u>\$ 1,643,202</u>

See notes to financial statements.

HAVEN
STATEMENTS OF CASH FLOWS

	Years ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors and grantors	\$ 854,819	\$ 4,745,051
Other cash receipts	711,961	523,837
Payments for salaries and related costs	(1,145,481)	(966,184)
Payments to vendors	(423,610)	(435,741)
Net cash provided (used) by operating activities	(2,311)	3,866,963
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of investments	389,273	595,598
Purchases of investments	(3,480,648)	-
Purchases of equipment, furniture, and buildings	(2,544,631)	(511,545)
Net cash provided (used) by investing activities	(5,636,006)	84,053
CHANGE IN CASH AND CASH EQUIVALENTS	(5,638,317)	3,951,016
Cash and cash equivalents at beginning of year	6,559,030	2,608,014
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 920,713	\$ 6,559,030
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash and cash equivalents	\$ 276,591	\$ 377,004
Investments in bank insured deposit program	644,122	6,182,026
	\$ 920,713	\$ 6,559,030

See notes to financial statements.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Network Against Sexual and Domestic Abuse was established in Montana in 1979 as a nonprofit corporation, and subsequently changed its name in August 2009 to Haven.

Haven is Gallatin County's nonprofit serving survivors of domestic violence. Haven is committed to reducing the incidence and minimizing the impact of domestic abuse on families and communities.

Haven's programs include:

Shelter: Haven's shelter is a safe place where women and children experiencing domestic abuse can heal and rebuild their lives. Men are provided with hotel stays when fleeing an abusive relationship. Once Haven's new facility opens in early 2023, there will be space for all gender at the shelter.

Support Line: Haven staffs a support hotline 24 hours/day to provide advocacy, resources and referrals for primary and secondary survivors of abuse.

Legal Advocacy: The legal advocacy program's main purpose is to assist survivors with filing for temporary and permanent orders of protection and accompanying Haven participants to court. In addition, legal advocates also provide emotional support, education on intimate partner violence, and resources to the participants with whom they work.

Counseling and Support Groups: Individual therapy sessions and weekly support groups are offered.

End the Silence: Haven's survivor speakers' bureau, End the Silence, is designed to empower survivors by speaking out against domestic abuse. Participants complete a seven-week training on presentation skills, leadership skills and the dynamics of domestic violence. The group gives between 12 and 20 presentations to community members annually.

Teen Dating Violence Prevention: Haven partners with key nonprofits in the greater Gallatin Valley to provide teen dating violence prevention programming to both at-risk youth and all high schoolers. Programs under this umbrella include the Haven/Bridgcare Peer Education Team, as well as foundational healthy relationship education for youth working with HRDC and Youth Dynamics, Inc.

Survivors Supporting Survivors: This peer-to-peer survivors group brings together survivors at all different stages in their healing. The survivors meet regularly to learn from and support one another, and help rebuild the support networks that have been torn down by their abusers.

Legal Services for Immigrant Victims: In 2016, Haven became the only social service organization in the state of Montana to have authorization from the Department of Justice to file U-visas, T-visas and VAWA self-petitions on behalf of immigrant victims who have experienced domestic violence or human trafficking. These petitions can allow immigrant survivors to legally stay in the U.S. and receive the support they need.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, as codified by the Financial Accounting Standards Board.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for the capital campaign.
- *Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Property and Equipment

Purchased property and equipment over \$1,000 are capitalized and depreciated using the straight-line method. Costs of maintenance and repairs are charged to expense and significant renewals and improvements are capitalized. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Haven is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore no provision for federal income taxes has been included in the accompanying financial statements. Haven has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). The Organization's information returns (Form 990) are open to examination by the IRS, generally, for three years after they were filed or the due date of the return, whichever is later.

Receivables

Grants receivable and unconditional promises to give (i.e. pledges receivable) are measured at fair value on the date a written unconditional promise to give is received from the donor. The fair value is measured using an income approach which incorporates inputs including estimated timing of cash receipts and an appropriate present value discount factor if receivables are expected to be collected in future years. Conditional grants and pledges receivable are not recognized until they become unconditional, as in, when the conditions are substantially met. Intentions to give do not have legally enforceable documentation and, as such, are considered conditional and are not recognized until payment is received by Haven. The Organization uses the direct write-off method to determine uncollectible pledges and grants receivable. This approximates management's best estimate of an allowance for pledges and grants receivable. As of June 30, 2022 and 2021, management considered all grants and pledges receivable to be fully collectible, so no allowance has been recorded.

Revenue Recognition

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional donor promises to give (i.e. pledges receivable) are reported at fair value at the date there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. Contributions of donor-restricted gifts are recognized at the time of the gift.

The gifts are reported either as net assets without donor restrictions or net assets with donor restrictions if they were received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants

The Organization receives grants from public agencies, as well as private organizations and individuals, to be used for specific programs or purposes, which may include general operations. Unconditional grant awards are recorded as grant revenue in the period in which they are awarded. Grants having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted grant revenue until the conditions are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended or other conditions are satisfied.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Contributed)

Fundraising Events

Revenue from fundraising events consist of ticket sales, sponsorships, and auction item sales. Ticket sales are comprised of an exchange element based on the values of benefits provided, and a contribution element for the difference between the amount paid for the ticket and the exchange element. Sponsorships are a contribution but for some events they may entitle the sponsor to a specified number of event tickets, in which case a portion of the sponsorship is an exchange transaction similar to a ticket sale and the remainder is a contribution. Auction item sales are an exchange transaction. Management has deemed the exchange element not material to the overall financial statements. Ticket sales and sponsorships are recognized as event revenue when money is received as the majority of the transaction is considered to be a contribution. Auction item sales are not recognized as revenues until the event occurs.

Contributed Services

The value of contributed services by volunteers assisting at the shelter does not meet the requirements for recognition in the financial statements because they do not create or enhance a nonfinancial asset or require specialized skills. Haven records various types of in-kind support including services, property and equipment. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, printing and reproduction and personnel expenses and other, which are allocated on the basis of estimates of time and effort.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets. An adjustment has been made to the fiscal year 2021 presentation to report \$89,551 as grants to subrecipients in the statement of functional expenses rather than netting them with government grant revenues on the statement of activities.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Contributed Nonfinancial Assets Guidance

Effective June 15, 2021, the Organization retroactively adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit* (Topic 958): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, that impacts the accounting for revenue and support. The new guidance requires the Organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose the amount of contributed nonfinancial assets recognized by category. The additional disclosure requires the Organization to disclose the following for each category: qualitative information; the Organization's policy (if any) about monetizing rather than utilizing the contributed nonfinancial asset; description of donor-imposed restrictions; description of valuation techniques and inputs used to arrive at fair value; and the principal market used to arrive at fair value measure if it is in a market in which the recipient not-for-profit is prohibited by donor-imposed restriction from selling or using the contributed nonfinancial assets. Adoption of this standard did not have a significant impact on the financial statements.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 276,591	\$ 377,004
Investments in bank insured deposit program	644,122	6,182,026
Grants receivable	258,518	71,794
Pledges receivable	1,065,335	1,339,744
Investments	3,480,648	-
Endowment investments	<u>16,652</u>	<u>18,908</u>
	<u>5,741,866</u>	<u>7,989,476</u>
Unavailable for general expenditure in one year		
Endowment investments	(16,652)	(18,908)
Capital campaign - board designated	(151,386)	(151,386)
Capital campaign - donor restricted funds and pledges receivable	<u>(3,880,636)</u>	<u>(6,905,091)</u>
	<u>(4,048,674)</u>	<u>(7,075,385)</u>
Total financial resources available for general expenditure	<u>\$ 1,693,192</u>	<u>\$ 914,091</u>

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

2. LIQUIDITY AND AVAILABILITY (Continued)

Haven has certain donor-restricted net assets that are available for general expenditures within one year of June 30, 2022, because the restrictions on the net assets are expected to be met by conducting the normal activities of programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. The Organization has other donor-restricted assets limited to use for the capital campaign, which are not included. Additionally, the Board of Directors has designated certain other resources toward the capital campaign, which are more fully described in Note 16. Because of the Board's designation, those assets are not available for general expenditures within the next year; however, the Board could make those assets available, if necessary.

3. CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, Haven considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At year end, Haven held checking, savings and money market accounts. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. As of June 30, 2022 and 2021, cash and cash equivalent balances did not exceed federally insured limits.

4. PLEDGES RECEIVABLE

Amounts pledged to Haven include pledges restricted for the capital campaign and programs. Pledges receivable are due as follows:

	<u>2022</u>	<u>2021</u>
Amounts due in:		
Less than one year	\$ 355,483	\$ 107,532
One to five years	<u>777,835</u>	<u>1,361,108</u>
	1,133,318	1,468,640
Less: discount to present value	<u>(67,983)</u>	<u>(128,896)</u>
Total pledges receivable	1,065,335	1,339,744
Less: current portion	<u>(355,483)</u>	<u>(107,532)</u>
Pledges receivable, net of discount and current portion	<u>\$ 709,852</u>	<u>\$ 1,232,212</u>

In addition to the pledges receivable recognized above, Haven is named as the beneficiary of conditional gifts and will bequests, the fair value of which are not determinable.

5. GRANTS RECEIVABLE

As of June 30, 2022 and 2021, grants receivable consists of \$258,518 and \$71,794 in reimbursable expenditures on federal grants. For the years ended June 30, 2022 and 2021, the Organization received \$715,388 and \$305,260, respectively, in conditional federal grant awards that include a barrier to entitlement by incurring qualifying expenses under federal cost principles. \$549,441 and \$28,855 of federal grant awards had not been recognized as revenue under these grant awards as of June 30, 2022 and 2021, respectively.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

6. UNEMPLOYMENT INSURANCE

In 2007, Haven elected reimbursable status for unemployment benefit payments in lieu of paying contributions under the normal tax provisions of Montana state law. As a reimbursable employer, the Organization is responsible for reimbursing the state for valid claims paid to former employees, dollar for dollar. In 2011, the Organization established and began making deposits into an unemployment reserve account with First Nonprofit Companies. Any future unemployment benefit claims will be paid from this reserve account. As of June 30, 2022 and 2021, the reserve account balance was \$17,019 and \$15,231, respectively. In accordance with FASB ASC 450, *Contingencies*, Haven has not recorded a contingent liability for future payments, as it is not probable that the claims will be filed, nor can the amount be reasonably estimated.

7. CONTINGENCY

The Organization participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. The grantor audits of these programs, if any, for or including the year ended December 31, 2021 have not yet been conducted. Accordingly, the Organization's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

8. CASH FLOW INFORMATION

Haven entered into the following non-cash transactions during the year ended June 30, 2022:

The Organization added \$653,643 of construction in progress as an increase in accounts payable. The Organization added \$145,394 of construction in progress as an increase in construction retainage payable.

9. INVESTMENTS

Investments consist of the following as of June 30, 2022 and 2021:

	2022		2021	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investments				
Mutual funds	\$ 3,547,434	\$ 3,480,648	\$ -	\$ -
Endowment investments				
Bank insured deposits	1,874	1,874	1,064	1,064
Mutual funds	<u>10,884</u>	<u>14,778</u>	<u>17,844</u>	<u>17,844</u>
	<u>12,758</u>	<u>16,652</u>	<u>18,908</u>	<u>18,908</u>
Total investments	<u>\$ 3,560,192</u>	<u>\$ 3,497,300</u>	<u>\$ 18,908</u>	<u>\$ 18,908</u>

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NOTES TO FINANCIAL STATEMENTS
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10. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value 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 and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

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.

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bank insured deposits	\$ 1,874	\$ 1,874	\$ -	\$ -
Mutual funds	3,495,426	3,495,426	-	-
Pledges receivable	<u>1,065,335</u>	<u>-</u>	<u>-</u>	<u>1,065,335</u>
	<u>\$ 4,562,635</u>	<u>\$ 3,497,300</u>	<u>\$ -</u>	<u>\$ 1,065,335</u>

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bank insured deposits	\$ 1,064	\$ 1,064	\$ -	\$ -
Mutual funds	17,844	17,844	-	-
Pledges receivable	<u>1,339,744</u>	<u>-</u>	<u>-</u>	<u>1,339,744</u>
	<u>\$ 1,358,652</u>	<u>\$ 18,908</u>	<u>\$ -</u>	<u>\$ 1,339,744</u>

Mutual funds are valued at the quoted market price for the individual funds. Bank insured deposits are valued at the cash balance in the deposit accounts.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

10. FAIR VALUE MEASUREMENTS (Continued)

Pledges receivable are reported at net realizable value if, at the time the pledge is made, payment is expected to be received in one year or less. Pledges that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods, because the Organization elected the fair value option in accordance with generally accepted accounting principles. Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques and historical discount rates. The change in the fair value of the unconditional promises expected to be collected in more than one year is reported as contribution revenue.

The reconciliation of the changes in the pledges receivable measured at fair value on a recurring basis using significant unobservable inputs (level 3) is as follows:

	<u>2022</u>	<u>2021</u>
Pledges receivable, beginning of year	\$ 1,339,744	\$ 1,472,455
Additional pledges	18,250	274,565
Payments received	(353,572)	(397,415)
Discounted rent expense recognized	-	(8,333)
Change in discount	<u>60,913</u>	<u>(1,528)</u>
Pledges receivable, end of year	<u>\$ 1,065,335</u>	<u>\$ 1,339,744</u>

11. PROPERTY AND EQUIPMENT

In the fiscal year ended June 30, 2014, Haven purchased land for its new shelter. Expenditures for the new shelter are capitalized as construction in progress until the shelter is completed, at which point they will be placed into service and depreciated.

Property and equipment as of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 211,103	\$ 211,103
Shelter office	90,976	90,976
Buildings	155,557	155,557
Furniture and fixtures	95,759	95,759
Office equipment	103,324	103,324
New shelter - construction in progress	<u>4,055,666</u>	<u>711,998</u>
	4,712,385	1,368,717
Less accumulated depreciation	<u>(347,567)</u>	<u>(328,388)</u>
	<u>\$ 4,364,818</u>	<u>\$ 1,040,329</u>

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12. COMMITMENTS

Property and equipment on the statement of financial position includes construction in progress for development and construction of the new shelter project in the amount of \$3,910,272 and \$711,988 at June 30, 2022 and 2021, respectively. The shelter is expected to be completed in early 2023. As of June 30, 2022, \$4,184,005 remains for this project. The budgeted cost for the overall campaign is \$8,621,458, which includes \$2,000,000 for land, program reserves and campaign costs.

13. NOTES PAYABLE

On May 31, 2022, the Organization obtained a construction loan from First Security Bank in the amount of \$1,500,000, with interest only payments beginning July 2022 and interest and principal payments beginning January 2024. The interest rate is 4.72% until January 2027, at which point the rate will be adjusted based on the Federal Home Loan Bank (FHLB) 5-year rate. The loan is due in full in June 2032. As of June 30, 2022, the Organization had made no draws on the construction loan.

14. RETIREMENT PLAN

Haven offers employees the opportunity for participation in a SIMPLE IRA plan. Under the plan, eligible employees are allowed to contribute up to the IRS annual contribution limits. For the calendar years 2021 and 2022, Haven elected to contribute a matching contribution up to a limit of 3% of the employee's compensation. For the years ended June 30, 2022 and 2021, the Organization contributed \$17,284 and \$12,301, respectively.

15. LEASES

Haven entered into an operating lease for office space beginning April 2018, initially for a three year period, which has been extended through April 30, 2022. Under the lease agreement, the Organization paid a base rent amount and received donated rent of \$10,000 per year. Haven recorded an in-kind contribution for the donated use of the office space, equal to the fair rental value of the facilities less the amount of rent to be paid. Beginning in July 2022, rental payments are \$3,816 per month and will terminate in January 2023 when the new shelter is operating. Future minimum rental payments are \$22,896 in fiscal year 2023.

16. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated funds toward the Organization's capital campaign drive to build a new shelter. The Organization also receives donations and pledges that are restricted to the capital campaign (see Note 17). Capital campaign expenditures are spent in the following order: first, from donor-restricted revenues; next, from Board designated capital campaign funds; and finally, from the Organization's undesignated net assets without donor restrictions.

HAVEN
NOTES TO FINANCIAL STATEMENTS
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17. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Capital campaign	\$ 2,419,829	\$ 5,444,284
Counselor-in-training program	-	8,970
COVID-19 Response	-	60,810
Capacity building	-	34,999
Staff development	412	-
Program costs (advocacy, child care, client needs)	25,136	1,744
Receivables, proceeds of which are restricted:		
Capital campaign	1,460,807	1,460,807
Programs	17,750	8,012
Endowments:		
Income on donor restricted funds subject to spending policy and appropriation	5,693	7,949
Donor restricted investments held in perpetuity	<u>10,007</u>	<u>10,007</u>
	<u>\$ 3,939,634</u>	<u>\$ 7,037,582</u>

18. ENDOWMENTS

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Per the donor's instructions, net assets have been restricted for an endowment fund. During fiscal years 2022 and 2021, fees paid for management of endowment funds were \$0.

Interpretation of Relevant Law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MUPMIFA.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

18. ENDOWMENTS (Continued)

In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

As of June 30, 2022 and 2021, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 10,007	\$ 10,007
Accumulated investment earnings	952	5,693	6,645
	\$ 952	\$ 15,700	\$ 16,652
June 30, 2021			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 10,007	\$ 10,007
Accumulated investment earnings	952	7,949	8,901
	\$ 952	\$ 17,956	\$ 18,908

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of MUPMIFA requires the Organization to retain as a fund of perpetual direction. There were no such deficiencies as of June 30, 2022 and 2021.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). The Organization expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

18. ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Finance Committee shall review the fiscal year-end account statements and returns of the endowment account and may recommend to transfer some of the accumulated income to the general operating account, as long as the amount does not exceed 5% of the account balance at fiscal year end. Income shall be defined as dividends from stocks and mutual funds and interest from bond funds. It is the intention of the Board to preserve and permanently restrict the use of the historic value of a gift or transfer; however, the Board shall not be in violation of this policy if market forces otherwise affect the historic value.

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 952	\$ 13,975	\$ 14,927
Investment return, 2021:	-	3,981	3,981
Endowment net assets, June 30, 2021	952	17,956	18,908
Investment return, 2022:	-	(2,256)	(2,256)
Endowment net assets, June 30, 2022	<u>\$ 952</u>	<u>\$ 15,700</u>	<u>\$ 16,652</u>

19. CONCENTRATIONS

For the year ended June 30, 2022, 61% of contribution revenues came from one donor and 89% of year end pledges receivable is due from one donor. For the year ended June 30, 2021, 64% of contribution revenues came from three donors and 67% of year end pledges receivable is due from one donor.

20. CONTRIBUTED NONFINANCIAL ASSETS

Volunteers who help at the shelter provide in-kind support. The value is based upon the estimated cost Haven would pay for similar services. This amount is used as a match for certain grants, but is not recorded in these financial statements, in accordance with nonprofit accounting standards. For the years ended June 30, 2022 and 2021, the value of these contributed services was \$31,222 and \$35,000, respectively.

HAVEN
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21. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

Haven records various types of in-kind support including services, property and equipment. The fair value of donated services and goods included as contributions in the financial statements for the year ended June 30, 2022, are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Contract labor (counseling)	\$ 19,224	\$ -	\$ -	\$ 19,224
Fundraising events	-	750	-	750
Artwork	34,000	-	-	34,000
Survivor basic needs	2,332	-	-	2,332
Rent	-	-	10,000	10,000
	<u>\$ 55,556</u>	<u>\$ 750</u>	<u>\$ 10,000</u>	<u>\$ 66,306</u>

The fair value of donated services and goods included as contributions in the financial statements for the year ended June 30, 2021, are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Construction in progress	\$ 87,934	\$ 5,562	\$ -	\$ 93,496
Contract labor (counseling)	21,510	-	-	21,510
Professional fees	-	-	1,200	1,200
Miscellaneous	-	-	5,998	5,998
	<u>\$ 109,444</u>	<u>\$ 5,562</u>	<u>\$ 7,198</u>	<u>\$ 122,204</u>

Artwork

Contributed artwork is valued at estimated fair value based on an independent appraisal. In agreement with the donor, the Organization is required to hold this artwork for at least three years from the date of donation.

Construction in Progress

Contributed nonfinancial assets reported as construction in progress include architecture fees for design of the new shelter. These services are valued and capitalized at estimated fair value based on current rates for similar services.

Contract Labor and Professional Fees

Contributed counseling services and professional fees are valued at estimated fair value based on current rates for similar services.

Rent

The Organization's lease agreement for office space includes an in-kind portion of contributed rent. The estimated fair value of the donated portion is based on recent comparable rental prices per square footage of space.

Survivor Basic Needs

Contributed goods reported as survivor basic needs include donated supplies, food, and household goods for use at the shelter. These contributed goods are valued at estimated fair value based on sales of comparable items.

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NOTES TO FINANCIAL STATEMENTS
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22. SUBSEQUENT EVENTS

On September 21, 2022, Haven sold its existing shelter for \$850,000 with a provision to lease back the space until the new shelter is operational.

Date of Management Evaluation

Management has evaluated subsequent events through October 24, 2022, the date on which the financial statements were available to be issued.