

**FAIR HAVEN, INC.**

**FINANCIAL STATEMENTS**

**Years Ended July 31, 2018 and 2017**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Fair Haven, Inc.  
Highland, Indiana

We have audited the accompanying financial statements of Fair Haven, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of July 31, 2018 and 2017, and the related statements of support, revenue, expenses and change in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting in an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements 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 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 assets, liabilities, and net assets of Fair Haven, Inc. as of July 31, 2018 and 2017, and its support, revenue and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of government funds received on page 12 is presented for purposes of additional analysis as required by the Indiana State Board of Accounts 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 audits 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 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.



Fort Wayne, Indiana  
February 21, 2020

**FAIR HAVEN, INC.**  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
July 31, 2018 and 2017

|   | <b>2018</b>             | <b>2017</b>             |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>                           |                         |                         |
| Cash                                    | \$ 54,400               | \$ 4,338                |
| Fixed assets - net                      | <u>5,077</u>            | <u>7,763</u>            |
| <b>Total Assets</b>                     | <u><u>\$ 59,477</u></u> | <u><u>\$ 12,101</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>       |                         |                         |
| Line of credit                          | \$ 91,000               | \$ 60,000               |
| Payroll withholdings and accruals       | 3,506                   | 7,223                   |
| Credit card payable                     | <u>1,614</u>            | <u>8,483</u>            |
| <b>Total Liabilities</b>                | 96,120                  | 75,706                  |
| Net Assets (Deficit):                   |                         |                         |
| Unrestricted                            | (38,806)                | (65,227)                |
| Temporarily restricted                  | <u>2,163</u>            | <u>1,622</u>            |
| <b>Total Net Assets (Deficit)</b>       | <u>(36,643)</u>         | <u>(63,605)</u>         |
| <b>Total Liabilities and Net Assets</b> | <u><u>\$ 59,477</u></u> | <u><u>\$ 12,101</u></u> |

The accompanying notes are an integral part of these financial statements.

**FAIR HAVEN, INC.**  
**STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGE IN NET ASSETS -**  
**MODIFIED CASH BASIS**  
Years Ended July 31, 2018 and 2017

|   | Unrestricted       | Temporarily<br>Restricted | 2018<br>Total      | Unrestricted       | Temporarily<br>Restricted | 2017<br>Total      |
|---|--------------------|---------------------------|--------------------|--------------------|---------------------------|--------------------|
| <b>CHANGES IN NET ASSETS</b>                    |                    |                           |                    |                    |                           |                    |
| <b>Support and Revenue:</b>                     |                    |                           |                    |                    |                           |                    |
| Government grants                               | \$ 544,995         | \$ -                      | \$ 544,995         | \$ 331,742         | \$ -                      | \$ 331,742         |
| Contributions                                   | 18,751             | 51,681                    | 70,432             | 22,707             | 50,728                    | 73,435             |
| Special events:                                 |                    |                           |                    |                    |                           |                    |
| Proceeds  | 33,242             | -                         | 33,242             | 13,868             | -                         | 13,868             |
| Less cost of direct benefit to donors           | (11,360)           | -                         | (11,360)           | (660)              | -                         | (660)              |
| Other income                                    | 1,968              | -                         | 1,968              | 4,680              | -                         | 4,680              |
| <b>Net Assets Released From Restrictions:</b>   |                    |                           |                    |                    |                           |                    |
| Satisfaction of purpose requirements            | 51,140             | (51,140)                  | -                  | 49,106             | (49,106)                  | -                  |
| <b>Total Support and Revenue</b>                | <b>638,736</b>     | <b>541</b>                | <b>639,277</b>     | <b>421,443</b>     | <b>1,622</b>              | <b>423,065</b>     |
| <b>Expenses:</b>                                |                    |                           |                    |                    |                           |                    |
| Program   | 489,724            | -                         | 489,724            | 390,972            | -                         | 390,972            |
| Management and general                          | 94,292             | -                         | 94,292             | 69,829             | -                         | 69,829             |
| Fund raising                                    | 28,299             | -                         | 28,299             | 22,484             | -                         | 22,484             |
| <b>Total Expenses</b>                           | <b>612,315</b>     | <b>-</b>                  | <b>612,315</b>     | <b>483,285</b>     | <b>-</b>                  | <b>483,285</b>     |
| <b>CHANGE IN NET ASSETS</b>                     | <b>26,421</b>      | <b>541</b>                | <b>26,962</b>      | <b>(61,842)</b>    | <b>1,622</b>              | <b>(60,220)</b>    |
| <b>NET ASSETS (DEFICIT) - beginning of year</b> | <b>(65,227)</b>    | <b>1,622</b>              | <b>(63,605)</b>    | <b>(3,385)</b>     | <b>-</b>                  | <b>(3,385)</b>     |
| <b>NET ASSETS (DEFICIT) - end of year</b>       | <b>\$ (38,806)</b> | <b>\$ 2,163</b>           | <b>\$ (36,643)</b> | <b>\$ (65,227)</b> | <b>\$ 1,622</b>           | <b>\$ (63,605)</b> |

The accompanying notes are an integral part of these financial statements.

**FAIR HAVEN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
Year Ended July 31, 2018

|  | <b>Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Fund<br/>Raising</b> | <b>Total</b>             |
|--|-----------------------------|-----------------------------------|-------------------------|--------------------------|
| Salaries   | \$ 326,101                  | \$ 34,127                         | \$ 18,959               | \$ 379,187               |
| Payroll taxes  | 38,790                      | 4,059                             | 2,255                   | 45,104                   |
| Employee benefits  | 48,261                      | 5,051                             | 2,806                   | 56,118                   |
|  | <hr/>                       | <hr/>                             | <hr/>                   | <hr/>                    |
| <b>Total Salaries and Related<br/>and Related Expenses</b> | 413,152                     | 43,237                            | 24,020                  | 480,409                  |
| Occupancy  | 24,990                      | 1,555                             | -                       | 26,545                   |
| Contract labor   | 6,000                       | 9,000                             | -                       | 15,000                   |
| Travel   | 6,426                       | 6,528                             | 133                     | 13,087                   |
| Supplies   | 8,635                       | 4,254                             | 116                     | 13,005                   |
| Information technology                                     | 4,609                       | 4,245                             | 431                     | 9,285                    |
| Professional fees  | -                           | 8,950                             | -                       | 8,950                    |
| Conferences and training                                   | 7,147                       | 1,092                             | -                       | 8,239                    |
| Interest   | -                           | 6,297                             | -                       | 6,297                    |
| Insurance  | 4,141                       | 1,610                             | -                       | 5,751                    |
| Postage and printing                                       | 5,329                       | -                                 | 165                     | 5,494                    |
| Telephone and internet                                     | 2,782                       | 2,277                             | -                       | 5,059                    |
| Client expenses  | 4,674                       | -                                 | -                       | 4,674                    |
| Miscellaneous  | 12                          | 4,388                             | 36                      | 4,436                    |
| Special events   | -                           | -                                 | 3,037                   | 3,037                    |
| Advertising  | -                           | -                                 | 361                     | 361                      |
|  | <hr/>                       | <hr/>                             | <hr/>                   | <hr/>                    |
| <b>Total Expenses Before<br/>Depreciation</b>              | 487,897                     | 93,433                            | 28,299                  | 609,629                  |
| Depreciation   | 1,827                       | 859                               | -                       | 2,686                    |
|  | <hr/>                       | <hr/>                             | <hr/>                   | <hr/>                    |
| <b>Total Expenses</b>                                      | <u><u>\$ 489,724</u></u>    | <u><u>\$ 94,292</u></u>           | <u><u>\$ 28,299</u></u> | <u><u>\$ 612,315</u></u> |

The accompanying notes are an integral part of these financial statements.

**FAIR HAVEN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
Year Ended July 31, 2017

|  | <b>Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Fund<br/>Raising</b> | <b>Total</b>             |
|--|-----------------------------|-----------------------------------|-------------------------|--------------------------|
| Salaries   | \$ 270,403                  | \$ 28,298                         | \$ 15,721               | \$ 314,422               |
| Payroll taxes  | 20,585                      | 2,154                             | 1,197                   | 23,936                   |
| Employee benefits  | 24,075                      | 2,519                             | 1,400                   | 27,994                   |
|  | <hr/>                       | <hr/>                             | <hr/>                   | <hr/>                    |
| <b>Total Salaries and Related<br/>and Related Expenses</b> | 315,063                     | 32,971                            | 18,318                  | 366,352                  |
| Occupancy  | 23,640                      | 140                               | -                       | 23,780                   |
| Contract labor   | 3,306                       | 4,960                             | -                       | 8,266                    |
| Travel   | 9,553                       | 10,506                            | 199                     | 20,258                   |
| Supplies   | 9,011                       | 3,798                             | 142                     | 12,951                   |
| Information technology                                     | 3,625                       | 1,909                             | 274                     | 5,808                    |
| Professional fees  | -                           | 3,350                             | 700                     | 4,050                    |
| Conferences and training                                   | 8,666                       | 732                               | -                       | 9,398                    |
| Interest   | -                           | 3,756                             | -                       | 3,756                    |
| Insurance  | 3,432                       | 1,334                             | -                       | 4,766                    |
| Postage and printing                                       | 4,349                       | -                                 | 134                     | 4,483                    |
| Telephone and internet                                     | 2,937                       | 2,402                             | -                       | 5,339                    |
| Client expenses  | 5,809                       | -                                 | -                       | 5,809                    |
| Miscellaneous  | 23                          | 3,238                             | 70                      | 3,331                    |
| Special events   | -                           | -                                 | 2,337                   | 2,337                    |
| Advertising  | -                           | -                                 | 310                     | 310                      |
|  | <hr/>                       | <hr/>                             | <hr/>                   | <hr/>                    |
| <b>Total Expenses Before<br/>Depreciation</b>              | 389,414                     | 69,096                            | 22,484                  | 480,994                  |
| Depreciation   | 1,558                       | 733                               | -                       | 2,291                    |
|  | <hr/>                       | <hr/>                             | <hr/>                   | <hr/>                    |
| <b>Total Expenses</b>                                      | <u><u>\$ 390,972</u></u>    | <u><u>\$ 69,829</u></u>           | <u><u>\$ 22,484</u></u> | <u><u>\$ 483,285</u></u> |

The accompanying notes are an integral part of these financial statements.



**FAIR HAVEN, INC.**  
**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS**  
Years Ended July 31, 2018 and 2017

|  | <b>2018</b>   | <b>2017</b>     |
|--|---------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |               |                 |
| Change in net assets (deficit)   | \$ 26,962     | \$ (60,220)     |
| Adjustments to reconcile change in net assets to cash flows from operating activities: |               |                 |
| Depreciation   | 2,686         | 2,291           |
| Changes in assets and liabilities:   |               |                 |
| Increase (decrease) in:  |               |                 |
| Payroll withholdings and accruals  | (3,717)       | 2,867           |
| Credit card payable  | (6,869)       | (9,862)         |
| <b>Cash Flows From Operating Activities</b>  | <b>19,062</b> | <b>(64,924)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |               |                 |
| Increase (decrease) in line of credit  | 31,000        | 60,000          |
| <b>INCREASE (DECREASE) IN CASH</b>   | 50,062        | (10,261)        |
| <b>CASH - beginning of year</b>  | 4,338         | 14,599          |
| <b>CASH - end of year</b>  | \$ 54,400     | \$ 4,338        |

The accompanying notes are an integral part of these financial statements.

**FAIR HAVEN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
July 31, 2018 and 2017

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Fair Haven, Inc. (the Organization) is a non-profit organization located in Highland, Indiana. The Organization's mission is to provide faith-focused services to those affected by sexual violence and trauma.

**Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

**Estimates**

The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Basis of Accounting**

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis include recognition of fixed assets and related depreciation, payroll tax withholdings and debt. This basis differs from generally accepted accounting principles primarily because the Organization has not recognized accounts receivable, accounts payable and accruals and their related effects on the change in net assets in the accompanying financial statements.

(continued)

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

### Fixed Assets

Fixed assets are stated at cost or, if donated, at fair value at the date of the gift. All items with a cost in excess of \$1,000 and a useful life in excess of one year are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. It is not the Organization's policy to imply time restrictions expiring over the useful life of the donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

### Contributions

All contributions are considered to be available for the general operations of the Organization unless specifically restricted by the donor. Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

### Subsequent Events

Management has evaluated subsequent events through February 21, 2020, the date which the financial statements were available for issue.

## 2. FIXED ASSETS

The components of fixed assets are as follows at July 31:

|                          | 2018            | 2017            |
|--------------------------|-----------------|-----------------|
| Furniture and equipment  | \$ 10,644       | \$ 10,644       |
| Leasehold improvements   | <u>2,004</u>    | <u>2,004</u>    |
|                          | 12,648          | 12,648          |
| Accumulated depreciation | <u>7,571</u>    | <u>4,885</u>    |
|                          | <u>\$ 5,077</u> | <u>\$ 7,763</u> |

### 3. LINE OF CREDIT

The Organization maintains a \$130,000 line of credit with Peoples Bank. The amount outstanding was \$91,000 at July 31, 2018 and \$60,000 at July 31, 2017. The line is secured by all business assets and bears interest at 5.25% at July 31, 2018.

### 4. NET ASSETS

Temporarily restricted net assets are restricted for the following as of July 31:

|  | 2018            | 2017            |
|--|-----------------|-----------------|
| Specific purpose:  |                 |                 |
| Assistance for East Chicago residents                                | \$ 990          | \$ 990          |
| Child lures prevention program for Lake<br>County elementary schools | 617             | -               |
| Workbooks  | 556             | -               |
| Crisis intervention program  | <u>-</u>        | <u>632</u>      |
|  | <u>\$ 2,163</u> | <u>\$ 1,622</u> |

### 5. OPERATING LEASES

The Organization leases office space under an operating lease expiring in October 2020. Rental expense under the noncancelable lease was \$22,950 for 2018 and \$21,600 for 2017.

Minimum future rental payments under the noncancelable operating leases as of July 31, 2018 for each of the next five years and in the aggregate are as follows:

|                         |                  |
|-------------------------|------------------|
| 2019                    | \$ 26,340        |
| 2020                    | 27,360           |
| 2021                    | 6,900            |
| 2022 and thereafter     | <u>-</u>         |
| Total lease commitments | <u>\$ 60,600</u> |

In addition, the Organization leases additional office space on a month-to-month basis. Total rental expense under the cancelable operating lease was \$2,040 for 2018 and 2017.

**6. ADVERTISING**

Advertising costs are charged to operations as incurred and totaled \$361 for 2018 and \$310 for 2017.

**7. RELATED PARTY**

The Organization paid the son of the Executive Director \$15,000 in 2018 and \$6,250 in 2017 for contracted services.

**8. CONCENTRATIONS**

The Organization receives a significant amount of its support from the federal government. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

**FAIR HAVEN, INC.**  
**SCHEDULES OF GOVERNMENT FUNDS RECEIVED - MODIFIED CASH BASIS**  
Years Ended July 31, 2018 and 2017

| Federal or State Grantor/<br>Pass-Through<br>Grantor/Program<br>Title | Federal<br>CFDA<br>Number | 2018<br>Revenue<br>Recognized | 2017<br>Revenue<br>Recognized |
|---|---------------------------|-------------------------------|-------------------------------|
| Department of Justice:  |                           |                               |                               |
| Passed through Indiana Criminal Justice Institute:                    |                           |                               |                               |
| Victim of Crime Act (VOCA)  | 16.575                    | \$ 194,720                    | \$ 138,338                    |
| Sexual Assault Services Program (SASP)                                | 16.017                    | 69,754                        | 43,477                        |
| Services, Training, Officers and Prosecutors (STOP)                   | 16.588                    | 69,935                        | 41,306                        |
| Department of Health and Human Services:                              |                           |                               |                               |
| Passed through Indiana Criminal Justice Institute:                    |                           |                               |                               |
| Sexual Offense Services (SOS)   | 93.758                    | 2,789                         | 2,141                         |
| Indiana Criminal Justice Institute:                                   |                           |                               |                               |
| Sexual Assault Victim Assistance Fund (SAVAF)                         | N/A                       | <u>207,797</u>                | <u>106,480</u>                |
| <b>Total Government Funds Received</b>                                |                           | <u><u>\$ 544,995</u></u>      | <u><u>\$ 331,742</u></u>      |

See independent auditors' report.

