

HAVEN
AUDITED FINANCIAL STATEMENTS
June 30, 2021 and 2020



AMATICS
CPA GROUP

**HAVEN
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INDEPENDENT AUDITORS' 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, 2021 and 2020, 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, 2021 and 2020, and the changes in 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 the 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, 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 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 20, 2021

**HAVEN
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 377,004	\$ 587,201
Investments in bank insured deposit program	6,182,026	2,020,813
Grants receivable	71,794	193,445
Restricted unemployment insurance reserve	15,231	13,739
Pledges receivable - current portion	107,532	328,770
Other current assets	950	6,699
Total current assets	6,754,537	3,150,667
PROPERTY AND EQUIPMENT , net of accumulated depreciation	1,040,329	551,176
OTHER ASSETS		
Pledges receivable, net of discount and current portion	1,232,212	1,143,685
Endowment investments	18,908	14,927
Total other assets	1,251,120	1,158,612
Total assets	\$ 9,045,986	\$ 4,860,455

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 42,729	\$ 71,007
Payroll liabilities	63,628	37,350
Accrued leave payable	34,818	36,007
Other current liabilities	14,540	8,478
Paycheck Protection Program loan	-	100,072
Total current liabilities	155,715	252,914
NET ASSETS		
Without donor restrictions:		
Board designated - capital campaign	151,386	151,386
Undesignated	1,701,303	987,867
With donor restrictions	7,037,582	3,468,288
Total net assets	8,890,271	4,607,541
Total liabilities and net assets	\$ 9,045,986	\$ 4,860,455

See notes to financial statements.

HAVEN
STATEMENTS OF ACTIVITIES
Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grants	\$ 312,303	\$ -	\$ 312,303
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 income	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>2,267,087</u>	<u>3,569,294</u>	<u>5,836,381</u>
EXPENSES			
Functional expenses			
Program - direct services	833,893	-	833,893
Fundraising	437,161	-	437,161
Administration	<u>282,597</u>	<u>-</u>	<u>282,597</u>
Total expenses	<u>1,553,651</u>	<u>-</u>	<u>1,553,651</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>\$ 1,852,689</u>	<u>\$ 7,037,582</u>	<u>\$ 8,890,271</u>

See notes to financial statements.

HAVEN
STATEMENTS OF ACTIVITIES
Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grants	\$ 324,195	\$ -	\$ 324,195
Private grants	196,358	87,697	284,055
Contributions	310,448	30,000	340,448
Capital campaign contributions	-	2,594,225	2,594,225
Fundraising revenue	276,513	-	276,513
Investment return, net	4,290	928	5,218
In-kind contributions	115,088	-	115,088
Satisfaction of program restrictions	306,513	(306,513)	-
Total revenue and support	1,533,405	2,406,337	3,939,742
EXPENSES			
Functional expenses			
Program - direct services	792,823	-	792,823
Fundraising	241,911	-	241,911
Administration	257,037	-	257,037
Total expenses	1,291,771	-	1,291,771
CHANGE IN NET ASSETS	241,634	2,406,337	2,647,971
Net assets at beginning of year	897,619	1,061,951	1,959,570
NET ASSETS AT END OF YEAR	\$ 1,139,253	\$ 3,468,288	\$ 4,607,541

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
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>\$ 833,893</u>	<u>\$ 437,161</u>	<u>\$ 282,597</u>	<u>\$ 1,553,651</u>

See notes to financial statements.

HAVEN
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	<u>Programs</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Direct Services</u>	<u>Fundraising</u>	<u>Administration</u>	
Capital campaign expenses	\$ 86	\$ 19,114	\$ 2,245	\$ 21,445
Capital campaign expenses - personnel	-	85,980	-	85,980
Community awareness	15,773	6,861	4,703	27,337
Counseling	75,420	-	-	75,420
Depreciation	16,450	-	4,112	20,562
Development and training	28,664	2,668	29,614	60,946
Fundraising expense	15,925	30,039	121	46,085
Information technology	10,892	31	3,896	14,819
Insurance	13,913	-	-	13,913
Occupancy	86,990	95	1,256	88,341
Personnel	490,102	97,123	195,098	782,323
Professional fees	4,134	-	15,992	20,126
Survivor basic needs	34,474	-	-	34,474
	<u>792,823</u>	<u>241,911</u>	<u>257,037</u>	<u>1,291,771</u>
Total expenses	<u>\$ 792,823</u>	<u>\$ 241,911</u>	<u>\$ 257,037</u>	<u>\$ 1,291,771</u>

See notes to financial statements.

**HAVEN
STATEMENTS OF CASH FLOWS**

	Years ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors and grantors	\$ 4,745,051	\$ 2,502,520
Other cash receipts	523,837	281,061
Payments for salaries and related costs	(966,184)	(850,317)
Payments to vendors	<u>(435,741)</u>	<u>(326,307)</u>
Net cash provided by operating activities	<u>3,866,963</u>	<u>1,606,957</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale of investments	595,598	11,675
Purchases of equipment, furniture, and buildings	<u>(511,545)</u>	<u>(123,428)</u>
Net cash provided (used) by investing activities	<u>84,053</u>	<u>(111,753)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>100,072</u>
CHANGE IN CASH AND CASH EQUIVALENTS	3,951,016	1,595,276
Cash and cash equivalents at beginning of year	<u>2,608,014</u>	<u>1,012,738</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 6,559,030</u></u>	<u><u>\$ 2,608,014</u></u>
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash and cash equivalents	\$ 377,004	\$ 587,201
Investments in bank insured deposit program	<u>6,182,026</u>	<u>2,020,813</u>
	<u><u>\$ 6,559,030</u></u>	<u><u>\$ 2,608,014</u></u>

See notes to financial statements.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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.

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, the legal advocate provides training for law enforcement and other agencies in order to improve services for domestic violence survivors.

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.

Start Talking: Haven has teamed up with other local nonprofits serving at-risk youth to bring this teen dating violence prevention program to some of our most vulnerable populations. The teens attend seven weeks of courses on healthy relationships and red flags of abusive relationships, giving them the tools they need to interrupt the lifetime cycle of violence in their own lives.

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, 2021 and 2020

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 \$500 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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020

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.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 377,004	\$ 587,201
Investments in bank insured deposit program	6,182,026	2,020,813
Grants receivable	71,794	193,445
Pledges receivable	1,339,744	1,472,455
Endowment investments	<u>18,908</u>	<u>14,927</u>
	<u>7,989,476</u>	<u>4,288,841</u>
Unavailable for general expenditure in one year		
Endowment investments	(18,908)	(14,927)
Contributed use of office space receivable	-	(8,333)
Capital campaign - board designated	(151,386)	(151,386)
Capital campaign - donor restricted funds and pledges receivable	<u>(6,905,091)</u>	<u>(3,343,203)</u>
	<u>(7,075,385)</u>	<u>(3,517,849)</u>
Total financial resources available for general expenditure	<u>\$ 914,091</u>	<u>\$ 770,992</u>

Haven has certain donor-restricted net assets that are available for general expenditures within one year of June 30, 2021, 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 15. 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, 2021 and 2020, cash and cash equivalent balances exceed federally insured limits by \$0 and \$297,406, respectively.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

4. PLEDGES RECEIVABLE

Amounts pledged to Haven include pledges restricted for the capital campaign and programs, as well as contributed use of discounted office rent (see Note 14). Pledges receivable are due as follows:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 107,532	\$ 328,770
One to five years	<u>1,361,108</u>	<u>1,271,053</u>
	1,468,640	1,599,823
Less: discount to present value	<u>(128,896)</u>	<u>(127,368)</u>
Total pledges receivable	1,339,744	1,472,455
Less: current portion	<u>(107,532)</u>	<u>(328,770)</u>
Pledges receivable, net of discount and current portion	<u>\$ 1,232,212</u>	<u>\$ 1,143,685</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, 2021 and 2020, grants receivable consists of \$71,794 and \$193,445 in reimbursable expenditures on federal grants. For the years ended June 30, 2021 and 2020, the Organization received \$305,260 and \$411,029, respectively, in conditional federal grant awards that include a barrier to entitlement by incurring qualifying expenses under federal cost principles. \$28,855 and \$92,675 of federal grant awards had not been recognized as revenue under these grant awards as of June 30, 2021 and 2020, respectively.

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, 2021 and 2020, the reserve account balance was \$15,231 and \$13,739, 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.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

7. INVESTMENTS

Endowment investments consist of the following as of June 30, 2021 and 2020:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value 2021</u>
Bank insured deposits	\$ 1,064	\$ -	\$ 1,064
Intermediate-term bond ETF mutual funds	4,369	11	4,380
Large-blend ETF mutual funds	<u>6,513</u>	<u>6,951</u>	<u>13,464</u>
Total endowment investments	<u>\$ 11,946</u>	<u>\$ 6,962</u>	<u>\$ 18,908</u>

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value 2020</u>
Bank insured deposits	\$ 1,343	\$ -	\$ 1,343
Intermediate-term bond ETF mutual funds	4,369	136	4,505
Large-blend ETF mutual funds	<u>6,515</u>	<u>2,564</u>	<u>9,079</u>
Total endowment investments	<u>\$ 12,227</u>	<u>\$ 2,700</u>	<u>\$ 14,927</u>

8. 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.

HAVEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

8. FAIR VALUE MEASUREMENTS (Continued)

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>

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bank insured deposits	\$ 1,343	\$ 1,343	\$ -	\$ -
Mutual funds	13,584	13,584	-	-
Pledges receivable	<u>1,472,455</u>	<u>-</u>	<u>-</u>	<u>1,472,455</u>
	<u>\$ 1,487,382</u>	<u>\$ 14,927</u>	<u>\$ -</u>	<u>\$ 1,472,455</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.

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>2021</u>	<u>2020</u>
Pledges receivable, beginning of year	\$ 1,472,455	\$ 567,203
Additional pledges	274,565	1,065,000
Payments received	(397,415)	(50,733)
Discounted rent expense recognized	(8,333)	(10,000)
Change in discount	<u>(1,528)</u>	<u>(99,015)</u>
Pledges receivable, end of year	<u>\$ 1,339,744</u>	<u>\$ 1,472,455</u>

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9. 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, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 211,103	\$ 211,103
Shelter office	90,976	90,976
Buildings	155,557	155,557
Furniture and fixtures	95,759	94,916
Office equipment	103,324	103,324
New shelter - construction in progress	<u>711,998</u>	<u>201,296</u>
	1,368,717	857,172
Less accumulated depreciation	<u>(328,388)</u>	<u>(305,996)</u>
	<u>\$ 1,040,329</u>	<u>\$ 551,176</u>

10. COMMITMENTS

Haven is in the very early phases of building a new shelter. Design, engineering, land, and permit costs, which have been capitalized as of June 30, 2021, total \$913,101. The budgeted cost for the overall campaign is \$8,000,000, which includes \$6,000,000 for the building and \$2,000,000 for land, program reserves, and campaign costs.

11. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization was granted a \$100,072 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance in the year ended June 30, 2020. The loan was forgiven in December 2020, at which point the Organization recorded contribution revenue in accordance with the guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return the loan.

12. RELATED PARTY TRANSACTIONS

During fiscal year 2021, Haven paid \$45,000 to a previous Board member for interim Executive Director contracted services while Haven's Executive Director was on parental leave.

13. 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 2020 and 2021, Haven elected to contribute a matching contribution up to a limit of 3% of the employee's compensation. For the years ended June 30, 2021 and 2020, the Organization contributed \$12,301 and \$12,697, respectively.

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14. 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 unconditional promise to give (included in pledges receivable) 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 2021, rental payments are \$3,816 per month. Future minimum rental payments are \$38,160 in fiscal year 2022.

15. 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 16). 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.

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Capital campaign	\$ 5,444,284	\$ 1,947,710
Counselor-in-training program	8,970	5,272
COVID-19 Response	60,810	57,897
Capacity building	34,999	-
Theater project	-	3,059
Program costs (advocacy, child care, client needs)	1,744	4,549
Receivables, proceeds of which are restricted:		
Capital campaign	1,460,807	1,395,493
Programs	8,012	32,000
Discounted office rent	-	8,333
Endowments:		
Income on donor restricted funds subject to spending policy and appropriation	7,949	3,968
Donor restricted investments held in perpetuity	<u>10,007</u>	<u>10,007</u>
	<u>\$ 7,037,582</u>	<u>\$ 3,468,288</u>

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17. 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 2021 and 2020, 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.

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, 2021 and 2020, the Organization had the following endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>952</u>	<u>7,949</u>	<u>8,901</u>
	<u>\$ 952</u>	<u>\$ 17,956</u>	<u>\$ 18,908</u>
June 30, 2020			
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	<u>952</u>	<u>3,968</u>	<u>4,920</u>
	<u>\$ 952</u>	<u>\$ 13,975</u>	<u>\$ 14,927</u>

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17. ENDOWMENTS (Continued)

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, 2021 and 2020.

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.

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, 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 952	\$ 13,047	\$ 13,999
Investment return, 2020:	<u>-</u>	<u>928</u>	<u>928</u>
Endowment net assets, June 30, 2020	952	13,975	14,927
Investment return, 2021:	<u>-</u>	<u>3,981</u>	<u>3,981</u>
Endowment net assets, June 30, 2021	<u>\$ 952</u>	<u>\$ 17,956</u>	<u>\$ 18,908</u>

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18. CONCENTRATIONS

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. For the year ended June 30, 2020, 64% of contribution revenues came from two donors and 77% of year end pledges receivable is due from one donor.

19. CONTRIBUTED SERVICES AND IN-KIND CONTRIBUTIONS

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, 2021 and 2020, the value of these contributed services was \$35,000 and \$57,718, respectively.

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, 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>

The fair value of donated services and goods included as contributions in the financial statements for the year ended June 30, 2020, are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Construction in progress	\$ 45,218	\$ -	\$ -	\$ 45,218
Contract labor (counseling)	26,910	-	-	26,910
Furniture and fixtures	41,735	-	-	41,735
Professional fees	-	-	1,225	1,225
	<u>\$ 113,863</u>	<u>\$ -</u>	<u>\$ 1,225</u>	<u>\$ 115,088</u>

20. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through October 20, 2021, the date on which the financial statements were available to be issued.