

**SAFE HAVEN MINISTRIES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**(WITH COMPARATIVE TOTALS FOR 2015)**

MEYAARD TOLMAN & VENLET p.c.  
Certified Public Accountants  
Zeeland, Michigan

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Safe Haven Ministries, Inc.  
Grand Rapids, Michigan

We have audited the accompanying financial statements of Safe Haven Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, 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.

### Auditor's 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. 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 auditor's 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 Safe Haven Ministries, Inc. as of June 30, 2016, 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.

**Report on Summarized Comparative Information**

We have previously audited Safe Haven Ministries, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Meygaard Tolman & Venlet p.c.*

Meygaard Tolman & Venlet p.c.  
Certified Public Accountants  
October 31, 2016

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 439,790	\$ 123,247
Promises to give	348,850	3,095
Prepaid expenses	31,318	13,370
Total Current Assets	<u>819,958</u>	<u>139,712</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Construction in progress	23,407	-
Land	75,000	75,000
Housing facility	473,366	473,366
Equipment and furnishings	86,430	86,430
Vehicle	13,202	13,202
	<u>671,405</u>	<u>647,998</u>
Less accumulated depreciation	<u>(237,238)</u>	<u>(217,965)</u>
Net Property and Equipment	<u>434,167</u>	<u>430,033</u>
<b>OTHER ASSETS:</b>		
Promises to give, net of current portion	79,983	-
Beneficial interest in assets held by the Grand Rapids Community Foundation	63,894	88,077
Lease deposit	2,281	2,281
Total Other Assets	<u>146,158</u>	<u>90,358</u>
TOTAL ASSETS	<u>\$ 1,400,283</u>	<u>\$ 660,103</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 17,185	\$ 5,754
Salaries, wages and withholdings	40,178	29,723
Funds held for others	174	174
Total Current Liabilities	<u>57,537</u>	<u>35,651</u>
Total Liabilities	<u>57,537</u>	<u>35,651</u>
<b>NET ASSETS:</b>		
Unrestricted	505,586	490,686
Temporarily restricted	773,266	45,689
Permanently restricted	63,894	88,077
Total Net Assets	<u>1,342,746</u>	<u>624,452</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,400,283</u>	<u>\$ 660,103</u>

See accompanying notes.

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
REVENUE, GAINS AND OTHER SUPPORT:					
United Way	\$ 9,461	\$ -	\$ -	\$ 9,461	\$ 8,154
Contributions, general:					
- monetary	615,925	60,000	-	675,925	561,798
- noncash	65,113	-	-	65,113	54,498
Contributions, Capital Campaign, net of campaign expenses of \$30,773	-	878,810	-	878,810	-
Program service fees	1,846	-	-	1,846	1,918
Special events, net of event costs of \$21,115 and \$23,367	103,044	-	-	103,044	91,909
Miscellaneous income	2,857	-	-	2,857	3,205
Transfer from Community Foundation beneficial interest to unrestricted	20,000		(20,000)	-	-
Change in beneficial interest	-	-	(4,183)	(4,183)	1,214
Net assets released from restrictions	<u>211,233</u>	<u>(211,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,029,479</u>	<u>727,577</u>	<u>(24,183)</u>	<u>1,732,873</u>	<u>722,696</u>
OPERATING EXPENSES:					
Program services	784,220	-	-	784,220	653,494
Management and general	124,933	-	-	124,933	119,869
Fundraising	105,426	-	-	105,426	87,589
Total Expenses	<u>1,014,579</u>	<u>-</u>	<u>-</u>	<u>1,014,579</u>	<u>860,952</u>
CHANGE IN NET ASSETS	14,900	727,577	(24,183)	718,294	(138,256)
NET ASSETS, JULY 1	<u>490,686</u>	<u>45,689</u>	<u>88,077</u>	<u>624,452</u>	<u>762,708</u>
NET ASSETS, JUNE 30	<u>\$ 505,586</u>	<u>\$ 773,266</u>	<u>\$ 63,894</u>	<u>\$ 1,342,746</u>	<u>\$ 624,452</u>

See accompanying notes.

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF FUNCTIONAL OPERATING EXPENSES**  
**YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b>Personnel:</b>					
Contracted services	\$ 7,998	\$ -	\$ -	\$ 7,998	\$ 18,233
Salaries and wages	459,897	77,007	76,340	613,244	489,371
Staff education/development	13,844	-	-	13,844	9,475
Workers compensation insurance	3,349	560	556	4,465	10,309
Employee benefits	43,819	7,333	7,281	58,433	38,282
Payroll taxes	43,814	7,332	7,280	58,426	41,265
<b>Occupancy:</b>					
Rent	34,576	6,483	2,161	43,220	39,314
Property insurance	5,283	622	311	6,216	8,609
Utilities	8,861	-	-	8,861	10,788
Repairs and maintenance	26,212	1,456	1,456	29,124	32,344
Communications	8,751	1,641	546	10,938	15,978
Food and supplies	72,252	-	-	72,252	59,241
Client expenses	8,414	-	-	8,414	6,275
<b>Professional services and fees:</b>					
Bank service charges	-	2,420	-	2,420	1,215
Accounting and audit services	-	13,776	-	13,776	15,531
Contracted services	2,868	538	179	3,585	3,460
Membership dues	979	122	122	1,223	1,816
Professional services - other	2,312	1,392	-	3,704	-
<b>Publicity and promotion:</b>					
Hospitality	1,116	669	446	2,231	4,110
Newsletter	-	-	-	-	6,269
Publicity/printing/mailings/other	9,775	856	6,847	17,478	12,499
<b>Other:</b>					
Supplies and miscellaneous	6,011	1,312	477	7,800	8,965
Postage	1,790	716	1,074	3,580	3,656
Mileage and travel	4,074	-	-	4,074	2,889
Depreciation	18,225	698	350	19,273	21,058
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 784,220</u></b>	<b><u>\$ 124,933</u></b>	<b><u>\$ 105,426</u></b>	<b><u>\$ 1,014,579</u></b>	<b><u>\$ 860,952</u></b>

See accompanying notes.

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 718,294	\$ (138,256)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	19,273	21,058
Change in beneficial interest	24,183	(1,214)
Donated equipment and furnishings	-	(3,600)
(Increase) decrease in:		
Promises to give	(425,738)	6,925
Prepaid expenses	(17,948)	2,902
Increase (decrease) in:		
Accounts payable	11,431	(10,488)
Other current liabilities	10,455	8,760
Net Cash Provided (Used) By Operating Activities	<u>339,950</u>	<u>(113,913)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in construction in progress	<u>(23,407)</u>	<u>-</u>
Net Cash Provided (Used) By Investing Activities	<u>(23,407)</u>	<u>-</u>
Net change in cash and cash equivalents	316,543	(113,913)
Cash and cash equivalents, beginning	<u>123,247</u>	<u>237,160</u>
Cash and cash equivalents, ending	<u>\$ 439,790</u>	<u>\$ 123,247</u>

No interest or income taxes were paid during the year ended June 30, 2016.

See accompanying notes.



**SAFE HAVEN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MISSION – “Motivated by Christ’s love, our mission is to end domestic abuse.”

Safe Haven Ministries, Inc., (“Safe Haven”) located in Grand Rapids, Michigan, believes in a multi-faceted approach to solving the problem of domestic abuse in the community.

They offer confidential emergency shelter for women and children fleeing domestic violence; support groups, individual counseling, and advocacy for women and children who do not require shelter; and prevention and outreach programs for the entire community.

Safe Haven has a unique area of expertise in faith and domestic abuse issues, and offers guidance in this area to all who seek it. They serve approximately 500 women and their children every year and serve all women and children equally, regardless of age, race, religious beliefs, ethnic origin, sexual orientation, disability, or socioeconomic status.

BASIS OF PRESENTATION – The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Under the provisions of *Accounting Standards Codification* (authoritative guidance), net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Safe Haven and changes therein are classified and reported as follows:

- a.) Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- b.) Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- c.) Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

INCOME TAX EXEMPTION – The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code.

PROPERTY, EQUIPMENT AND DEPRECIATION – Purchased equipment is recorded at cost and donated assets are recorded at fair market value. Depreciation is computed using the straight-line method over the estimated lives of the assets placed into service.

ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents consist of two checking accounts.

COMPENSATED ABSENCES – The Organization has not accrued compensated absences since the amount is determined to be immaterial to the financial statements.

DONATED SERVICES – Volunteers have donated significant amounts of time in support of the Organization's activities. In the current year, 3,205 hours were logged by 83 active volunteers. Qualified professional services of \$3,704 are recorded in the accompanying statements. The fair market value of unrecorded volunteer services of \$75,510 is not reflected in the accompanying statements, as these services do not meet the criteria for recognition as set forth under generally accepted accounting principles.

DONATED FOOD AND MATERIALS – Food, personal care items, household goods and gift cards are donated to the Organization. The estimated fair value of the donated food is reflected in the accompanying financial statements. The amount of the donated food was \$28,987 for the year ended June 30, 2016. The amount of gift cards and material items with readily identifiable fair market values has been recorded in these financial statements at \$32,422. The amount of other donated materials (client expenses) is not reflected as the approximate fair value is not readily identifiable.

FAIR VALUE OF ASSETS – The Organization adopted the Financial Accounting Standards Board's (FASB) standard which provides a framework for measuring fair value under generally accepted accounting principles. The Standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard for *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement is determined based on the assumptions - referred to as inputs - which market participants would use in pricing the investment, as follows:

- Level 1 inputs - observable quoted price in an active market for an identical investment;
- Level 2 inputs - input that is observable for the investment, either directly or indirectly, other than quoted prices included within level 1;
- Level 3 inputs - unobservable inputs for the investment, used only when observable inputs are not available.

Unrealized, as well as realized gains and losses on investments are included in the change in net assets in the accompanying financial statements. Investment return that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the investment return is recognized.

The Organization invests in publicly traded securities which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

## BENEFICIAL INTEREST IN ASSETS HELD BY THE GRAND RAPIDS COMMUNITY FOUNDATION

The Organization has an Agency Fund within the Grand Rapids Community Foundation. The investment with the Community Foundation is managed by the Foundation on behalf of the Organization. Equity securities with readily determinable fair values and all investments in debt securities are required to be measured at fair value in the statements of financial position. The fair value of the investment in the Community Foundation was determined by Level 3 inputs. During the year ended June 30, 2016, \$20,000 was withdrawn from the Agency Fund and distributed to the Organization. The fair market value at June 30, 2016 was \$63,894. The beneficial interest is classified as permanently restricted on the Organization's statement of financial position.

The Board of Trustees of the Grand Rapids Community Foundation has the power to modify any restrictions or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

## ENDOWMENT FUND (DONOR FUND) IN THE GRAND RAPIDS COMMUNITY FOUNDATION

An endowment fund (donor fund) is held within the Grand Rapids Community Foundation, with donations received directly by the Community Foundation for the benefit of the Safe Haven Ministries Endowment Fund. The assets in the Endowment Fund are owned by the Community Foundation and controlled by its Board of Directors. During the year ended June 30, 2016, \$20,000 was contributed from this endowment fund to the Organization. The fair value of \$108,018 at June 30, 2016, is not recorded within these financial statements.

## RETIREMENT PLAN

Effective May 1, 2016, the Organization sponsors a Simple IRA plan for its employees. Salary deferral by eligible employees is available through payroll deductions, and the Organization contributes a matching contribution of 2% of compensation. Eligibility is limited to employees who are reasonably expected to receive at least \$5,000 in compensation in the current calendar year and have received at least \$5,000 in compensation during any two calendar years preceding the current calendar year. For the year ended June 30, 2016, the Organization's match was \$497.

## TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2016:

Donor restricted contributions, to be used as follows:	
Promises to give - will be for general use	\$ 62,700
Capital campaign costs	<u>710,566</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 773,266</u>

## LEASE

The Organization is leasing its counseling, educational and administrative facility from an unrelated entity. The Organization began leasing increased space in the current year, with monthly payments of \$3,483 for part of the year, \$3,518 for part of the year and \$3,925 for part of the year ended June 30, 2016, with total rent paid of \$43,220. In April 2016, the Organization entered an 8th amendment lease, with a term ending December 31, 2017.

Future minimum facility lease payments for years ending June 30 are as follows:

2017	\$ 47,337
2018	<u>23,786</u>
Total	<u>\$ 71,123</u>

## “EMPOWERING THE JOURNEY” CAPITAL CAMPAIGN

Each year, nearly 1,000 women and children request shelter from Safe Haven. Sadly, many are turned away or sent to another shelter as the current facility is too small to meet this demand. To allow program capacity to grow, a new space is being designed to better meet client needs.

Since 2012, Safe Haven has experienced the following increase in demand for services:

- 25% increase in the average length of stay at the shelter
- 110% increase in hotline calls
- 39% increase in clients receiving case management
- 75% increase in support groups offered

In 2016, Safe Haven served 577 women and children through residential and non-residential programming. They provided 5,690 nights of safety, provided essential prevention and education training for 3,891 people and 900 teens received Teen Dating Violence Prevention training.

Safe Haven’s “Empowering the Journey” Capital Campaign will provide a new building that consolidates all of Safe Haven’s services (from prevention and education programs to trauma intervention and emergency shelter) and accommodates expanded support services for children, families and communities across Kent County. A new space will provide increased safety for clients, access to two bus lines, increased supportive services, double residential bed space, and provide an on-site spiritual center.

The “Empowering the Journey” Capital Campaign goal is \$4 million: \$3 million for a new integrated services facility and \$1 million for expanded programs and sustainability.

During the year ended June 30, 2016: donor restricted contributions towards the Campaign were recorded of \$909,583; campaign expenses were recorded of \$30,773; construction in progress costs of \$23,407 were recorded and \$176,592 was used towards program expansion and sustainability.

Safe Haven Ministries has successfully completed the zoning and special use process and hopes to begin construction on the new facility in early spring 2017.

## FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized in the financial statements. Accordingly certain costs have been allocated among the programs and supporting services benefited using both judgment and specific identification.

Year ended June 30, 2016:

Special events revenue	\$ 124,159
Special events expenses	<u>(21,115)</u>
Special events revenue, net	<u>\$ 103,044</u>
Total fundraising expenses	\$ 126,541
Less direct special event expenses	<u>(21,115)</u>
Fundraising expenses, net	<u>\$ 105,426</u>
As % of total expenses	10.18%

## SUBSEQUENT EVENTS

Subsequent events were evaluated through October 31, 2016, which is the date the financial statements were available to be issued. There are no subsequent events to be disclosed herein.