

HAVEN, Inc.
Pontiac, Michigan
Annual Financial Statements,
Auditors' Report,
and
Single Audit Report
September 30, 2012

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Independent Auditors' Report

Board of Directors
HAVEN, Inc.
Pontiac, Michigan

We have audited the accompanying statement of financial position of HAVEN, Inc. as of September 30, 2012 and the related statement of activities and changes in net assets, statement of activities - functional basis - operations, and the statement of cash flows for the year then ended. These financial statements are the responsibility of HAVEN, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information was derived from HAVEN, Inc.'s 2011 financial statements and in our report dated January 13, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of HAVEN, Inc. as of September 30, 2012 and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2013 on our consideration of HAVEN, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Yeo & Yeo, P.C.

Flint, Michigan
January 15, 2013

HAVEN, Inc.
Statement of Financial Position
September 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	\$ 840,652	\$ 210,496
Investments	1,315,099	1,003,900
Inventories	39,101	42,564
Receivables:		
Grants receivable	222,275	509,904
Unconditional promises (net allowance of \$ 1,835 and \$ 1,820)	59,255	39,576
Capital campaign contributions receivable (net allowance of \$ 9,115 and \$ 5,890)	772,480	461,904
Other receivables	3,004	4,827
Prepaid expenses	46,153	46,000
Beneficial interest in assets held by others	174,923	152,290
Land, building, and equipment at cost (less accumulated depreciation of \$ 2,271,420 and \$ 2,103,895)	733,788	876,313
Total assets	\$ 4,206,730	\$ 3,347,774
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 25,524	\$ 38,229
Accrued compensation	92,232	76,660
Deferred revenue	675	605
Total liabilities	118,431	115,494
Net assets		
Unrestricted		
Board designated	174,923	152,290
Undesignated	2,655,208	2,629,349
Total unrestricted	2,830,131	2,781,639
Temporarily restricted		
Capital campaign	1,042,365	276,206
Time restricted	59,255	39,578
Specific purpose	156,548	134,857
Total temporarily restricted	1,258,168	450,641
Total net assets	4,088,299	3,232,280
Total liabilities and net assets	\$ 4,206,730	\$ 3,347,774

See accompanying notes to the financial statements

HAVEN, Inc.
Statement of Activities and Changes in Net Assets
For the Years Ended
September 30, 2012 and 2011

	Total All Funds	
	2012	2011
Changes in unrestricted net assets:		
Unrestricted revenue		
Federal grant revenue	\$ 1,383,983	\$ 1,412,755
Other grant revenue	464,313	610,149
Fund-raising activities	394,528	294,052
Contributions	526,082	554,214
In-kind contributions	279,359	266,062
Interest	21,833	24,341
Fees and other	15,586	25,033
Unrealized and realized gain (loss) on investments	131,253	(19,507)
Total unrestricted revenue	<u>3,216,937</u>	<u>3,167,099</u>
Total net assets released from restrictions	<u>609,831</u>	<u>548,598</u>
Total unrestricted revenue and other support	<u>3,826,768</u>	<u>3,715,697</u>
Expenses		
Program services	<u>2,822,806</u>	<u>2,882,676</u>
Supporting services		
Administration and maintenance	157,405	198,075
Development	383,658	318,750
Capital campaign	<u>414,407</u>	<u>225,498</u>
Total supporting services	<u>955,470</u>	<u>742,323</u>
Total expenses	<u>3,778,276</u>	<u>3,624,999</u>
Net increase (decrease) in unrestricted net assets	<u>48,492</u>	<u>90,698</u>
Change in temporarily restricted net assets		
Contributions	236,792	268,191
Capital campaign contributions	1,102,995	517,550
Capital campaign in-kind contributions	77,571	17,050
Net assets released from restrictions	<u>(609,831)</u>	<u>(548,598)</u>
Net increase (decrease) in temporarily restricted net assets	<u>807,527</u>	<u>254,193</u>
Change in net assets	856,019	344,891
Net assets - beginning of year	<u>3,232,280</u>	<u>2,887,389</u>
Net assets - end of year	<u>\$ 4,088,299</u>	<u>\$ 3,232,280</u>

See accompanying notes to the financial statements

HAVEN, Inc.
Statement of Activities
Functional Basis - Operations
For the Year Ended September 30, 2012
(With Comparative Totals for the Year Ended September 30, 2011)

	Program Services					Supporting Services					Total	
	Residential Program	Safe Therapeutic Assault Response Team (START)	Nonresidential Men, Women, and Children Programs	Social Action	Prevention Education	Total Program Services	Administration	Development	Capital Campaign	Total Supporting Services	2012	2011
Expenses												
Salaries	\$ 505,238	\$ 142,696	\$ 452,567	\$ 454,182	\$ 168,868	\$ 1,723,551	\$ 64,378	\$ 197,328	\$ 165,387	\$ 427,093	\$ 2,150,644	\$ 2,142,580
Fringe benefits	47,740	5,967	30,168	34,596	16,469	134,940	3,865	13,932	9,636	27,433	162,373	172,797
Payroll taxes and expenses	45,419	6,384	39,196	30,403	14,184	135,586	2,847	16,547	12,527	31,921	167,507	169,439
Total salaries and related expenses	598,397	155,047	521,931	519,181	199,521	1,994,077	71,090	227,807	187,550	486,447	2,480,524	2,484,816
Occupancy-satellite offices	10,854	3,101	63,575	12,405	27,911	117,846	20,158	17,057	-	37,215	155,061	166,818
Master planning	-	-	-	-	-	-	-	-	41,250	41,250	41,250	-
Bank charges	415	46	383	322	138	1,304	107	42	-	149	1,453	1,362
Bad debt expense	-	-	-	-	-	-	-	1,835	9,775	11,610	11,610	22,102
Utilities	23,244	2,206	4,612	18,728	1,879	50,669	1,335	1,193	-	2,528	53,197	47,310
Maintenance and warranties	36,552	17,560	164	12	204	54,492	28	-	-	28	54,520	53,468
Telephone	13,407	3,402	7,960	13,958	2,730	41,457	2,869	1,875	-	4,744	46,201	43,065
Postage	1,113	123	834	2,238	277	4,585	1,967	4,578	53	6,598	11,183	13,694
Printing	3,182	296	3,488	2,928	1,384	11,278	764	1,916	88	2,768	14,046	17,401
Program supplies and other expenses	232,557	11,747	8265	21,849	3,995	278,413	872	65	-	937	279,350	241,861
Office supplies, software, and equipment	8,327	1,100	7,386	7,522	2,539	26,874	2,659	2,353	-	5,012	31,886	39,629
Transportation and mileage	6,830	2,390	975	12,572	4,642	27,409	668	1,275	-	1,943	29,352	26,631
Conferences and training	1,996	7,288	680	3,527	11,669	25,160	665	1,750	1,653	4,068	29,228	25,982
Subscription and memberships	125	1,232	-	250	-	1,607	1,356	50	-	1,406	3,013	3,376
Human resources	-	-	-	-	-	-	1,902	-	-	1,902	1,902	1,093
Insurance	5,671	719	4,885	5,326	1,759	18,360	10,033	1,172	-	11,205	29,565	33,891
Investment expense	-	-	-	-	-	-	-	-	-	-	-	153
Merchant fee expense	579	60	498	412	174	1,723	365	113	-	478	2,201	2,176
Payroll preparation expense	1,538	159	1,328	1,119	476	4,620	369	319	-	688	5,308	5,711
Professional fees and consulting expense	3,915	405	3,375	2,835	1,215	11,745	2,772	810	167,639	171,221	182,966	84,309
Public relations	191	-	-	-	536	727	12,454	240	949	13,643	14,370	20,768
Fundraising event expenses	-	-	-	-	-	-	-	108,912	5,450	114,362	114,362	85,342
Board & staff administrative expense	457	-	-	342	-	799	12,682	-	-	12,682	13,481	11,381
Miscellaneous expense	1,323	137	1,136	930	388	3,914	563	245	-	808	4,722	7,440
Total functional expenses before depreciation	950,673	207,018	631,475	626,456	261,437	2,677,059	145,678	373,607	414,407	933,692	3,610,751	3,439,779
Depreciation	48,583	5,026	41,881	35,180	15,077	145,747	11,727	10,051	-	21,778	167,525	185,220
Total functional expenses	\$ 999,256	\$ 212,044	\$ 673,356	\$ 661,636	\$ 276,514	\$ 2,822,806	\$ 157,405	\$ 383,658	\$ 414,407	\$ 955,470	\$ 3,778,276	\$ 3,624,999
Percent of total expenses	26.45%	5.61%	17.83%	17.51%	7.32%	74.72%	4.17%	10.15%	10.97%	25.29%	100.00%	
Percent of total expenses without capital campaign	29.71%	6.30%	20.01%	19.67%	8.22%	83.91%	4.68%	11.41%	0.00%	16.09%	100.00%	
Percent of total expenses- prior year	29.83%	5.27%	20.79%	21.97%	6.93%	84.79%	5.83%	9.38%	0.00%	15.21%	100.00%	
Variance	-0.12%	1.03%	-0.78%	-2.30%	1.29%	-0.88%	-1.15%	2.03%	0.00%	0.88%		

See accompanying notes to the financial statements

HAVEN, Inc.
Statement of Cash Flows
For The Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 856,019	\$ 344,891
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	167,525	185,220
Unrealized and realized loss (gain) on investments	(131,253)	19,507
Change in value of beneficial interest in assets held by others	(22,633)	(1,721)
Increase (decrease) in allowance for bad debts	5,302	5,302
(Increase) decrease in current assets		
Inventories	3,463	3,271
Grants and contributions receivable	287,629	(165,851)
Other receivable	1,823	2,757
Unconditional promises to give	(24,981)	19,607
Capital campaign contribution receivable	(310,576)	(461,904)
Prepaid expenses	(153)	(4,259)
Deposits	-	3,370
Increase (decrease) in current liabilities		
Accounts payable	(12,705)	19,156
Accrued compensation	15,572	1,395
Deferred revenue	70	(35)
	<u>835,102</u>	<u>(29,294)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Purchases of investments	(179,946)	(22,616)
Purchase of land, building, and equipment	(25,000)	(42,446)
	<u>(204,946)</u>	<u>(65,062)</u>
Net cash provided (used) by investing activities		
Net change in cash and cash equivalents	630,156	(94,356)
Cash and cash equivalents at beginning of year	<u>210,496</u>	<u>304,852</u>
Cash and cash equivalents at end of year	<u>\$ 840,652</u>	<u>\$ 210,496</u>

See accompanying notes to the financial statements

HAVEN, Inc.
Notes to Financial Statements
September 30, 2012

Note 1 - Summary of Significant Accounting Policies

Organization Purpose

HAVEN, Inc. (HAVEN) is a not-for-profit corporation organized to serve victims of domestic violence, and sexual assault in Oakland County, Michigan, through counseling, shelter, and educational programs. HAVEN receives the majority of its revenue from grants and contributions.

Tax Status

HAVEN is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and has been classified by the Internal Revenue Service as a corporation that is not a private foundation.

HAVEN files income tax informational returns in the U.S. federal jurisdiction, and a state jurisdiction. The statute of limitations is generally three years for federal returns, and four years for Michigan returns.

Basis of Accounting

The financial statements of HAVEN are presented on the accrual basis of accounting and transactions are recorded based on the nature of the activity (unrestricted, temporarily restricted, and permanently restricted). A summary of the significant accounting policies is as follows:

Unrestricted Activities – Unrestricted activities of HAVEN consist of the general operations of HAVEN. Board-designated net assets are unrestricted net assets designated by the Board. These board-designated net assets consist of \$ 174,923 and \$ 152,290 for long-term endowment as of September 30, 2012 and 2011, respectively. The balances of the long-term endowment are held by the Community Foundation for Southeastern Michigan and are included in beneficial interest in assets held by others on the statement of financial position. These designations are based on Board

actions, which can be altered or revoked at a future time by the Board.

Temporarily Restricted Activities – Temporarily restricted activities of HAVEN consists of contributions received that are restricted as to the use as specified by the donor or time restrictions on promises to give. The restrictions expire when the purpose of the restriction has been accomplished or the time restriction has expired. Capital campaign net assets are restricted as to time and purpose as of year end.

Permanently Restricted Activities – Permanently restricted net assets consist of contributions where the principal is restricted in perpetuity by a donor. As of September 30, 2012 and 2011, HAVEN had no permanently restricted net assets.

Cash and cash equivalents

Cash and cash equivalents include bank accounts and other highly liquid investments at September 30, 2012 and 2011.

Investments

Investments are recorded at fair market value. Unrealized gains and losses are recorded for the difference between costs and market value. See Note 3 for a summary of investments.

Inventories

Inventories consist of supplies and printed materials and are valued at the lower of cost (first in, first out) or market.

Pledges

Pledges are recorded as receivables and allowances are provided for amounts estimated to be uncollectible. Management has estimated uncollectible pledges to be 1% and 2% in the years ended 2012 and 2011, respectively.

HAVEN, Inc.
Notes to Financial Statements
September 30, 2012

Land, Building and Equipment and Depreciation

Land, building, and equipment are recorded at cost when purchased and at estimated fair market value as determined by management when donated. HAVEN capitalizes all expenditures for property and equipment in excess of \$ 1,000. Depreciation on building and equipment is provided on a straight-line basis over the estimated useful lives of the assets (3 to 20 years).

Long-Lived Assets

HAVEN evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Grant Revenue

Reimbursement grants are earned and revenue is recognized when HAVEN has incurred qualifying expenses in compliance with the grant. Such amounts received, but not yet earned, are reported as deferred revenue.

Contributions

HAVEN reports contributions received, including unconditional promises to give, in the period received or promised. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same time period as the gift are both reported as unrestricted support. Contributions are recorded as temporarily restricted if they are received with donor stipulations or time restrictions that limit their use or permanently restricted if the principal amount of such contributions are restricted in perpetuity. When a donor or time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets are released from restrictions.

In-kind Contributions

For the year ended September 30, 2012, donated goods of \$ 183,536 and services of \$ 173,394 are reflected as contributions in the accompanying statements at their estimated fair market value. For the year ended September 30, 2011, donated goods of \$ 168,693 and services of \$ 114,419 are reflected as contributions in the accompanying statements at their estimated fair market value. Contributed services are primarily provided by counselors and for project management services related to the capital campaign, while donated goods consist primarily of clothing, holiday gifts, toiletries, and household items. The related expenditures are allocated based on their natural classification. All programs of HAVEN benefit from the donated goods and services, while the donated facilities are allocated based upon the programs that utilize the facilities.

Planned Major Maintenance

HAVEN uses the direct expensing method to account for planned major maintenance activities.

Allocation of Functional Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets and the statement of functional expenses. Costs have been allocated between the various programs and supporting services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

HAVEN, Inc.
Notes to Financial Statements
September 30, 2012

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. Accordingly, actual results could differ from those estimates.

Comparative data

The financial information for the year ended September 30, 2011, presented for comparative purposes only, is not intended to be a complete financial presentation.

Reclassifications

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

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Note 2 - Deposits

HAVEN maintains its checking accounts at Chase Bank and a money market account at Merrill Lynch. HAVEN maintains checking and savings accounts at these institutions that are secured by the Federal Deposit Insurance Corporation up to \$ 250,000.

At year end, the carrying amount of the HAVEN's deposits was \$ 840,012 (excluding petty cash of \$ 640) and the bank balance was \$ 763,798 and the amount for the money market account was \$ 76,214. Insurance coverage for deposits of the HAVEN amounted to \$ 250,000. The uninsured portion of HAVEN's deposits at year end was \$ 630,050.

Note 3 - Schedule of Investments

The following is the schedule of market values of investments in HAVEN, Inc.

	Market Value	
	September 30, 2012	September 30, 2011
Cash	\$ 96,476	\$ 96,427
Certificate of deposit	150,000	-
Money market	83,939	31,613
Equity securities	984,684	875,860
Total	\$ 1,315,099	\$ 1,003,900

Investment return is summarized as follows:

Interest Income	\$ 21,833
Net realized and unrealized gains	131,253
Total investment income	\$ 153,086

HAVEN, Inc.
Notes to Financial Statements
September 30, 2012

Note 4 - Pledges Receivable

As of September 30, 2012 and 2011, HAVEN had unconditional contributions receivable of \$ 59,255 (net allowance of \$ 1,835) and \$ 39,576 (net allowance of \$ 1,820), respectively, all of which is expected to be received within one year. Accordingly, no adjustment has been made to adjust the receivable to present value. Also, as of September 30, 2012 HAVEN had capital campaign contributions receivable of \$ 772,480 (net allowance of \$ 9,115), which are expected to be received over the next 1 to 5 years. HAVEN's policy is not to discount pledges that are under \$ 200,000. Accordingly, no present value adjustment was made. Of the total pledge receivable, \$ 30,455 and \$ 61,400 was pledged by Board members as of September 30, 2012 and 2011, respectively, and \$ 8,601 and \$ 9,359 was pledged by staff members as of September 30, 2012 and 2011, respectively.

Note 5 - Fair Value Measurements

The following table presents information about the HAVEN's assets measured at fair value on a recurring basis at September 30, 2012 and 2011, along with the valuation techniques used by the Institute to determine those fair values.

Basis of Fair Value Measurement

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a market value summary by the level of inputs used, as of September 30, 2012, in evaluating HAVEN's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. The Level 3 inputs are determined by the fair value of the assets held at the Community Foundation.

	Level 1: Quoted prices in active markets for identical assets	Level 2: Significant observable inputs	Level 3: Significant unobservable inputs	Total September 30, 2012
Endowment funds	\$ -	\$ -	\$ 174,923	\$ 174,923
Mutual funds- equity securities	984,684	-	-	984,684
	<u>\$ 984,684</u>	<u>\$ -</u>	<u>\$ 174,923</u>	<u>\$ 1,159,607</u>

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis:

Balance at September 30, 2011	\$ 152,290
Change in value of endowment fund	<u>22,633</u>
Balance at September 30, 2012	<u>\$ 174,923</u>

HAVEN, Inc.
Notes to Financial Statements
September 30, 2012

Note 6 - Beneficial Interest in Assets Held by Others

HAVEN has a beneficial interest held by the Community Foundation for Southeastern Michigan. HAVEN has board designated these assets and has the right to the assets and income. The assets follow the spending and investment policies of the Community Foundation and the income earned is reinvested in the endowment fund. The value of these assets are shown on the statement of financial position at the fair value of assets applicable to HAVEN. The value of the beneficial interest was \$ 174,923 and \$ 152,290 at September 30, 2012 and 2011, respectively.

Note 7 - Community Foundation

HAVEN participates in an endowment program with a fund held at the Community Foundation of Southeast Michigan called the HAVEN Endowment Fund. Funds donated by outside donors for the benefit of HAVEN are held and managed by the Community Foundation of Southeast Michigan. The fair market value of these funds was \$ 58,068 and \$ 47,285 at September 30, 2012 and 2011, respectively. The Community Foundation maintains legal ownership of these funds. Outside donor contributions to the Community Foundation are not reported as assets of HAVEN. Transfers to HAVEN from the Community Foundation, if any, are recorded as contributions from the Community Foundation.

Note 8 - Land, Building and Equipment

At September 30, 2012 and 2011, the carrying value of such assets and accumulated depreciation is as follows:

	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 197,581	\$ 172,581
Building	61,500	61,500
Building improvements	1,967,071	1,967,071
Furniture, fixtures, and equipment	714,973	714,973
Vehicles	<u>64,083</u>	<u>64,083</u>
	3,005,208	2,980,208
Accumulated depreciation	<u>(2,271,420)</u>	<u>(2,103,895)</u>
Total	<u>\$ 733,788</u>	<u>\$ 876,313</u>

Note 9 - Commitments

During 2004, the Michigan State Housing Development Authority granted HAVEN \$ 100,000 to aid with the actual costs of acquiring, constructing, or rehabilitating properties used to provide shelter, transitional housing, or permanent supportive housing or related support services. This grant is in the form of a homeless facilities mortgage. In the event that the facility is ever sold, transferred, or otherwise conveyed, voluntarily or involuntarily through foreclosure or other process, prior to December 1, 2014, and/or the facility is no longer operated as a homeless facility, then a pro-rated portion of the principal amount borrowed will have to be repaid by HAVEN. After December 1, 2014, HAVEN will be under no obligation to repay any of the principal mortgage loan. HAVEN has been conducting this activity prior to the grant, and HAVEN's management is certain that the activity will be conducted in the future.

HAVEN, Inc.
Notes to Financial Statements
September 30, 2012

HAVEN also leases certain office facilities and equipment under lease agreements that expire on various dates through September 2014. Future minimum lease payments are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2012	\$ 171,492
2013	174,313
2014	177,134
2015	<u>32,198</u>
Total	<u>\$ 555,137</u>

Rental expense as of September 30, 2012 and 2011 totaled \$ 155,061 and \$ 166,818, respectively.

Note 10 - Line of Credit

HAVEN had available a line of credit agreement with JPMorgan Chase Bank, N.A. in the amount of \$ 300,000. The line accrues interest at 2.669 percentage points over the LIBOR rate. The line of credit had no outstanding balance as of September 30, 2012 or 2011. The line expires on September 20, 2014. The line is secured by HAVEN's brokerage account held at Chase Bank, N.A.

Note 11 - Cash Flows

Cash paid for interest during the periods ended September 30, 2012 and 2011 amounted to \$ 0 and \$ 0, respectively.

Note 12 - Michigan State Bar Foundation

HAVEN participates in an endowment program sponsored by the Michigan State Bar Foundation (the "Foundation"). Funds donated by outside donors for the benefit of HAVEN are held and managed by the Foundation. The fair market value of these funds is approximately \$ 26,300 at September 30, 2012 and \$ 23,530 at September 30, 2011. The Foundation maintains legal ownership of agency endowment funds, and, as such, reports the funds as assets of the Foundation. Outside donor contributions to the Foundation are not reported as assets of HAVEN. Annual transfers of earnings to HAVEN from the endowment fund are recorded as contributions from the Foundation.

Note 13 - Retirement Plan

HAVEN has a 401 (k) Plan that covers substantially all salaried employees. Participants may contribute up to 20 percent of their annual wages through payroll withholdings into their 401 (k) Plan within the IRS limits. Employees are vested 50 percent after 3 years, 75 percent after 4 years, and 100 percent after 5 years.

Note 14 - Federal, State and Local Grants

The HAVEN participates in a number of federal, state and local grant programs. The programs are subject to compliance audits. However, specific grantors have yet to make final approval of the compliance audits. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

Note 15 - Gifts by Board Members and Employees

During the year ended September 30, 2012 and 2011 total revenue from Board members was \$ 34,810 and \$ 157,411, respectively, and revenue from employees was \$ 4,365 and \$ 10,113, respectively.

HAVEN, Inc.
Notes to Financial Statements
September 30, 2012

Note 16- Nonprofit Finance Fund

During the year 2005, Nonprofit Finance Fund (NFF) awarded HAVEN a conditional grant in the amount of \$ 70,000 over ten years to support the creation of a building reserve fund to be used to carry out specified building system replacements. In addition, NFF awarded HAVEN a ten-year \$ 20,000 grant for reimbursement of preventive maintenance contract expenses. Receipt of these funds is conditional upon

- 1) Meeting 1:1 matching grant requirements by depositing funds into a designated building reserve account; and
- 2) Carrying out specified building system replacements or preventative maintenance as approved by the grantor.

HAVEN has established an account to hold its matching grant contributions for its building reserve fund and the related grant awards made by NFF. As of the fiscal year end, the account held \$ 76,214, which are temporarily restricted funds for building systems replacements.

Note 17- Subsequent Event

On November 8, 2012, HAVEN purchased land for \$ 548,392 located in Pontiac, Michigan.

Single Audit Report

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
HAVEN, Inc.
Pontiac, Michigan

We have audited the financial statements of HAVEN, Inc. as of and for the year ended September 30, 2012, and have issued our report thereon dated January 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HAVEN, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HAVEN, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of HAVEN, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

(continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HAVEN, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the finance committee, management, members of the Board of Directors, others within the entity, and the federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Flint, Michigan
January 15, 2013

Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
HAVEN, Inc.
Pontiac, Michigan

Compliance

We have audited HAVEN, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of HAVEN, Inc.'s major federal programs for the year ended. HAVEN, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of HAVEN, Inc.'s management. Our responsibility is to express an opinion on HAVEN, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HAVEN, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of HAVEN, Inc.'s compliance with those requirements.

In our opinion HAVEN, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of HAVEN, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered HAVEN, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HAVEN, Inc.'s internal control over compliance.

(continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditure of Federal Awards

We have audited the financial statements of HAVEN, Inc. as of and for the year ended September 30, 2012, and have issued our report thereon dated January 15, 2013, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the finance committee, management, members of the Board of Directors, others within the entity, and the federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Flint, Michigan
January 15, 2013

HAVEN, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Project/Grant Number	Award Amount	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>				
<u>Emergency Shelter Grants:</u>				
Passed through Oakland County	14.231	ESGP-2011-2012	\$ 43,398	\$ 26,121
<u>Community Development Block Grants:</u>				
Passed through various other Oakland County municipalities---none in excess of \$15,000	14.228	various 2011-2012	15,979	15,979
	14.228	various 2012-2013	38,701	34,640
Total Community Development Block Grants			54,680	50,619
Total U.S. Department of Housing and Urban Development			98,078	76,740
<u>U.S. Department of Justice:</u>				
OVW Disabilities Grant	16.529	2008-FW-AX-K005	594,067	203,247
Passed through Michigan Department of Community Health: (VOCA) Victims of Crime Act Assistance Grant Program	16.575	CVA #20022--15V11	522,630	522,630

See accompanying notes to the Schedule of Expenditures of Federal Awards

HAVEN, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Project/Grant Number	Award Amount	Federal Expenditures
Passed through Michigan Department of Human Services/ Domestic Violence and Treatment Board: STOP Violence Against Women Formula Grant	16.588	STOP-11-63001	\$ 184,590	\$ 184,590
Total U.S. Department of Justice			1,301,287	910,467
<u>Centers for Disease Control</u>				
Passed through the Michigan Department of Community Health: Rape Prevention & Education	93.136	1VF1 CE001110	70,000	70,000
Total Centers for Disease Control			70,000	70,000
<u>U.S. Department of Health and Human Services:</u>				
Passed through State of Michigan Department of Human Services/ Domestic Violence Prevention and Treatment (DVPT) Board:				
Domestic Violence Shelter & Support Services	93.671	DV-11-63001	75,393	75,393
Domestic Violence Shelter & Support Services - Temporary Assistance for Needy Families (TANF)	93.558	DV-11-63001	121,764	121,764
Rape Prevention and Services	93.991	SACS-11-63001	221,019	115,869
Total U.S. Department of Health and Human Services			418,176	313,026
<u>Federal Emergency Management Agency:</u>				
Passed through United Way Community Services: Emergency Food & Shelter Grant	97.024	FEMA Phase 29	13,750	13,750
Total Federal Emergency Management Agency			13,750	13,750
Total Federal Awards			\$ 1,901,291	\$ 1,383,983

See accompanying notes to the Schedule of Expenditures of Federal Awards

HAVEN, Inc.
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2012

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of September 30, 2012.
3. The financial statements federal revenues equal the total expenditures for Federal Awards.

HAVEN, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Section I - Summary of Auditors' Results

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Material weakness(es) identified? _____ • Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ | <p>Yes <u> X </u> No</p> <p>Yes <u> X </u> None reported</p> |
| <p>Noncompliance material to financial statements noted? _____</p> | <p>Yes <u> X </u> No</p> |

Federal Awards

Internal control over major programs:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Material weakness(es) identified? _____ • Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ | <p>Yes <u> X </u> No</p> <p>Yes <u> X </u> None reported</p> |
|--|--|

Type of auditors' report issued on compliance for major programs: Unqualified

- | | |
|---|--|
| <p>Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____</p> | <p>Yes <u> X </u> No</p> |
|---|--|

HAVEN, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Identification of major programs:

CFDA Numbers
16.575

Name of Federal Program
(VOCA) Victims of Crime Act Assistance Grant Program

Dollar threshold used to distinguish
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

 X Yes No

Section II - Financial Statement Audit Findings

No matters were noted.

Section III - Federal Award Program Audit Findings

No matters were noted.

Section IV – Summary Schedule of Prior Audit Findings

There were no findings pertaining to the year ended September 30, 2011, and as such a schedule of prior year findings and corrective action plan has not been prepared.