

HAVEN, Inc.
Pontiac, Michigan
Annual Financial Statements,
Independent Auditors' Report,
and
Single Audit Report
September 30, 2014

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Independent Auditors' Report

Board of Directors
HAVEN, Inc.
Pontiac, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of HAVEN, Inc., which comprise the statement of financial position as of September 30, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HAVEN, Inc. as of September 30, 2014, 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.

Other Matters:

Report on Summarized Comparative Information

We have previously audited HAVEN, Inc.'s September 30, 2013, financial statements, and our report dated January 6, 2014 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated on January 7, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HAVEN, Inc.'s internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
January 7, 2015

HAVEN, Inc.
Statement of Financial Position
September 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	\$ 1,944,116	\$ 623,697
Investments	2,018,350	1,879,882
Inventories	25,426	25,564
Receivables:		
Grants receivable	224,722	257,997
Unconditional promises (net allowance of \$ 0 and \$ 3,063)	851,241	40,711
Capital campaign contributions receivable (net allowance of \$ 2,171 and \$ 6,244)	304,721	493,267
Other receivables	897	10,629
Prepaid expenses	93,779	47,884
Beneficial interest in assets held by others	197,824	188,462
Land, building, and equipment at cost (less accumulated depreciation of \$ 2,177,143 and \$ 2,021,556)	990,969	1,141,564
Total assets	\$ 6,652,045	\$ 4,709,657
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 39,138	\$ 41,553
Accrued compensation	118,263	114,981
Deferred revenue	35,100	950
Total liabilities	192,501	157,484
Net assets		
Unrestricted		
Board designated	241,422	217,059
Undesignated	2,601,102	3,169,029
Total unrestricted	2,842,524	3,386,088
Temporarily restricted		
Capital campaign	2,510,059	965,452
Time restricted	851,241	40,711
Specific purpose	255,720	159,922
Total temporarily restricted	3,617,020	1,166,085
Total net assets	6,459,544	4,552,173
Total liabilities and net assets	\$ 6,652,045	\$ 4,709,657

See accompanying notes to the financial statements

HAVEN, Inc.
Statement of Activities and Changes in Net Assets
For the Years Ended September 30, 2014 and 2013

	Total All Funds	
	2014	2013
Changes in unrestricted net assets:		
Unrestricted revenue		
Federal grant revenue	\$ 1,281,601	\$ 1,263,790
Other grant revenue	496,197	475,921
Fund-raising activities	372,740	391,094
Contributions	28,135	492,562
In-kind contributions	324,180	297,367
Interest	29,906	25,632
Fees and other	10,524	19,154
Unrealized and realized gain on investments	68,962	112,056
Total unrestricted revenue	2,612,245	3,077,576
Net assets released from restrictions	740,624	1,181,431
Total unrestricted revenue and other support	3,352,869	4,259,007
Expenses		
Program services	2,807,115	2,732,057
Supporting services		
Administration and maintenance	149,625	169,755
Development	348,078	383,580
Capital campaign	591,615	417,658
Total supporting services	1,089,318	970,993
Total expenses	3,896,433	3,703,050
Net increase (decrease) in unrestricted net assets	(543,564)	555,957
Change in temporarily restricted net assets		
Contributions	1,055,337	225,211
Capital campaign contributions	2,052,955	805,673
Capital campaign related interest	849	134
Capital campaign in-kind contributions	82,418	58,330
Net assets released from restrictions	(740,624)	(1,181,431)
Net increase (decrease) in temporarily restricted net assets	2,450,935	(92,083)
Change in net assets	1,907,371	463,874
Net assets - beginning of year	4,552,173	4,088,299
Net assets - end of year	\$ 6,459,544	\$ 4,552,173

See accompanying notes to the financial statements

HAVEN, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

Expenses	Program Services						Supporting Services				Total For the Year Ended September 30,	
	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	2014	2013
Salaries	\$ 529,241	\$ 135,817	\$ 486,943	\$ 358,970	\$ 156,611	\$ 1,667,582	\$ 70,920	\$ 177,154	\$ 175,899	\$ 423,973	\$ 2,091,555	\$ 2,056,516
Fringe benefits	43,413	5,765	29,777	35,723	12,815	127,493	3,730	6,872	10,058	20,660	148,153	143,680
Payroll taxes and expenses	42,928	6,201	40,640	31,072	14,309	135,150	5,168	15,300	14,570	35,038	170,188	172,419
Total salaries and related expenses	615,582	147,783	557,360	425,765	183,735	1,930,225	79,818	199,326	200,527	479,671	2,409,896	2,372,615
Occupancy-satellite offices	18,142	1,649	70,917	8,246	37,933	136,887	8,246	19,791	-	28,037	164,924	162,104
Master planning	-	-	-	-	-	-	73	-	52,127	52,200	52,200	56,250
Bank charges	274	24	172	165	86	721	16	47	-	63	784	1,285
Bad debt expense	-	-	-	-	-	-	-	8,480	17,850	26,330	26,330	50,285
Utilities	22,135	1,819	4,786	16,753	2,457	47,950	534	1,282	-	1,816	49,766	44,906
Maintenance and warranties	47,640	582	285	41	152	48,700	49	179	-	228	48,928	43,532
Telephone	17,607	3,990	8,645	15,198	2,844	48,284	3,353	2,094	-	5,447	53,731	45,444
Postage	837	70	629	1,551	284	3,371	1,891	5,041	720	7,652	11,023	10,429
Printing	3,277	832	5,508	2,450	2,664	14,731	917	1,408	1,609	3,934	18,665	35,028
Program supplies and other expenses	278,989	9,247	6,745	2,561	11,689	309,231	1,906	72	35	2,013	311,244	272,294
Office supplies, software, and equipment	9,282	1,662	6,952	5,860	2,488	26,244	2,693	1,916	-	4,609	30,853	40,014
Transportation and mileage	8,485	1,479	955	12,897	3,837	27,653	418	2,128	224	2,770	30,423	34,437
Conferences and training	748	6,883	408	75	4,793	12,907	3,033	1,674	300	5,007	17,914	27,978
Subscription and memberships	352	148	94	217	54	865	1,193	923	25	2,141	3,006	3,696
Human resources	80	-	-	-	-	80	3,618	143	-	3,761	3,841	4,593
Insurance	11,320	868	5,391	5,146	2,696	25,421	11,759	1,470	-	13,229	38,650	33,862
Investment expense	-	-	-	-	-	-	-	-	350	350	350	1,662
Merchant fee expense	2,831	244	1,795	1,707	890	7,467	210	488	-	698	8,165	6,717
Payroll preparation expense	2,062	177	1,296	1,237	648	5,420	118	354	-	472	5,892	5,487
Professional fees and consulting expense	5,005	429	3,146	3,003	1,573	13,156	444	858	304,656	305,958	319,114	143,725
Property taxes	621	53	390	372	-	1,436	230	106	-	336	1,772	2,147
Public relations	-	-	-	-	-	-	18,147	168	6,212	24,527	24,527	20,184
Fundraising event expenses	-	-	-	-	-	-	-	90,585	6,980	97,565	97,565	103,492
Board & staff administrative expense	88	-	8	64	-	160	7,486	-	-	7,486	7,646	12,315
Miscellaneous expense	1,013	105	901	733	314	3,066	361	210	-	571	3,637	4,493
Total functional expenses before depreciation	1,046,370	178,044	676,383	504,041	259,137	2,663,975	146,513	338,743	591,615	1,076,871	3,740,846	3,538,974
Depreciation	54,462	4,667	34,227	32,671	17,113	143,140	3,112	9,335	-	12,447	155,587	164,076
Total functional expenses	\$ 1,100,832	\$ 182,711	\$ 710,610	\$ 536,712	\$ 276,250	\$ 2,807,115	\$ 149,625	\$ 348,078	\$ 591,615	\$ 1,089,318	\$ 3,896,433	\$ 3,703,050
Percent of total expenses	28.25%	4.69%	18.25%	13.77%	7.09%	72.05%	3.84%	8.93%	15.18%	27.95%	100.00%	
Percent of total expenses without capital campaign	33.31%	5.53%	21.50%	16.24%	8.36%	84.94%	4.53%	10.53%	0.00%	15.06%	100.00%	
Percent of total expenses without capital campaign-prior year	33.11%	5.41%	20.07%	16.02%	8.54%	83.15%	5.17%	11.68%	0.00%	16.85%	100.00%	
Variance	0.20%	0.12%	1.43%	0.22%	-0.18%	1.79%	-0.64%	-1.15%	0.00%	-1.79%		

See accompanying notes to the financial statements

HAVEN, Inc.
Statement of Cash Flows
For The Years Ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 1,907,371	\$ 463,874
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	155,587	164,076
Unrealized and realized gain on investments	(68,962)	(112,056)
Change in value of beneficial interest in assets held by others	(9,362)	(13,539)
Increase (decrease) in allowance for bad debts	(7,136)	(1,643)
(Increase) decrease in current assets		
Inventories	138	13,537
Grants and contributions receivable	33,275	(35,722)
Other receivable	9,732	(7,625)
Unconditional promises to give	(803,394)	20,187
Capital campaign contribution receivable	188,546	279,213
Prepaid expenses	(45,895)	(1,731)
Increase (decrease) in current liabilities		
Accounts payable	(2,415)	16,029
Accrued compensation	3,282	22,749
Deferred revenue	34,150	275
	1,394,917	807,624
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of investments	(69,506)	(452,727)
Purchase of land, building, and equipment	(4,992)	(571,852)
	(74,498)	(1,024,579)
Net cash used by investing activities		
Net change in cash and cash equivalents	1,320,419	(216,955)
Cash and cash equivalents at beginning of year	623,697	840,652
Cash and cash equivalents at end of year	\$ 1,944,116	\$ 623,697

See accompanying notes to the financial statements

HAVEN, Inc.
Notes to Financial Statements
September 30, 2014

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 \$ 241,422 and \$ 217,059, the majority of which is for long-term endowment as of September 30, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013.

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 2014 and 2013, respectively.

HAVEN, Inc.
Notes to Financial Statements
September 30, 2014

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, 2014, donated goods of \$ 216,029 and services of \$ 190,569 are reflected as contributions in the accompanying statements at their estimated fair market value. For the year ended September 30, 2013, donated goods of \$ 199,976 and services of \$ 155,721 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.

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, 2014

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, 2013, 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, none of which are material.

Subsequent Events

Management has evaluated subsequent events January 7, 2015, which is the date the financial statements were available to be issued.

Note 2 – Deposits

HAVEN maintains its checking accounts at Chase Bank, a money market account at Merrill Lynch, and a savings account at Bank of Birmingham. 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 \$ 1,931,198 (excluding petty cash of \$ 640) and the bank balance was \$ 1,988,318. Insurance coverage for deposits of the HAVEN amounted to \$ 594,273. The uninsured portion of HAVEN's deposits at year end was \$ 1,394,045.

Note 3 - Schedule of Investments

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

	Market Value	
	September 30, 2014	September 30, 2013
Cash & money market	\$ 312,421	\$ 771,424
Mutual funds	67,152	65,905
Equity securities	1,638,777	1,042,553
Total	\$ 2,018,350	\$ 1,879,882

Investment return is summarized as follows:

Interest Income	\$ 30,755
Net realized and unrealized gains	68,962
Total investment income	\$ 99,717

HAVEN, Inc.
Notes to Financial Statements
September 30, 2014

Note 4 - Pledges Receivable

As of September 30, 2014 and 2013, HAVEN had unconditional contributions receivable of \$ 851,241 (net allowance of \$ 0) and \$ 40,711 (net allowance of \$ 3,063), 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, 2014 and 2013, HAVEN had capital campaign contributions receivable of \$ 304,721 (net allowance of \$ 2,171) and \$ 493,267 (net allowance of \$ 6,244), respectively, 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, \$ 32,397 and \$ 44,742 was pledged by Board members as of September 30, 2014 and 2013, respectively, and \$ 3,765 and \$ 4,421 was pledged by staff members as of September 30, 2014 and 2013, 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, 2014 and 2013, 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, 2014, 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.

	Level 1: Quoted markets for identical assets	Level 2: Significant observable inputs	Level 3: Significant unobservable inputs	Total September 30, 2014
Endowment funds	\$ -	\$ -	\$ 197,824	\$ 197,824
Mutual funds- equity securities	1,705,929	-	-	1,705,929
	<u>\$ 1,705,929</u>	<u>\$ -</u>	<u>\$ 197,824</u>	<u>\$ 1,903,753</u>

The Level 3 inputs are determined by the fair value of the assets held at the Community Foundation; accordingly, there is no significant observable inputs. The valuation is based on assumptions about the present value of the distributions to be received from the endowment funds (see Note 6).

HAVEN, Inc.
Notes to Financial Statements
September 30, 2014

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

Balance at September 30, 2013	\$ 188,462
Change in value of endowment fund	<u>9,362</u>
Balance at September 30, 2014	<u><u>\$ 197,824</u></u>

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 \$ 197,824, and \$ 188,462 at September 30, 2014 and 2013, 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 \$ 67,451 and \$ 63,454 at September 30, 2014 and 2013, 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, 2014 and 2013, the carrying value of such assets and accumulated depreciation is as follows:

	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 720,973	\$ 720,973
Building	61,500	61,500
Building improvements	1,931,440	1,928,956
Furniture, fixtures, and equipment	390,116	387,608
Vehicles	<u>64,083</u>	<u>64,083</u>
	3,168,112	3,163,120
Accumulated depreciation	<u>(2,177,143)</u>	<u>(2,021,556)</u>
Total	<u><u>\$ 990,969</u></u>	<u><u>\$ 1,141,564</u></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 the principal amount borrowed will have to be repaid by HAVEN. After December 1, 2014, HAVEN will be under no obligation to repay the principal mortgage loan. HAVEN has been conducting this activity prior to the grant.

HAVEN, Inc.
Notes to Financial Statements
September 30, 2014

During 2014, HAVEN received a grant for \$500,000 from the Federal Home Loan Bank of Indianapolis (FHLBI). The grant requires a 15 year retention period for specific compliance requirements; if such requirements are not met, 100% of the grant could be required to be paid back. HAVEN's management is confident no amount will have to be repaid.

HAVEN also leases certain office facilities and equipment under lease agreements that expire on various dates through October 2016. Future minimum lease payments are as follows:

Years Ending September 30,	Amount
2015	\$ 171,270
2016	45,740
Total	\$ 217,010

Rental expense as of September 30, 2014 and 2013 totaled \$ 164,924 and \$ 162,104, respectively.

Note 10 - Line of Credit

HAVEN has available line of credit agreements with JPMorgan Chase Bank, N.A. and Bank of Birmingham in the amount of \$ 300,000 and \$ 204,000, respectively. The lines accrue interest at 2.669 percentage points over the LIBOR rate and 1.25 percentage points over the Prime rate, respectively. Both line of credits had no outstanding balance as of September 30, 2014 or 2013. The line expired on September 20, 2014 and August 5, 2014, respectively; both were renewed subsequent to year end. The line at JPMorgan Chase Bank, N.A. is secured by HAVEN's brokerage account held at Chase Bank, N.A. The line at Bank of Birmingham is

secured by HAVEN's deposit account held at the Bank of Birmingham and building and land located in Pontiac, MI.

Note 11 - Cash Flows

Cash paid for interest during the periods ended September 30, 2014 and 2013 amounted to \$ 350 and \$ 1,662, respectively. Donated stock was sold for a value of \$ 25,707, during the previous year.

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 \$ 32,113 at September 30, 2014 and \$ 28,776 at September 30, 2013. 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.

HAVEN, Inc.
Notes to Financial Statements
September 30, 2014

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, 2014 and 2013 total revenue from Board members was \$ 97,769 and \$ 93,099, respectively, and revenue from employees was \$ 5,547 and \$ 5,518, respectively.

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 preventive 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 \$ 94,273, which are temporarily restricted funds for building systems replacements.

Note 17- Subsequent Events

HAVEN Foundation

During the current fiscal year HAVEN Foundation was incorporated. HAVEN Foundation is a supporting organization of HAVEN, Inc. and is controlled by HAVEN, Inc.; accordingly, HAVEN Foundation is a related party of the Organization. As of the end of the current fiscal year, the Department of Treasury's Internal Revenue Service has received the Foundation's application for exemption, but the Foundation has not received their determination letter thus far. As of the end of the current fiscal year, there was no activity in the Foundation.

New Markets Tax Credits (NMTC)

During December of 2014, the HAVEN Foundation closed on New Markets Tax Credit program, which involves financing for the development and construction of the new HAVEN center. HAVEN, Inc. acquired approximately \$3.5 million of debt during the NMTC program, including a term loan of \$750,000 and a bridge loan of approximately \$2.8 million. The bridge loan will be amortized over a 24 month period. As a result of the bridge loan, certain restrictions were added to HAVEN, Inc.'s brokerage account held at Chase Bank, N.A. Also, during the above process HAVEN, Inc. utilized approximately \$400,000 on their line of credit.

Single Audit Report

**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***

Independent Auditors' Report

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

We have audited, in accordance with the 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, the financial statements of HAVEN, Inc. as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise HAVEN, Inc.'s basic financial statements, and have issued our report thereon dated January 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HAVEN, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of HAVEN, Inc.'s internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HAVEN, Inc.'s financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Flint, Michigan
January 7, 2015

**Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by
OMB Circular A-133**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

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 September 30, 2014. HAVEN, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of HAVEN, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of HAVEN, Inc.'s compliance.

(continued)

Opinion on Each Major Federal Program

In our opinion, HAVEN, Inc. complied, in all material respects, with the types of 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, 2014.

Report on Internal Control Over Compliance

Management of HAVEN, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered HAVEN, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Yeo & Yeo, P.C.

Flint, Michigan
January 7, 2015

HAVEN, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Project/Grant Number	Award Amount	Federal Expenditures
<u>U.S Department of Housing & Urban Development:</u>				
<u>Emergency Shelter Grants:</u>				
Passed through Michigan State Housing Development Authority (MSHDA)	14.231	HML-2013-5670-ESM	\$ 26,162	\$ 26,162
Passed through Oakland County	14.231	ESGP-2013-2014	<u>38,755</u>	<u>38,755</u>
Total Emergency Shelter Grants			<u>64,917</u>	<u>64,917</u>
<u>Community Development Block Grants:</u>				
Passed through various other Oakland County municipalities---none in excess of \$15,000	14.228	various 2013-2014	80,553	22,874
	14.228	various 2014-2015	<u>78,735</u>	<u>60,291</u>
Total Community Development Block Grants			<u>159,288</u>	<u>83,165</u>
Total U.S. Department of Housing & Urban Development			<u>224,205</u>	<u>148,082</u>
<u>U.S. Department of Justice:</u>				
Passed through Michigan Department of Community Health: Victims of Crime Act Assistance Grant Program (VOCA)	16.575	CVA# 20022-17V12	<u>487,610</u>	<u>487,610</u>

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, 2014

Passed through Michigan Department of Human Services STOP Violence Against Women Formula Grant	16.588 STOP-11-63001-1	\$ 187,590	\$ 187,590
Total U.S. Department of Justice		675,200	675,200
<u>U.S Department of Health and Human Services:</u>			
<u>Centers for Disease Control</u>			
Passed through the Michigan Department of Community Health: Rape Prevention & Education	93.136 20140314-00	55,000	55,000
Total Centers for Disease Control		55,000	55,000
Passed through Michigan Department of Human Services (DHS)			
Domestic Violence Shelter & Support Services	93.671 DV-11-63001	134,137	134,137
Domestic Violence Shelter & Support Services - Temporary Assistance for Needy Families (TANF)	93.558 DV-11-63001	128,720	128,720
Rape Prevention and Services	93.991 SACS-11-63001	121,020	52,808
	93.991 SACS-11-63001	60,510	60,510
Total Rape Prevention and Services		181,530	113,318
Total Domestic Violence Prevention and Treatment Services passed through the Michigan Department of Human Services (DHS)		444,387	376,175
Total U.S. Department of Health and Human Services		499,387	431,175
<u>Federal Emergency Management Agency:</u>			
Passed through United Community Services: Emergency Food & Shelter Grant	97.024 FEMA Phase 31	27,144	27,144
Total Federal Emergency Management Agency		27,144	27,144
Total Federal Awards		\$ 1,425,936	\$ 1,281,601

See accompanying notes to the Schedule of Expenditures of Federal Awards

HAVEN, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

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, 2014.
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, 2014

Section I - Summary of Auditors' Results

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

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

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

HAVEN, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

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, 2013, and as such a schedule of prior year findings and corrective action plan has not been prepared.