

**FRIENDS OF THE HAVEN**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**FRIENDS OF THE HAVEN**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

May 9, 2020

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, 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.

***Auditors' 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 Friends of the Haven as of December 31, 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***

Other auditors have previously audited Friends of the Haven's 2018 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated March 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor R Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER COLORADO

**FRIENDS OF THE HAVEN**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 95,706	\$ 153,731
Contributions receivable (Note 3)	32,169	17,170
Grants and contracts receivable (Note 3)	5,000	10,000
Prepaid expenses	270	-
Beneficial interest in assets held by others (Note 4)	<u>75,933</u>	<u>68,015</u>
Total assets	<u>\$ 209,078</u>	<u>\$ 248,916</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	<u>\$ 5,044</u>	<u>\$ 22,214</u>
Total liabilities	<u>5,044</u>	<u>22,214</u>
 <u>Net assets</u>		
Without donor restrictions		
Undesignated	42,374	70,881
Board designated operating reserve	60,000	-
With donor restrictions		
Program related (Note 5)	25,727	87,806
Endowment - perpetual (Note 4)	<u>75,933</u>	<u>68,015</u>
Total net assets	<u>204,034</u>	<u>226,702</u>
Total liabilities and net assets	<u>\$ 209,078</u>	<u>\$ 248,916</u>

The accompanying notes are an integral part of these financial statements

**FRIENDS OF THE HAVEN**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Special event income	\$ 208,178	\$ -	\$ 208,178	24,745
less direct expenses	(46,651)	-	(46,651)	(36,148)
Donations	78,097	9,000	87,097	174,134
Foundations	5,000	59,000	64,000	123,500
United Way contributions	45,000	-	45,000	60,000
Child care credit contributions	-	37,025	37,025	9,555
Investment income (loss)	-	10,731	10,731	(4,348)
In-kind contributions	-	-	-	19,350
Net assets released from restrictions (Note 6)	169,918	(169,918)	-	-
Total revenue and other support	459,542	(54,162)	405,380	370,788
<u>Expense</u>				
Program services	322,483	-	322,483	274,631
Supporting services				
Management and general	29,955	-	29,955	72,301
Fund-raising	75,610	-	75,610	81,752
Total expense	428,048	-	428,048	428,684
Change in net assets	31,494	(54,162)	(22,668)	(57,896)
Net assets, beginning of year	70,880	155,822	226,702	284,598
Net assets, end of year	\$ 102,374	\$ 101,660	\$ 204,034	\$ 226,702

The accompanying notes are an integral part of these financial statements

**FRIENDS OF THE HAVEN**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>			<u>2018</u>	
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>	<u>Total</u>
		<u>Management And General</u>	<u>Fund- raising</u>		
Salaries	\$ 16,919	\$ 6,880	\$ 50,213	\$ 74,012	\$ 100,568
Payroll taxes, benefits, and fees	1,696	690	5,034	7,420	9,416
Grants & support to benefit The Haven	300,103	-	-	300,103	246,615
Accounting services	-	13,816	-	13,816	25,350
Outside contract services	-	-	9,234	9,234	13,371
Database	-	-	4,566	4,566	-
Promotional materials	-	-	3,965	3,965	7,243
Supplies	455	2,125	455	3,035	4,687
Other grants and scholarships	3,000	-	-	3,000	-
Payment service and bank fees	-	604	1,812	2,416	2,087
Office space rent	-	1,734	-	1,734	1,464
Insurance	-	1,264	-	1,264	1,329
Conferences and meetings	-	1,187	-	1,187	-
Telephone and internet	-	1,029	-	1,029	1,232
Postage and mailing service	-	58	176	234	109
Dues and subscriptions	-	-	-	-	351
Other	310	568	155	1,033	14,862
Total expenses	<u>\$ 322,483</u>	<u>\$ 29,955</u>	<u>\$ 75,610</u>	<u>\$ 428,048</u>	<u>\$ 428,684</u>

The accompanying notes are an integral part of these financial statements

**FRIENDS OF THE HAVEN**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (22,668)	\$ (57,896)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized/realized (gains)losses on investments	(9,636)	5,227
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contributions receivable	(14,999)	9,764
(Increase)decrease in grants and contracts receivable	5,000	10,000
(Increase)decrease in prepaid expense:	(270)	-
(Decrease)increase in accounts payable	(17,170)	3,350
Net cash provided(used) by operating activities	<u>(59,743)</u>	<u>(29,555)</u>
<u>Cash flows from investing activities</u>		
(Reinvestment) of interest and dividends	(1,096)	(879)
Distributions from endowment fund	2,814	2,703
Net cash provided(used) by investing activities	<u>1,718</u>	<u>1,824</u>
Net decrease in cash and cash equivalents	<u>(58,025)</u>	<u>(27,731)</u>
Cash and cash equivalents, beginning of year	<u>153,731</u>	<u>181,462</u>
Cash and cash equivalents, end of year	<u>\$ 95,706</u>	<u>\$ 153,731</u>

The accompanying notes are an integral part of these financial statements

**FRIENDS OF THE HAVEN**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Friends of the Haven (the Organization) 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 special events and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

3. 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 entities or persons possessing those skills, and would be purchased if they were not donated.

While the Organization has full and part-time employees that perform the day-to-day operations, they rely on the assistance of volunteers as well. During the year, volunteers donated 470 hours of non-professional level service. Management estimates the fair value of those services to be \$13,169.

4. Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments with an initial maturity of three months or less, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for land, buildings, and equipment of \$500 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Organization did not have depreciation expense for the year ended December 31, 2019.

6. Estimates

The preparation of financial statements in conformity with 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.

7. Income Taxes

The Organization is exempt from Federal and State income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended December 31, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of estimates of time and effort or benefits received.

9. Fair Value Measurements

The Organization is subject to the provisions of the Fair Value Measurements and Disclosures accounting standard. This standard requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

10. Summarized Prior-Year Information

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 December 31, 2018, from which the summarized information was derived.

11. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

12. New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). The standards update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization does not believe the application of the provisions of the standards update materially changed the recognition of contributions received during the year

13. Subsequent Events

Management has evaluated subsequent events through May 9, 2020, the date the financial statements were available to be issued. The Organization is currently assessing the potential impact of the COVID-19 pandemic upon the Organization. The Organization expects this matter to negatively impact its operations; however, the related financial impact and duration cannot be reasonably estimated at this time.

Due to the COVID-19 outbreak, the Organization has changed all in-person appointments, fundraising events, workshops, and donor activities to virtual events, phone calls, and email. The Organization has canceled its annual Gala, its major fundraising event of the year, that was scheduled for April 23, 2020 and is uncertain about its September awards luncheon. The Organization has applied for a variety of COVID-19 relief funds provided by the Governor, the City of Denver, and various foundations as well as participating in "Giving Tuesday Now" on May 5, 2020 with positive results. The Organization applied for and received loan proceeds under the Payment Protection Program (PPP). The PPP provides for loan forgiveness if the Organization is able to meet certain employee retention and salary requirements.

NOTE 3 - RECEIVABLES

Management has evaluated contributions, grants, and contracts receivable and believes all receivables are collectable within one year. Accordingly, there is no allowance for doubtful accounts.

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

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.

The assets in the endowment fund are managed by the Foundation and invested in accordance with the Foundation's Investment Policy Statement governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The investment returns are based upon the Foundation's returns for comingled investments. The Foundation's targeted return over time is CPI + 5%. Actual returns in any given year may vary from this amount.

Changes in the endowment net assets (Level 3 inputs) as of December 31, 2019 are as follows::

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	<u>\$ 68,016</u>
Interest and dividend income	1,831
Net appreciation (depreciation)	9,635
Management fees	<u>(735)</u>
Total investment return	<u>10,731</u>
Distributions	<u>(2,814)</u>
Balance, end of year	<u>\$ 75,933</u>

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Playground improvement	\$ 10,583
Education endowment distributions balance	9,163
Recovery Support Network	3,981
Child Care Credit donations	1,000
Treatment scholarships	<u>1,000</u>
Total	<u>\$ 25,727</u>

NOTE 6 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
Playground improvement	\$ 50,217
Child Care Credit donations	36,125
Additional staff for the Baby Haven	25,000
Baby Haven program activities	24,000
Baby Haven for low-income children	20,000
Baby Haven for commercial dishwasher	7,000
Education endowment transfer	3,071
Culinary grant	2,800
Exercise program	<u>1,705</u>
Total	<u>\$ 169,918</u>

NOTE 7 - CONCENTRATION OF REVENUE SOURCE

The Organization received approximately 40% of its cash revenue from events, including the annual Friends of the Haven Gala. The Organization is dependent on this revenue to continue delivering services at its current level.

NOTE 8 - RELATED PARTY – OFFICE SPACE

The Organization rents office space from the Baby Haven on a month-to-month basis for \$122 per month.

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents Friends of the Haven’s financial assets at December 31, 2019:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 95,706
Contributions receivable	32,169
Grants and contracts receivable	<u>5,000</u>
Total financial assets	<u>132,875</u>
Less amounts not available for general expenditures within one year; due to:	
Donor purpose restrictions	(25,727)
Board designated operating reserve	<u>(60,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 45,048</u>

The Organization’s goal is generally to maintain financial assets to meet six months of estimated operating expenses (approximately \$60,000).