

FRIENDS OF THE HAVEN

FINANCIAL STATEMENTS

DECEMBER 31, 2017

FRIENDS OF THE HAVEN

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1987 Wadsworth Blvd., Suite A
Lakewood, Colorado 80214



Phone: 303.988.5648
Fax: 303.988.5919

www.mcnurlincpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of the Haven
Denver, Colorado

We have audited the accompanying financial statements of Friends of the Haven (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Friends of the Haven as of December 31, 2017, 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.

McNurlin, Hitchcock & Associates, P.C.
Lakewood, Colorado
April 26, 2018

FRIENDS OF THE HAVEN
Statement of Financial Position
December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 84,872	\$ 96,520	\$ 70	\$ 181,462
Accounts receivable	26,362	20,572	-	46,934
Total Current Assets	111,234	117,092	70	228,396
Other Assets				
Endowment fund	-	-	75,066	75,066
TOTAL ASSETS	\$ 111,234	\$ 117,092	\$ 75,136	\$ 303,462
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 16,464	\$ 2,400	\$ -	\$ 18,864
Total Current Liabilities	16,464	2,400	-	18,864
Net Assets				
Unrestricted net assets	94,770	-	-	94,770
Temporarily restricted net assets	-	114,692	-	114,692
Permanently restricted net assets	-	-	75,136	75,136
Total Net Assets	94,770	114,692	75,136	284,598
TOTAL LIABILITIES AND NET ASSETS	\$ 111,234	\$ 117,092	\$ 75,136	\$ 303,462

See accompanying notes to the financial statements and independent auditor's report.

FRIENDS OF THE HAVEN

Statement of Activities

December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Direct public grants	\$ -	\$ 100,640	\$ -	\$ 100,640
Donated professional fees, facilities	132,150	-	-	132,150
Individual business contributions	-	104,365	-	104,365
Child care credit contributions	-	84,850	-	84,850
United Way contributions	60,000	-	-	60,000
Special event income	-	55,988	-	55,988
Less direct expenses	-	(63,765)	-	(63,765)
Investment income	-	-	9,632	9,632
Net assets released from restrictions	272,908	(270,376)	(2,532)	-
Total Revenue and support	<u>465,058</u>	<u>11,702</u>	<u>7,100</u>	<u>483,860</u>
EXPENSES				
Program services	195,680	-	-	195,680
Support services				
Management and general	65,178	-	-	65,178
Fundraising	151,232	-	-	151,232
Total Expenses	<u>412,090</u>	<u>-</u>	<u>-</u>	<u>412,090</u>
CHANGE IN NET ASSETS	52,968	11,702	7,100	71,770
NET ASSETS, Beginning of the year	<u>41,802</u>	<u>102,990</u>	<u>68,036</u>	<u>212,828</u>
NET ASSETS, End of the year	<u>\$ 94,770</u>	<u>\$ 114,692</u>	<u>\$ 75,136</u>	<u>\$ 284,598</u>

See accompanying notes to the financial statements and independent auditors' report.

FRIENDS OF THE HAVEN
Statement of Functional Expenses
December 31, 2017

	Program Services	Management and General	Fundraising	Total
University of Colorado Foundation	\$ 156,970	\$ -	\$ -	\$ 156,970
The Haven Program Support	536	-	-	536
Accounting fees	-	6,090	-	6,090
Donated professional services	11,280	36,270	84,600	132,150
Postage, mailing service	-	152	536	688
Promotional materials	4,800	904	818	6,522
Supplies	-	519	410	929
Telephone, telecommunications	-	600	-	600
PayPal, blacktie and AmCheck	-	640	1,644	2,283
Office space rent	-	1,464	-	1,464
Salaries	18,895	8,649	56,997	84,541
Payroll taxes, benefits, fees	1,733	793	5,227	7,754
Outside contract services	743	329	-	1,072
Miscellaneous	512	7,504	1,000	9,016
Insurance	-	1,264	-	1,264
Program Expense - Haven Special	211	-	-	211
Total Expenses	<u>\$ 195,680</u>	<u>\$ 65,178</u>	<u>\$ 151,232</u>	<u>\$ 412,090</u>

See accompanying notes to the financial statements and independent auditors' report.

FRIENDS OF THE HAVEN

Statement of Cash Flows

December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CASH FLOW FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ 52,968	\$ 11,702	\$ 7,100	\$ 71,770
Adjustments to reconcile change in net assets to cash provided by operating activities				
Change in:				
Accounts receivable	(24,205)	46,438	-	22,233
Prepaid expenses	5,600	-	-	5,600
Endowment fund	-	-	(7,100)	(7,100)
Accounts payable	12,804	2,400	-	15,204
NET CASH PROVIDED BY OPERATING ACTIVITIES	47,167	60,540	-	107,707
CASH FLOW FROM INVESTING ACTIVITIES:	-	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES:	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,167	60,540	-	107,707
CASH AND CASH EQUIVALENTS, Beginning of year	37,705	35,980	70	73,755
CASH AND CASH EQUIVALENTS, End of year	\$ 84,872	\$ 96,520	\$ 70	\$ 181,462
SUPPLEMENTAL INFORMATION				
Cash paid for interest				\$
Cash paid for income taxes				\$

See accompanying notes to the financial statements and independent auditors' report.

FRIENDS OF THE HAVEN
Notes to the Financial Statements
December 31, 2017

NOTE 1 NATURE OF THE ORGANIZATION

Friends of the Haven (the Organization) is a 501(c)(3) non-profit organization formed in 2006 for the primary purposes of providing financial and volunteer support to further the activities of The Haven and The Baby Haven whose charter is to provide a safe, empowering and enriching environment for women and their infants and small children. The Haven and the Baby Haven's goal is to be where women can recover from addictions and co-occurring illnesses; deliver healthy, drug free infants; improve parenting skills; and receive quality early educational services for their children: maintain and build upon cultural and family connections as sources of social support: and become self-sufficient, confident, and productive members of the community. The Organization is primarily funded by foundation grants and individual contributions.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 26, 2018, the date that the financial statements were available to be issued.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and determined to be realizable; contributions are reported when cash, other assets, or an unconditional promise to give is received; and expenses are recognized when the product or service has been received and the liability incurred.

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.

Financial Statement Presentation

The accompanying financial statements present the financial activity of the Organization. The Organization follows the recommendation of the Financial Accounting Standards Board (FASB) standards of accounting and financial reporting for not-for-profit organizations. Under Accounting Standards Codification 958 (ASC 958) Not-for-Profit Entities, the Organization is required to report information regarding its net assets, and revenues, expenses, gains, and losses based upon the existence and/or nature of any donor-imposed restrictions. Accordingly, the Organization reports net assets and activities using the following three classes of net assets:

See accompanying independent auditors' report.

FRIENDS OF THE HAVEN
Notes to the Financial Statements
December 31, 2017

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

The Organization had unrestricted, temporarily restricted and permanently restricted net assets during the year ended December 31, 2017.

Support and Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted or permanently restricted and increase those classes of net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Contributed Services

Donated services are recognized as contributions in accordance with accounting standards at their estimated fair value if the services (a) create or enhance the Organization's non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The value of these services or materials, \$132,150, is recorded as support and expense in the period in which they are received or services are performed.

While the Organization does have full and part-time employees that perform the day-to-day operations, the Organization relies on the assistance of volunteers as well. It is estimated that the Organization received the benefit of approximately 5,280 volunteer hours from their Board of Directors and various other volunteers including gala, classroom and administrative volunteers.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

See accompanying independent auditors' report.

FRIENDS OF THE HAVEN
Notes to the Financial Statements
December 31, 2017

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable primarily consists of amounts due from organizations for special events. Based on high historical collection rates and because a substantial portion of amounts outstanding are from corporations who are supportive of the Organization's mission, management believes the receivables are fully collectible, and thus has not provided an allowance for doubtful accounts.

Prepaid Expenses

Prepaid expenses are expenditures made in advance of when the economic benefit of the cost will be realized, which will be expensed in future periods.

Property and Equipment, net

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The Organization did not have depreciation expense for the year ended December 31, 2017.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by the indirect method based on management's estimates.

NOTE 4 INCOME TAXES

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under regulations in the State of Colorado. Therefore, Friends of the Haven is not subject to federal or state income taxes in connection with its exempt activities. In addition, Friends of the Haven is treated 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). There was no unrelated business income for the year ended December 31, 2017.

See accompanying independent auditors' report.

FRIENDS OF THE HAVEN
Notes to the Financial Statements
December 31, 2017

NOTE 4 INCOME TAXES (Continued)

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Friends of the Haven may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Friends of the Haven and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2017. As of December 31, 2017, Friends of the Haven's tax returns for 2014, 2015, and 2016 are subject to examination by taxing authorities.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 are to be used for the following purposes:

Description	Amount
Cullinary Balance	\$ 2,800
Zonta Club - Exercise	1,930
Daniels Recovery Support Network	32,143
Treatment Scholarships	1,322
Playground	27,800
Zonta Grant 2017 Fitness	7,000
Education Endowment Distributions Balance	6,647
Childcare Credit Donations	35,050
Total	<u>\$ 114,692</u>

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

Description	Amount
Program Activities	\$ 161,519
Smoking Cessation	7,000
Additional Staff and Training for Baby Haven	35,000
Additional Staff and Training for Baby Haven	22,000
Methadone Treatment	4,000
Baby Haven	10,000
Recovery Support	17,857
Treatment Scholarships	13,000
Endowment transfers	2,532
Total	<u>\$ 272,908</u>

See accompanying independent auditors' report.

FRIENDS OF THE HAVEN
Notes to the Financial Statements
December 31, 2017

NOTE 6 PERMANENTLY RESTRICTED NET ASSETS

In 2014, the Organization established an endowment fund (the Fund) with the Community First Foundation (the Foundation) to provide educational scholarships for addicted women who have successfully completed a residential addiction treatment program and desire to give back to the recovery community. Under the terms of the endowment, no distribution shall be made from the Fund until the net fair market value of the Fund equals or exceeds \$25,000; after which, the Foundation shall pay up to 4% of the fair market value of the Fund, less administrative fees, at least annually to the Organization, unless the Organization declines the distribution.

Changes in the endowment net assets as of December 31, 2017 are as follows:

Description	Amount
Balance, beginning of year	\$ 67,966
Interest and dividend income	1,482
Net appreciation (depreciation)	8,878
Management fees	(728)
Net investment return	9,632
Additions	-
Distributions	(2,532)
Balance, end of year	\$ 75,066

NOTE 7 RELATED PARTY – OFFICE SPACE

The Organization rents office space from the Baby Haven on a month-to-month basis for \$122 per month. Office space rent totaled \$1,464 which is included in management and general expenses on the Statement of Activities.

See accompanying independent auditors' report.

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Fax: 303.988.5919

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To the Board of Directors
Friends of the Haven
Denver, Colorado

We have audited the financial statements of Friends of the Haven (the "Organization") for the year ended December 31, 2017, and have issued our report thereon dated April 26, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have discussed the audit with management and have outlined our responsibilities, etc. in our engagement letter dated December 18, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Friends of the Haven are described in Note 3 to the financial statements. The Organization has not adopted any new accounting policies during the year ended December 31, 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate for the year ended December 31, 2017 was in determining the allocation of expenses in the Statement of Functional Expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We greatly appreciate the assistance from management and all personnel of the Organization.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. A copy of the proposed adjustments are included with this letter. Management has agreed to post all adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction which could be significant to the Organization's financial statements or the auditor's report. We are pleased to report that no such disagreements with management arose during our engagement.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 26, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. Furthermore, we have no reason to believe that such a consultation is necessary.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit, we became aware of the following opportunities for strengthening internal controls and operating efficiency.

Audit Adjustments

We have made adjustments to the accounting records in order to complete the audit. These adjustments should be made by the Organization at December 31, 2017 in order to tie the Organization financial records to the audited financial statements. The approval and recording of these adjustments is the responsibility of the Organization.

Representation letter

We are required to obtain written representation from the Organization's management prior to issuance of the audited financial statements according to AICPA Professional Standards AU 580, Written Representations. We request that a member of the Board of Directors sign the representation letter within 60 days of receipt.

This letter is solely for the internal use of the Board of Directors and Management of Friends of the Haven and is not intended to be and should not be distributed to any other persons or used for any other purpose.

Sincerely,

McNurlin, Hitchcock & Associates, P.C.

McNurlin, Hitchcock & Associates, P.C.

Lakewood, Colorado

April 26, 2018

Client: *FRIENDS - Friends of the Haven*
Engagement: *Friends of the Haven*
Period Ending: *12/31/2017*
Trial Balance: *40-01 - Trial Balance*
Workpaper: *40-03 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		40-08		
To reconcile fund balances to prior year audit				
31300	Perm. Restricted Net Assets		7,099.52	
31500	Temp. Restricted Net Assets		11,711.84	
32000	Unrestricted Net Assets			18,811.36
Total			<u>18,811.36</u>	<u>18,811.36</u>
Adjusting Journal Entries JE # 2		40-07		
To post client adjustment made for office rent after QB file was restored				
65070	Office Space Rent		1,464.00	
20000	Accounts Payable			1,464.00
Total			<u>1,464.00</u>	<u>1,464.00</u>
Adjusting Journal Entries JE # 3		700-02		
To record value of volunteer time				
62120	Donated Prof Fees - GAAP		132,150.00	
43430	Donated Prof Fees. Facilities			132,150.00
Total			<u>132,150.00</u>	<u>132,150.00</u>