

**SAFE HAVEN MINISTRIES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**

**(WITH COMPARATIVE TOTALS FOR 2021)**

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

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**MEYAARD TOLMAN & VENLET p.c.**  
*Certified Public Accountants*

Jayne E. Venlet, CPA  
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Tyler D. Westman, CPA

Glenn Meyaard, CPA (Retired)

## INDEPENDENT AUDITOR'S REPORT

Charles D. Olszewski, CPA (1955-2020)  
Kenneth Tolman, CPA (1959-2003)

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

### Opinion

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, 2022 and the related statements of activities, functional expenses and cash flows 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 Safe Haven Ministries, Inc. as of June 30, 2022, 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.

### 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Safe Haven Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Haven Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 judgement 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 Safe Haven Ministries, 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 Safe Haven Ministries, 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.

#### **Report on Summarized Comparative Information**

We have previously audited Safe Haven Ministries, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Meynard Tolman & Venlet p.c.*

Meynard Tolman & Venlet p.c.  
Certified Public Accountants  
October 11, 2022

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 737,763	\$ 766,731
Promises to give	73,285	62,000
Grants receivable	71,809	81,764
Prepaid expenses	26,349	22,054
<b>Total Current Assets</b>	<b><u>909,206</u></b>	<b><u>932,549</u></b>
<b>PROPERTY AND EQUIPMENT:</b>		
Land	1,864,544	1,864,544
Buildings	3,656,946	3,656,946
Equipment and furnishings	519,344	415,807
Vehicles	20,775	20,775
	<u>6,061,609</u>	<u>5,958,072</u>
Less accumulated depreciation	(679,400)	(482,589)
<b>Net Property and Equipment</b>	<b><u>5,382,209</u></b>	<b><u>5,475,483</u></b>
<b>OTHER ASSETS:</b>		
Promises to give, net of current portion and present value discount	-	10,881
Endowment - board designated	1,000	-
Beneficial interest in assets held by the Grand Rapids Community Foundation	<u>67,973</u>	<u>79,322</u>
<b>Total Other Assets</b>	<b><u>68,973</u></b>	<b><u>90,203</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,360,388</u></b>	<b><u>\$ 6,498,235</u></b>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 21,672	\$ 26,958
Salaries, wages and withholdings	77,263	36,250
Funds held for others	1,506	1,544
Note payable - Flint Creek Capital, LLC	-	50,000
<b>Total Current Liabilities</b>	<b><u>100,441</u></b>	<b><u>114,752</u></b>
<b>Total Liabilities</b>	<b><u>100,441</u></b>	<b><u>114,752</u></b>
<b>NET ASSETS:</b>		
Net assets without donor restrictions:		
Undesignated	5,885,510	6,146,101
Board designated	1,000	-
Net assets with donor restrictions	<u>373,437</u>	<u>237,382</u>
<b>Total Net Assets</b>	<b><u>6,259,947</u></b>	<b><u>6,383,483</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,360,388</u></b>	<b><u>\$ 6,498,235</u></b>

See accompanying notes.

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
REVENUE, GAINS AND OTHER SUPPORT:				
United Way	\$ 6,768	\$ -	\$ 6,768	\$ 7,530
Contributions, general:				
- monetary	990,658	203,173	1,193,831	1,320,316
- noncash	157,687	-	157,687	103,199
Government grants	684,520	-	684,520	396,064
Program service fees	19,115	-	19,115	5,400
Special events, net of event costs of \$46,496 and \$19,549	184,094	-	184,094	134,830
Interest income	226	-	226	85
Change in beneficial interest	-	(11,349)	(11,349)	14,562
Loss on disposition of property and equipment	-	-	-	(1,283)
Paycheck Protection Program ("PPP") forgiven loan	-	-	-	192,102
Net assets released from restrictions	<u>55,769</u>	<u>(55,769)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,098,837</u>	<u>136,055</u>	<u>2,234,892</u>	<u>2,172,805</u>
OPERATING EXPENSES:				
Program services	1,669,494	-	1,669,494	1,384,768
Management and general	444,080	-	444,080	235,783
Fundraising	<u>244,854</u>	<u>-</u>	<u>244,854</u>	<u>214,196</u>
Total Expenses	<u>2,358,428</u>	<u>-</u>	<u>2,358,428</u>	<u>1,834,747</u>
CHANGE IN NET ASSETS	(259,591)	136,055	(123,536)	338,058
NET ASSETS, JULY 1	<u>6,146,101</u>	<u>237,382</u>	<u>6,383,483</u>	<u>6,045,425</u>
NET ASSETS, JUNE 30	<u>\$ 5,886,510</u>	<u>\$ 373,437</u>	<u>\$ 6,259,947</u>	<u>\$ 6,383,483</u>

See accompanying notes.

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF FUNCTIONAL OPERATING EXPENSES**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>	<u>2021 Total</u>
<b>Personnel:</b>					
Contracted services	\$ 37,182	\$ 12,634	\$ 22,112	\$ 71,928	\$ 47,300
Salaries and wages	868,769	268,296	140,536	1,277,601	921,093
Staff education/development	11,405	2,693	3,560	17,658	11,302
Workers compensation insurance	5,872	1,814	950	8,636	5,977
Employee benefits	66,411	20,509	10,743	97,663	63,099
Payroll taxes	69,039	21,321	11,168	101,528	71,460
Retirement plan	11,850	3,660	1,917	17,427	9,919
<b>Occupancy:</b>					
Property insurance	11,882	1,258	839	13,979	11,900
Utilities	33,785	3,577	2,385	39,747	33,120
Repairs and maintenance	86,953	9,207	6,138	102,298	95,460
Communications and software	30,859	9,530	4,992	45,381	32,956
<b>Direct program services:</b>					
Food	106,260	-	-	106,260	108,723
Household supplies	7,698	-	-	7,698	24,605
Supplies and materials	85,010	-	-	85,010	20,694
Linguistic services	2,240	-	-	2,240	2,127
Incentives and activities	3,713	-	-	3,713	1,198
Client assistance	28,828	-	-	28,828	39,126
<b>Professional services and fees:</b>					
Bank service charges	-	7,503	-	7,503	6,830
Accounting and audit services	-	36,407	-	36,407	63,902
Membership dues	-	2,653	325	2,978	2,945
<b>Publicity and promotion:</b>					
Donor relations	-	318	1,194	1,512	226
Publicity/printing/mailings/other	12,044	12,708	23,523	48,275	23,713
Small events	895	593	244	1,732	-
<b>Other:</b>					
Food and hospitality	336	4,206	67	4,609	1,815
Supplies and miscellaneous	9,710	4,196	1,571	15,477	28,201
Postage	3,649	1,127	590	5,366	4,668
Mileage and travel	6,839	2,054	122	9,015	979
Depreciation	168,265	17,816	11,878	197,959	201,409
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,669,494</u></b>	<b><u>\$ 444,080</u></b>	<b><u>\$ 244,854</u></b>	<b><u>\$ 2,358,428</u></b>	<b><u>\$ 1,834,747</u></b>

See accompanying notes.

**SAFE HAVEN MINISTRIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ (123,536)	\$ 338,058
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Loss on disposition of property	-	1,283
Depreciation and amortization	197,959	201,409
Donated property and equipment	-	(10,425)
Change in beneficial interest	11,349	(14,562)
Forgiveness of Paycheck Protection Program ("PPP") loan	-	(192,102)
(Increase) decrease in:		
Promises to give	(404)	113,205
Grants receivable	9,955	(73,328)
Other current assets	(4,295)	(6,979)
Increase (decrease) in:		
Accounts payable	(5,286)	4,080
Other current liabilities	40,975	5,432
	126,717	366,071
Net Cash Provided (Used) By Operating Activities		
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Payment on note payable - Flint Creek Capital, LLC	(50,000)	-
	(50,000)	-
Net Cash Provided (Used) By Financing Activities		
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Investment in board designed endowment	(1,000)	-
Proceeds from disposition of property	-	1,000
Investment in property and equipment	(104,685)	(13,000)
	(105,685)	(12,000)
Net Cash Provided (Used) By Investing Activities		
Net change in cash and cash equivalents	(28,968)	354,071
Cash and cash equivalents, beginning	766,731	412,660
Cash and cash equivalents, ending	\$ 737,763	\$ 766,731
Interest and income taxes were paid of:		
Income taxes	\$ -	\$ -
Interest	-	-

See accompanying notes.



**SAFE HAVEN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

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**MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

MISSION – “Following Christ’s example and motivated by our community needs, our mission is to prevent and end relationship 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 individuals and families fleeing domestic violence; support groups, individual counseling, and advocacy for individuals and families 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 individuals and families every year and serve all individuals and families 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.) Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.
- b.) Net Assets With Donor Restrictions – 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 and two money market 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, 2,299 hours were logged by 42 active volunteers. The fair market value of unrecorded volunteer services of \$68,855 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 \$98,029 for the year ended June 30, 2022. The amount of other donated materials (client expenses) is recorded at \$59,658, which is seventy five (75) percent of the approximate fair market value of the items.

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.

Within the beneficial interest in assets held by the Grand Rapids Community Foundation, 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.

REVENUE RECOGNITION – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received with a donor-stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government grant revenue on cost-reimbursement grants is recognized after the program expenditures have been incurred. As such, the Organization recognizes revenue and records a receivable for the reimbursement amount from the granting agency. Such grant programs are subject to audit or reviews by the grantor.

#### 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. The fair market value at June 30, 2022 was \$67,973. The beneficial interest is classified as net assets with donor restrictions 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. The fair value of \$104,884 at June 30, 2022, 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. The Organization's match was \$17,427 and \$9,919 for the years ended June 30, 2022 and 2021, respectively.

## NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022:

Donor restricted contributions, to be used as follows:	
General programs	\$ 183,475
Endowment fund within Community Foundation	67,973
Capital campaign	<u>121,989</u>
Total Net Assets With Donor Restrictions	<u>\$ 373,437</u>

## LINE OF CREDIT - BANK

The Organization has an available \$150,000 line of credit with Mercantile Bank of Michigan, with outstanding borrowings of \$0 for each of the years ended June 30, 2022 and 2021. Interest is due monthly at .50 percentage points over the bank's prime rate, with a floor of 4.5%. The note is secured by any and all mortgages, security agreements, assignments, loan agreements, and pledge agreements evidencing a security interest for payment of the note. The line of credit matures December 10, 2022.

## NOTE PAYABLE – FLINT CREEK CAPITAL, LLC

In its fiscal year ended June 30, 2017, the Organization paid \$50,100 as earnest money towards real estate, adjacent to the land on which the new facility was to be constructed. On May 11, 2018, the land was purchased for \$304,544. At that time, the Organization entered into a \$250,000 mortgage payable with the seller, Flint Creek Capital, LLC. An interest only payment at 2% per annum was due May 11, 2019. \$200,000 was paid on the note payable during the year ended June 30, 2020. The remaining \$50,000 balance was paid in the year ended June 30, 2022.

## EMPOWERING THE JOURNEY, CAPITAL CAMPAIGN

The Kent County Health Department identified domestic violence as a public health issue in its most recent Community Health Needs Assessment. Domestic violence does not only impact families, but also our neighborhoods, churches, and communities. Because there is a need in our community for increased services to assist families and children who experience domestic abuse, Safe Haven Ministries resolved in late 2014 to expand its shelter, counseling, and prevention services capacity. Doing so required the construction of a new facility. This new facility was completed in December 2018. Staff and clients successfully transitioned into the new space that month.

Each year, nearly 1,000 individuals and families request shelter from Safe Haven. Sadly, many were turned away or sent to another shelter as the former facility was too small to meet this demand. The new facility allows Safe Haven to double its capacity and provide nights of safety for more individuals and families.

The increasing need in our community to serve those who experience domestic abuse, coupled with the limited space Safe Haven had to provide these services, led to Safe Haven's Capital Campaign. The Capital Campaign goal was \$5.5 million to provide the space and support required to meet the needs of individuals and families served; \$1 million was dedicated to programming and sustainability, while the remaining amount was for construction of the new facility.

Safe Haven Ministries traditionally operated out of two locations; one location for administrative offices and nonresidential programs, and the other location for confidential emergency shelter.

The new facility has enhanced programs to help meet the increasing need of those experiencing domestic abuse in our community.

Combining all of these services under one roof has facilitated collaboration among staff, better wrap-around services for clients, and enabled Safe Haven to host more outreach events for community members. The new building expanded our ability to serve families in West Michigan, and more than double the capacity of Safe Haven's emergency shelter. Safe Haven's nonresidential and prevention and education programs will also be able to reach a greater number of people through more group and individual meeting space.

As of June 30, 2022, the total donor restricted contributions towards the Capital Campaign were recorded as \$5,201,431 campaign expenses were recorded as \$111,913; construction costs were recorded as \$4,007,145; and \$970,429 was recorded towards program expansion and sustainability.

#### 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, 2022:	
Special events revenue	\$ 230,590
Special events expenses	<u>(46,496)</u>
Special events revenue, net	<u>\$ 184,094</u>
Total fundraising expenses	\$ 291,350
Less direct special event expenses	<u>(46,496)</u>
Fundraising expenses, net	<u>\$ 244,854</u>
As % of total expenses	9.53%

#### LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at June 30:	
Cash and cash equivalents	\$ 737,763
Grant receivable	71,809
Promises to give (capital campaign and operational)	<u>73,285</u>
Total financial assets at year-end	882,857
Less net assets with donor restrictions – general programs	<u>183,475</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 699,382</u>

## ENDOWMENT - BOARD DESIGNATED

The Organization has established an endowment fund. During the year ended June 30, 2022, the fund was opened with \$1,000 transferred out of unrestricted net assets of the Organization. The Organization has adopted endowment fund policies as of November 23, 2021. These policies outline guidelines for the administration of the endowment fund. The goal is to provide long-term financial sustainability and predictability to allow the Organization to a) enhance its stewardship of the assets that its donors entrust to it and b) fulfill its mission to prevent and end relationship abuse. The policies also provide an understanding of investment objectives for the endowment fund assets.

The State of Michigan has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing or established after the date of adoption. The corpus of the fund subject to UPMIFA is classified as net assets with donor restrictions. The corpus represents the fair value of the original gifts as of the gift date and all subsequent gifts where the donor has indicated that the gift must be retained in perpetuity. The value of assets in excess of original gifts in donor-restricted endowment funds is classified as net assets with donor restrictions until appropriated for expenditure.

The \$1,000 endowment balance is a board-designated balance and thereby is reported as unrestricted net assets – board designated at June 30, 2022.

## LEASE

The Organization is initiating a transitional housing program. Effective May 18, 2022, the Organization entered into a lease agreement for the use of a two-family housing unit. The lease term begins on August 1, 2022 and terminates on July 31, 2032 with one option to renew for five additional years. Monthly installments of \$2,712 are in effect through October 2027, at which time it will be adjusted to match HUD's fair market value rate in Grand Rapids, MI on October 1<sup>st</sup> of every year. If at any time the Organization is granted HUD funding to support lease payments for the premises, the rent shall immediately be adjusted to match HUD fair market value rates at that time.

Future minimum payments years ending June 30 are:

2023	\$ 29,832
2024	32,544
2025	32,544
2026	32,544
2027	32,544
Thereafter	<u>165,432</u>
Total	<u>\$ 325,440</u>

## CORONAVIRUS (COVID 19)

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The extent of the impact of COVID-19 on our operational and financial performance will depend on numerous factors, including the impact on our program services, donors, vendors and employees. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's financial position or results of operations in 2022 or beyond.

#### NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

On April 15, 2020, the Organization received a Paycheck Protection Program loan from Mercantile Bank of Michigan for \$192,102. The funds were primarily used for payroll costs during spring and summer 2020. The loan was forgiven on March 31, 2021 and is recorded as income in the year ended June 30, 2021.

#### RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported results of operations.

#### SUBSEQUENT EVENTS

Subsequent events were evaluated through October 11, 2022, which is the date the financial statements were available to be issued.