

FRIENDS OF THE HAVEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FOR THE YEAR ENDED DECEMBER 31, 2021

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June 2, 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of the Haven
Denver, Colorado

Opinion

We have audited the accompanying financial statements of **Friends of the Haven** (a Colorado nonprofit corporation) which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year 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 Friends of the Haven as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of the Haven and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Friends of the Haven's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 Friends of the 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 Friends of the 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.

Report on Summarized Comparative Information

We have previously audited the Friends of the Haven's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

FRIENDS OF THE HAVEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 150,478	\$ 132,088
Contributions receivable	1,400	7,477
Grants and contracts receivable (Note 3)	100,000	-
Beneficial interest in assets held by others (Note 4)	86,566	82,256
Total assets	<u>\$ 338,444</u>	<u>\$ 221,821</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 33,867	\$ 3,341
Payroll liabilities	2,975	2,716
Paycheck Protection Program loan payable	-	15,500
Total liabilities	<u>36,842</u>	<u>21,557</u>
 <u>Net assets</u>		
Without donor restrictions		
Undesignated	42,907	44,871
Board designated operating reserve	60,000	60,000
	<u>102,907</u>	<u>104,871</u>
With donor restrictions		
Program related (Note 5)	112,129	13,137
Endowment - perpetual (Note 4)	86,566	82,256
	<u>198,695</u>	<u>95,393</u>
Total net assets	<u>301,602</u>	<u>200,264</u>
Total liabilities and net assets	<u>\$ 338,444</u>	<u>\$ 221,821</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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 24,500	\$ 298,200	\$322,700	151,860
Donations	75,758	-	75,758	98,741
Child care credit contributions	-	81,043	81,043	62,971
United Way contributions	60,000	-	60,000	60,000
Special event income	113,954	-	113,954	70,285
less direct expenses	(37,417)	-	(37,417)	(17,504)
Paycheck Protection Program loan forgiveness (Note 6)	31,105	-	31,105	-
Investment income	46	7,326	7,372	9,243
Net assets released from restrictions (Note 7)	283,267	(283,267)	-	-
Total revenue and other support	<u>551,213</u>	<u>103,302</u>	<u>654,515</u>	<u>435,596</u>
<u>Expense</u>				
Program services	497,840	-	497,840	345,574
Supporting services				
Management and general	20,530	-	20,530	26,205
Fund-raising	34,807	-	34,807	67,587
Total expense	<u>553,177</u>	<u>-</u>	<u>553,177</u>	<u>439,366</u>
Change in net assets	(1,964)	103,302	101,338	(3,770)
Net assets, beginning of year	<u>104,871</u>	<u>95,393</u>	<u>200,264</u>	<u>204,034</u>
Net assets, end of year	<u>\$ 102,907</u>	<u>\$ 198,695</u>	<u>\$301,602</u>	<u>\$ 200,264</u>

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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
	Supporting Services				
	Program	Management	Fund-	Total	Total
	Services	And General	raising		
Salaries	\$ 39,363	\$ 3,177	\$ 22,244	\$ 64,784	\$ 74,026
Payroll taxes, benefits, and fees	6,046	488	3,417	9,951	9,667
Grants and support to benefit The Haven	451,851	-	-	451,851	321,582
Accounting services	-	10,764	-	10,764	11,129
Database	-	-	3,900	3,900	3,900
Outside contract services	-	-	2,783	2,783	2,493
Payment service and bank fees	-	649	1,949	2,598	2,763
Telephone and internet	-	1,580	-	1,580	1,736
Office space rent	-	1,464	-	1,464	1,464
Insurance	-	621	-	621	1,220
Postage and mailing service	-	69	207	276	55
Supplies	35	165	35	235	754
Conferences and meetings	-	174	-	174	485
Scholarships	-	-	-	-	6,500
Other	545	1,379	272	2,196	1,592
	\$ 497,840	\$ 20,530	\$ 34,807	\$553,177	\$ 439,366

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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 101,338	\$ (3,770)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Paycheck Protection Program loan forgiveness	(31,105)	
Unrealized/realized (gains)losses on investments	(6,356)	(8,413)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contributions receivable	6,077	24,692
(Increase)decrease in grants and contracts receivable	(100,000)	5,000
(Increase)decrease in prepaid expenses	-	270
(Decrease)increase in accounts payable	30,526	(1,703)
(Decrease)increase in payroll liabilities	259	2,716
Net cash provided(used) by operating activities	739	18,792
<u>Cash flows from investing activities</u>		
(Reinvestment) of interest and dividends	(970)	(830)
Distributions from endowment fund	3,016	2,920
Net cash provided(used) by investing activities	2,046	2,090
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	15,605	15,500
Net cash provided by financing activities	15,605	15,500
Net increase in cash and cash equivalents	18,390	36,382
Cash and cash equivalents, beginning of year	132,088	95,706
Cash and cash equivalents, end of year	\$ 150,478	\$ 132,088

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, 2021

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 foundations, donations, and special events.

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.

3. 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.

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

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

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 does not currently have any fixed assets; therefore, they did not have depreciation expense for the year ended December 31, 2021.

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. Compensated Absences

In accordance with Statement of Financial Accounting Standards (SFAS) No. 43, since the Organization is not able to estimate compensated absences, no amount has been accrued in these financial statements.

8. 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.

9. Functional Reporting of Expenses

For the year ended December 31, 2021, 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.

10. 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).

11. 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, 2020, from which the summarized information was derived.

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

12. 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.

13. Subsequent Events

Management has evaluated subsequent events through June 2, 2022, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

The Organization received a one-year foundation grant for future funding. Management has evaluated the commitment and does not believe an allowance for doubtful accounts is necessary and any present value discount would be immaterial to these financial statements. Under the terms of the commitment, grant payments are anticipated to be received in the following years:

<u>Year</u>	<u>Amount</u>
2022	<u>\$ 100,000</u>

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.

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (concluded)

Changes in the endowment net assets (Level 3 inputs) as of December 31, 2021 are as follows:

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	\$ 82,256
Interest and dividend income	1,819
Net appreciation	6,356
Management fees	<u>(849)</u>
Total investment return	<u>7,326</u>
Distributions	<u>(3,016)</u>
Balance, end of year	<u>\$ 86,566</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>
Reflections for women	\$ 100,000
Education endowment distributions balance	6,583
Baby Haven program activities	<u>5,546</u>
Total	<u>\$ 112,129</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

During 2020 and 2021, the Organization received two loans totaling \$31,105 under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the Cares Act). The Organization received notification in 2021 the entirety of both loans, plus interest accrued, had been forgiven.

NOTE 7 - 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>
Baby Haven program activities	\$ 158,668
Reflections for women	110,000
Doula Program	8,000
Education endowment transfer	3,016
Treatment scholarships	2,000
Playground improvement	<u>1,583</u>
Total	<u>\$ 283,267</u>

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, 2021:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 150,478
Grants receivable	100,000
Contributions receivable	<u>1,400</u>
Total financial assets	<u>251,878</u>
Less amounts not available for general expenditures within one year; due to:	
Donor purpose restrictions	(112,129)
Board designated operating reserve	<u>(60,000)</u>
	<u>(73,137)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 178,741</u>

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