

FAIR HAVEN, INC.

FINANCIAL STATEMENTS

Year Ended July 31, 2022

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets – modified cash basis	3
Statement of Support, Revenue, Expenses and Change in Net Assets – modified cash basis	4
Statement of Functional Expenses – modified cash basis	5
Statement of Cash Flows – modified cash basis	6
Notes to Financial Statements	7
SUPPLEMENTAL FINANCIAL INFORMATION	
Schedule of Government Funds Received – modified cash basis.....	12



Dulin, Ward & DeWald, Inc.
CPAs & ADVISORS

9921 Dupont Circle Drive West, Suite 300
Fort Wayne, IN 46825
260.423.2414
800.232.8913
Fax: 260.423.2419
www.dwdcpa.com

Offices Located in Ft. Wayne and Marion, Indiana

INDEPENDENT AUDITORS' REPORT

Board of Directors
Fair Haven, Inc.
Highland, Indiana

Opinion

We have audited the accompanying financial statements of Fair Haven, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of July 31, 2022, 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 year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fair Haven, Inc. as of July 31, 2022, and the changes in its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fair Haven, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

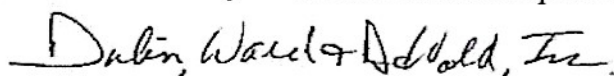
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fair Haven, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fair Haven, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule 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
July 14, 2023

FAIR HAVEN, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
 July 31, 2022

ASSETS

Cash	\$	15,002
Fixed assets - net		<u>20,060</u>
Total Assets	\$	<u><u>35,062</u></u>

LIABILITIES AND NET ASSETS

Line of credit	\$	114,000
Payroll withholdings and accruals		2,486
Credit card payable		<u>9,984</u>
Total Liabilities		126,470
Net Assets (Deficit):		
Without donor restrictions		(91,462)
With donor restrictions		<u>54</u>
Total Net Assets (Deficit)		<u>(91,408)</u>
Total Liabilities and Net Assets	\$	<u><u>35,062</u></u>

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

FAIR HAVEN, INC.
STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGE IN NET ASSETS -
MODIFIED CASH BASIS
Year Ended July 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
Support and Revenue:			
Government grants	\$ 691,372	\$ -	\$ 691,372
Contributions	51,672	6,071	57,743
Special events:			
Proceeds	11,963	-	11,963
Less cost of direct benefit to donors	(8,048)	-	(8,048)
Net Assets Released From Restrictions	<u>6,017</u>	<u>(6,017)</u>	<u>-</u>
Total Support and Revenue	752,976	54	753,030
Expenses:			
Program	694,169	-	694,169
Management and general	140,606	-	140,606
Fundraising	24,125	-	24,125
Total Expenses	<u>858,900</u>	<u>-</u>	<u>858,900</u>
CHANGE IN NET ASSETS	(105,924)	54	(105,870)
NET ASSETS (DEFICIT) - August 1, 2021	<u>14,462</u>	<u>-</u>	<u>14,462</u>
NET ASSETS (DEFICIT) - July 31, 2022	<u>\$ (91,462)</u>	<u>\$ 54</u>	<u>\$ (91,408)</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, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 403,255	\$ 88,279	\$ 18,232	\$ 509,766
Payroll taxes	31,059	6,800	1,404	39,263
Employee benefits	46,687	10,220	2,111	59,018
	<hr/>	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	481,001	105,299	21,747	608,047
Advertising	64,919	4,501	-	69,420
Contract labor	51,670	3,190	-	54,860
Occupancy	25,833	5,559	1,308	32,700
Information technology	16,001	3,140	675	19,816
Client expenses	14,515	-	-	14,515
Supplies	11,864	487	-	12,351
Travel	8,436	982	15	9,433
Printing	8,821	-	-	8,821
Interest	-	5,691	-	5,691
Insurance	4,195	903	212	5,310
Other expenses	2,380	2,608	21	5,009
Professional fees	1,627	2,100	-	3,727
Conferences and training	-	3,093	-	3,093
Special events	-	2,426	-	2,426
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	691,262	139,979	23,978	855,219
Depreciation	2,907	627	147	3,681
	<hr/>	<hr/>	<hr/>	<hr/>
Functional Expenses per Statement of Support, Revenue, Expenses and Change in Net Assets - Modified Cash Basis	694,169	140,606	24,125	858,900
Expenses included in support and revenue: Cost of direct benefit to donors	-	-	8,048	8,048
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 694,169</u>	<u>\$ 140,606</u>	<u>\$ 32,173</u>	<u>\$ 866,948</u>

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

FAIR HAVEN, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
Year Ended July 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets (deficit)	\$ (105,870)
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation	3,681
Changes in assets and liabilities:	
Increase (decrease) in:	
Payroll withholdings and accruals	549
Credit card payable	7,871
	(93,769)
Cash Flows From Operating Activities	(93,769)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (decrease) in line of credit	86,000
	(7,769)
INCREASE (DECREASE) IN CASH	(7,769)
CASH - August 1, 2021	22,771
	\$ 15,002
CASH - July 31, 2022	\$ 15,002

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

FAIR HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2022

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.

Recent Accounting Guidance

During 2022, the Organization adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

During 2022, the Organization also adopted ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. The standard requires entities to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling beginning-of-period and end-of-period total cash. The Organization has adjusted the presentation of these statements accordingly.

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.

(continued)

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

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.

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.

Net Assets

Net assets without donor restrictions are available for the use at the discretion of the Organization's management and board of directors. From time to time the board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consists of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported on the statement of support, revenue, expenses and change in net assets – modified cash basis as net assets released from restrictions.

(continued)

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

Functional Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statement of support, revenue, expenses and change in net assets – modified cash basis. The statement of functional expenses – modified cash basis presents the natural classification detail of expenses by function.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses, occupancy, information technology, and insurance are allocated on time and effort. Information technology is also allocated based on square footage, as well as other expenses and depreciation.

Subsequent Events

Management has evaluated subsequent events through July 14, 2023, the date which the financial statements were available for issue.

2. **FIXED ASSETS**

The components of fixed assets are as follows at July 31, 2022.

Furniture and equipment	\$ 30,697
Leasehold improvements	<u>6,182</u>
	36,879
Accumulated depreciation	<u>16,819</u>
	<u>\$ 20,060</u>

3. **LINE OF CREDIT**

The Organization maintains a \$300,000 line of credit with Peoples Bank. The amount outstanding was \$114,000 at July 31, 2022. The line is secured by all business assets and bears interest at 7.50% at July 31, 2022.

The amount of interest charged to operations was \$5,691 in 2022.

4. NET ASSETS

Net assets with donor restrictions of \$54 at July 31, 2022 are restricted for adolescent programming.

Net assets without donor restrictions include a deficit of undesignated funds of \$91,462 at July 31, 2022.

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets released from net assets with donor restrictions are as follows:

Adolescent programming	\$ 3,045
Prevention programming	2,689
Therapy	<u>283</u>
	<u>\$ 6,017</u>

5. ADVERTISING

Advertising costs are charged to operations as incurred and totaled \$69,420 for 2022.

6. OPERATING LEASES

The Organization leases office space under an operating lease expiring in October 2023. Rental expense under the noncancelable lease was \$30,150 for 2022.

Minimum future rental payments under the noncancelable operating lease as of July 31, 2022 for each of the next five years and in the aggregate are as follows:

2023	\$ 31,950
2024	8,100
2025	-
2026 and thereafter	<u>-</u>
Total lease commitments	<u>\$ 40,050</u>

7. **RISKS AND 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.

On March 11, 2020, the COVID-19 virus had been declared a global pandemic. The extent of the impact of the COVID-19 outbreak on the financial performance of the Organization will depend on future developments, including the duration and severity of the outbreak and its impact on the overall economy. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

8. **LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of July 31, 2022, comprise the following:

Cash	\$ 15,002
------	-----------

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization also receives monthly payments on claims from government grants. Since the Organization follows the modified cash basis of accounting, no receivables have been recorded on the financial statements for the outstanding balances of these claims. As of July 31, 2022, there is an additional \$242,248 of reimbursements for fiscal year 2022 expenses that have not been received by the Organization. The Organization also has an additional \$186,000 available on the line of credit at July 31, 2022.

FAIR HAVEN, INC.
SCHEDULE OF GOVERNMENT FUNDS RECEIVED -
MODIFIED CASH BASIS
Year Ended July 31, 2022

Federal or State Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Revenue Recognized
Department of Justice:		
Passed through Indiana Criminal Justice Institute:		
Sexual Assault Services Program (SASP)	16.017	\$ 58,211
Services for Trafficking Vicitms	16.320	75,267
Victim of Crime Act (VOCA)	16.575	288,038
Services, Training, Officers and Prosecutors (STOP)	16.588	64,716
Indiana Criminal Justice Institute:		
Sexual Assault Victim Assistance Fund (SAVAF)	N/A	<u>205,140</u>
Total Government Funds Received		<u><u>\$ 691,372</u></u>

See independent auditors' report.