

**HAVEN HOUSE, INC.**  
**FINANCIAL STATEMENTS AND COMPLIANCE REPORT**  
**YEAR ENDED JUNE 30, 2024**  
(With Comparative Totals for Year Ended June 30, 2023)



# HAVEN HOUSE, INC.

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## **Independent Auditor's Report**

To the Budget, Finance and Audit Committee  
Haven House  
Raleigh, North Carolina

### **Opinion**

We have audited the accompanying financial statements of Haven House (a North Carolina nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haven House as of June 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Haven House and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibility of Management 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, and 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.

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 Haven House's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

### ***Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance. Therefore it is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards and *Government 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 Haven House'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 Haven House'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 Haven House's 2023 financial statements, and our report dated March 17, 2024 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of Haven House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Haven House's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Haven House's internal control over financial reporting and compliance.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
December 17, 2024

**HAVEN HOUSE, INC.**  
**Statement of Financial Position**  
**June 30, 2024**  
**With Comparative Totals for June 30, 2023**

	<u><b>Assets</b></u>	
	<u><b>2024</b></u>	<u><b>2023</b></u>
Current assets:		
Cash	\$ 3,120,840	\$ 2,519,393
Grants and accounts receivable, net	769,045	936,838
Sales tax receivable	2,509	17,763
Prepaid expenses	47,331	34,051
Security deposits	2,000	3,612
Total current assets	<u>3,941,725</u>	<u>3,511,657</u>
Capital assets, net	<u>2,748,589</u>	<u>2,784,804</u>
Total assets	<u><u>\$ 6,690,314</u></u>	<u><u>\$ 6,296,461</u></u>
	<u><b>Liabilities and Net Assets</b></u>	
Current liabilities:		
Accounts payable	\$ 174,866	\$ 101,534
Accrued compensated absences	80,354	68,814
Refundable advance liability	-	50,000
Note payable	80,746	77,817
Total current liabilities	<u>335,966</u>	<u>298,165</u>
Noncurrent liabilities:		
Note payable	<u>841,156</u>	<u>921,253</u>
Total liabilities	<u>1,177,122</u>	<u>1,219,418</u>
Net assets:		
Without donor restrictions	1,355,738	1,220,243
Without donor restrictions - Net Investment in Capital Assets	1,826,687	1,785,734
Without donor restrictions - Operating Reserve	1,150,291	690,428
Without donor restrictions - Building Reserve	489,751	489,751
	<u>4,822,467</u>	<u>4,186,156</u>
With donor restrictions	<u>690,725</u>	<u>890,887</u>
Total net assets	<u>5,513,192</u>	<u>5,077,043</u>
Total liabilities and net assets	<u><u>\$ 6,690,314</u></u>	<u><u>\$ 6,296,461</u></u>

**HAVEN HOUSE, INC.****Statement of Activities and Changes in Net Assets****Year Ended June 30, 2024****With Comparative Totals for Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support and Revenue:				
Federal and State grants:				
NC Department of Public Safety	\$ 897,915	\$ -	\$ 897,915	\$ 1,043,965
Runaway Youth Basic Center	200,000	-	200,000	200,000
Transitional Living programs	363,045	-	363,045	386,892
Street Outreach	130,002	-	130,002	136,911
Housing and Urban Development	178,982	-	178,982	36,632
Governor's Crime Commission	-	-	-	12,701
Emergency Food and Shelter Program	-	16,552	16,552	40,110
Coronavirus State and Local Fiscal Recovery Funds	783,695	-	783,695	719,795
County and City grants:				
Alliance Behavioral Health	239,331	-	239,331	197,831
City of Raleigh	64,100	-	64,100	14,288
Chatham County	19,000	-	19,000	19,000
Orange County	19,000	-	19,000	19,000
Wake County	4,489	-	4,489	126,821
Fee revenues	648,360	-	648,360	668,441
United Way	1,160	-	1,160	753
John Rex Endowment	-	-	-	224,999
Contributions from Foundations	38,267	50,000	88,267	110,810
Other contributions	1,024,682	40,845	1,065,527	1,054,123
<i>A Haven for Good</i> capital campaign	-	100,184	100,184	298,855
Special events, less direct donor benefit costs of \$41,349	244,459	-	244,459	71,516
In-kind contributions	-	-	-	14,425
Other income	73,940	-	73,940	20,663
Interest income	90,079	-	90,079	13,953
Total support and revenue	5,020,506	207,581	5,228,087	5,432,484
Net assets released from restrictions	407,743	(407,743)	-	-
Total support and revenue after releases from restriction	5,428,249	(200,162)	5,228,087	5,432,484
Expenses:				
Program services	3,761,850	-	3,761,850	3,363,764
Resource development	390,077	-	390,077	377,527
Administrative	640,011	-	640,011	560,662
Total expenses	4,791,938	-	4,791,938	4,301,953
Changes in net assets	636,311	(200,162)	436,149	1,130,531
Net assets - beginning of period	4,186,156	890,887	5,077,043	3,946,512
Net assets - end of period	\$ 4,822,467	\$ 690,725	\$ 5,513,192	\$ 5,077,043

**HAVEN HOUSE, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**  
**With Comparative Totals for Year Ended June 30, 2023**

	Wrenn House (Runaway Center)	Street Outreach & Transitional Living Programs	Multi Systemic Services	Juvenile Diversion Team	2nd Round	Restitution & Community Service	Community Alternatives Program	Juvenile Assessment Team	Out Patient Therapy
Salaries	\$ 280,993	\$ 304,973	\$ 317,605	\$ 100,054	\$ 95,238	\$ 162,757	\$ 153,388	\$ 183,669	\$ 26,303
Payroll taxes	21,886	22,901	24,587	7,525	7,280	12,462	11,735	13,036	2,090
Employee benefits	31,588	47,018	70,479	10,386	14,225	29,807	28,689	31,966	1,893
Total salaries and related expenses	334,467	374,892	412,671	117,965	116,743	205,026	193,812	228,671	30,286
Professional services	13,884	21,827	46,887	7,994	5,907	9,836	6,942	16,858	2,289
Food and supplies	15,079	5,520	2,957	2,048	1,791	7,644	1,684	1,406	529
Travel	4,607	7,908	2,420	866	198	2,062	689	421	353
Telephone and postage	8,585	7,797	5,496	2,462	1,480	3,014	3,074	4,382	923
Utilities	7,444	3,992	2,751	1,675	3,443	1,469	1,251	1,316	806
Other supplies	444	236	104	85	46	106	51	69	49
Maintenance and repairs	14,078	3,647	2,465	1,515	1,301	2,760	1,164	1,185	628
Advertising	-	-	-	-	-	-	-	-	-
Garbage collection	49	115	75	47	58	39	40	36	12
Employee training	1,166	401	1,772	405	604	988	995	3,230	2,305
Rent	-	-	-	-	-	-	-	-	-
Insurance and bonding	9,902	14,361	7,853	5,237	12,428	4,910	5,237	3,928	1,100
Dues and allowances	635	3,095	2,131	1,297	822	1,072	940	1,703	440
Uncapitalized equipment	1,351	2,810	780	67	42	55	50	52	25
Stipends	-	189,207	-	-	-	-	-	-	-
Emergency client assistance	-	21,061	-	-	-	-	-	-	-
Restitution payments	-	-	-	-	-	5,643	-	-	-
Interest expense	650	6,329	4,386	2,670	5,721	2,285	1,983	2,098	1,216
Miscellaneous	9,365	2,372	8,386	916	1,359	4,241	680	1,533	413
Total expenses before depreciation of property and equipment	421,706	665,570	501,134	145,249	151,943	251,150	218,592	266,888	41,374
Depreciation of property and equipment	19,163	5,300	-	-	896	16,316	-	-	-
Total expenses	\$ 440,869	\$ 670,870	\$ 501,134	\$ 145,249	\$ 152,839	\$ 267,466	\$ 218,592	\$ 266,888	\$ 41,374

*See Notes to Financial Statements*



**HAVEN HOUSE, INC.**  
**Statement of Functional Expenses (Continued)**  
**Year Ended June 30, 2024**  
**With Comparative Totals for Year Ended June 30, 2023**

	Human Trafficking Commission	General Program Services	Total Program Services	Resource Development	Administrative	2024 Total	2023 Total
Salaries	\$ 86,708	\$ 445,040	\$ 2,156,728	\$ 227,008	\$ 401,575	\$ 2,785,311	\$ 2,549,491
Payroll taxes	6,727	34,440	164,669	17,066	29,982	211,717	187,396
Employee benefits	15,953	73,540	355,544	29,905	78,795	464,244	374,408
Total salaries and related expenses	109,388	553,020	2,676,941	273,979	510,352	3,461,272	3,111,295
Professional services	1,472	98,122	232,018	49,288	68,105	349,411	270,869
Food and supplies	19	2,322	40,999	4,211	2,081	47,291	71,215
Travel	-	560	20,084	1,850	1,956	23,890	16,172
Telephone and postage	369	5,165	42,747	9,618	4,985	57,350	58,726
Utilities	-	1,185	25,332	1,055	3,372	29,759	28,310
Other supplies	-	7,689	8,879	6,155	792	15,826	13,808
Maintenance and repairs	-	1,338	30,081	848	2,900	33,829	58,674
Advertising	-	150	150	-	75	225	1,549
Garbage collection	-	33	504	17	78	599	600
Employee training	-	22,281	34,147	5,625	6,983	46,755	42,679
Rent	-	-	-	12,273	12,273	24,546	20,006
Insurance and bonding	-	2,308	67,264	1,276	8,086	76,626	67,528
Dues and allowances	-	6,631	18,766	11,038	8,795	38,599	36,889
Uncapitalized equipment	3	12,445	17,680	1,463	1,000	20,143	13,303
Stipends	-	-	189,207	-	-	189,207	131,090
Emergency client assistance	-	6,110	27,171	-	-	27,171	47,551
Restitution payments	-	-	5,643	-	-	5,643	7,439
Interest expense	-	1,989	29,327	1,637	5,296	36,260	41,462
Miscellaneous	-	75,092	104,357	9,744	2,662	116,763	103,402
Total expenses before depreciation of property and equipment	111,251	796,440	3,571,297	390,077	639,791	4,601,165	4,142,567
Depreciation of property and equipment	-	148,878	190,553	-	220	190,773	159,386
Total expenses	\$ 111,251	\$ 945,318	\$ 3,761,850	\$ 390,077	\$ 640,011	\$ 4,791,938	\$ 4,301,953

*See Notes to Financial Statements*

**HAVEN HOUSE, INC.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**  
**With Comparative Totals for Year Ended June 30, 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Changes in net assets	\$ 436,149	\$ 1,130,531
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	190,773	159,386
(Increase) decrease in:		
Grants and accounts receivable, net	167,793	524,185
Sales tax receivable	15,254	(8,179)
Prepaid expenses	(13,280)	(9,215)
Security deposits	1,612	500
Increase (decrease) in:		
Accounts payable	73,332	78,169
Accrued compensated absences	11,540	9,594
Refundable advance liability	(50,000)	50,000
Net cash provided by operating activities	<u>833,173</u>	<u>1,934,971</u>
Cash flows from capital and financing activities:		
Principal payments on note payable	<u>(77,168)</u>	<u>(686,957)</u>
Net cash used in capital and financing activities	<u>(77,168)</u>	<u>(686,957)</u>
Cash flows from investing activities:		
Acquisition of capital assets	<u>(154,558)</u>	<u>(606,001)</u>
Net cash used in investing activities	<u>(154,558)</u>	<u>(606,001)</u>
Increase in cash	601,447	642,013
Cash, beginning of year	<u>2,519,393</u>	<u>1,877,380</u>
Cash, end of year	<u><u>\$ 3,120,840</u></u>	<u><u>\$ 2,519,393</u></u>
Supplemental disclosure of noncash activities:		
Fair market value of in-kind contributions	<u>\$ -</u>	<u>\$ 14,425</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u><u>\$ 36,260</u></u>	<u><u>\$ 41,462</u></u>

**HAVEN HOUSE, INC.**  
**Notes to Financial Statements**

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**NOTE 1 - NATURE OF ACTIVITIES**

Haven House, Inc. ("Haven House") was incorporated in 1973, as a non-profit, non-stock corporation to provide small group care homes for children. Currently, Haven House operates several programs providing services to youth and families. Included are outreach programs, a crisis shelter (Wrenn House), restitution and community services, in-home family counseling services, case management services, supportive services to homeless youth, and gang prevention.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The accrual method records revenue when earned and expenses when incurred. As a result, receivables are recorded as assets, and obligations due are shown as liabilities.

For financial reporting purposes, Haven House classifies its assets in the following categories: net assets without donor restrictions and net assets with donor restrictions. Each category is described below:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions:* Net assets subject to donor-imposed restrictions which will be met either by action of Haven House and/or the passage of time. Donor restricted funds may only be utilized in accordance with the purposes established by the donor of such funds. Donor restrictions that are satisfied in the period the contribution is earned as support are reported as support and net assets without donor restrictions.

**Adoption of New Accounting Standard**

Haven House adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* (Topic 326). This ASU, along with related ASUs issued subsequently, revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statement at the net amount expected to be collected.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, Haven House considers accounts that have withdrawal restrictions of less than 90 days to be cash equivalents.

**Grants and Accounts Receivable**

Grants receivable are comprised of amounts due to Haven House for grants. All federal grants are drawn on a reimbursement basis.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants and Accounts Receivable (Continued)**

Accounts receivable are recorded at the total unpaid balance, net of allowance for credit losses. Management determines past due status of individual accounts receivable based on the original billing date and does not charge interest. Haven House estimates its allowance for credit losses based on a combination of factors, including management's knowledge of the current composition of receivables, historical losses, existing economic conditions and reasonable and supportable forecasts about the future ability to collect the receivables. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination. The allowance at June 30, 2024 totaled \$968.

**Capital Assets**

Capital assets consist of land, buildings and improvements, equipment, and vehicles. Capital assets with a cost of \$1,000 or more are capitalized on the statement of financial position and are depreciated on a straight-line basis over their useful lives.

Donated property is recorded at estimated fair market value on the date of donation. The useful lives of the assets are as follows: Buildings and improvements, 10 - 27 years; equipment, 5 - 10 years; and vehicles, 5 years.

**Revenue and Support**

Revenue is derived primarily from grants, contributions, service fees and special events. Grants are reported as contributions if the transaction is not reciprocal and as program revenues if the transaction is reciprocal.

Unconditional promises to give are recognized as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a 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 statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted support earned and released in same period is reported in net assets without donor restrictions.

Exchange activities and program service fees have performance obligations with applicable transaction prices to perform services or provide products. The applicable revenues are recognized as the performance obligations are satisfied. Program services fees are recognized when the applicable service is fulfilled.

**Accounts Payable**

Accounts payable at June 30, 2024, includes paybacks of approximately \$4,000 related to state awards that are passed through specific counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Accrued Compensated Absences**

The personnel policy of Haven House provides for the accumulation of vacation leave up to 30 days. Upon separation from employment, the employee will be paid the amount of the earned vacation leave in one lump sum. The liability for accrued compensated absences was \$80,440 at June 30, 2024.

**Income Taxes**

Haven House is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

It is Haven House's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2024. Any changes in the amount of a tax position will be recognized in the period the change occurs.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, resource development, and administrative services.

Directly identifiable expenses are charged to specific programs or services. Expenses related to more than one function are charged to program services, resource development, and administrative services on the following basis:

- Personnel expenses are allocated based on time and effort.
- Interest, rent, insurance and utilities are allocated based on the allocation of personnel expenses.
- Depreciation expenses are allocated based on the usage of the related asset.
- Other expenses are allocated based on the estimated cost incurred by each function.

**HAVEN HOUSE, INC.**  
**Notes to Financial Statements**

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**NOTE 3 - DEPOSITS**

Haven House's deposits include cash on deposit and money market accounts with commercial financial institutions. Haven House's deposits at each commercial bank are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. At June 30, 2024, the uninsured balances were \$2,622,534, all of which related to uninsured amounts in Haven House's checking or money market accounts.

**NOTE 4 - CAPITAL ASSETS**

Capital assets consisted of the following at June 30, 2024:

Land, buildings and improvements	\$ 3,183,587
Equipment	211,269
Vehicles	<u>352,036</u>
	3,746,892
Less accumulated depreciation	<u>998,303</u>
Total	<u><u>\$ 2,748,589</u></u>

**NOTE 5 - RETIREMENT BENEFITS**

Haven House has a 401(k) profit sharing plan in which it matches employee deferrals up to 6% of employee compensation after one year of service. Employees are eligible for plan participation upon the attainment of age 21 and the completion of 3 consecutive months of service. Employees may defer amounts that vest immediately. Employer contributions vest prorated over a six-year period of time. Employer contributions for the year ended June 30, 2024, totaled \$56,559.

**NOTE 6 - ENDOWMENT**

Haven House is the beneficiary of an endowment gift at the North Carolina Community Foundation ("NCCF") and is entitled to an income distribution each year as calculated by NCCF. A distribution of \$2,660 was received during the fiscal year and the endowment balance was \$54,761 at June 30, 2024. Due to the variance power granted to NCCF for the endowment, the endowment balance is not included in the accompanying financial statements of Haven House.

**NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

Included in net assets without donor restrictions are amounts management and the Board of Directors have designated for certain purposes. The *Operating Reserve* is estimated based on three months of operating expenses less depreciation in the prior fiscal year. The *Building Reserve* is equal to the remaining proceeds from the sale of the Outreach Center and is designated for the purchase and renovations of new facilities.

**HAVEN HOUSE, INC.**  
**Notes to Financial Statements**

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**NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS (Continued)**

The following designations of net assets without donor restrictions as of June 30, 2024 represent management's estimates that are subject to change based on perceived operating conditions and situations.

Operating Reserve	\$ 1,150,291
Building Reserve	489,751
	<u>\$ 1,640,042</u>

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at June 30, 2024:

<i>A Haven for Good</i> capital campaign	\$ 441,497
John Rex Endowment - Racial Equity	132,428
EFSP	16,552
KBI - General program	7,570
Maternity Group Homes	28,438
Wrenn House - Runaway	4,455
Street Outreach	29,569
Transitional Living Program	28,385
Other program services	1,831
	<u>\$ 690,725</u>

Net assets released from donor restrictions were as follows for the year ended June 30, 2024:

Kate B. Reynolds Grant	\$ 44,363
John Rex Endowment - Capacity Building	120,816
John Rex Endowment - Racial Equity	47,634
Gatorade - Second Round	20,000
Hillsdale - Juvenile Diversion	15,222
North Raleigh UMC Grant	33,276
Cap Trust Grant	25,000
Cheers	25,822
Other program services	75,610
	<u>\$ 407,743</u>

**NOTE 9 - NOTE PAYABLE**

In October 2020, Haven House entered into a loan agreement for \$1,785,000 to purchase an office building. During the construction phase, the loan called for interest only payments beginning November 10, 2020 through January 12, 2023, using a variable interest rate based on the Wall Street Journal Prime Rate, beginning at 3.75%, after which monthly principal and interest payments are due through October 10, 2030, using an interest rate of 3.70%. Haven House made additional principal payments of \$615,000 during the year ended June 30, 2023.

**HAVEN HOUSE, INC.**  
**Notes to Financial Statements**

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**NOTE 9 - NOTE PAYABLE (Continued)**

As of June 30, 2024, the loan balance was \$921,902. The note is secured by a deed of trust on the purchased property.

Estimated future principal payments under the loan agreement are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 80,746
2026	83,785
2027	86,938
2028	90,210
2029	93,605
Thereafter	486,618
	<u>\$ 921,902</u>

Interest expense totaled \$36,260 for the year ended June 30, 2024.

**NOTE 10 - *A HAVEN FOR GOOD* - CAPITAL CAMPAIGN**

In 2021, Haven House began a capital campaign, *A Haven for Good*, to raise funds for building expenses with a total goal of \$3,400,000. Haven House began accepting contributions to the campaign in December 2020. As part of the campaign, Haven House was awarded grants totaling \$1,865,000 and received other contributions totaling approximately \$1,162,000 for a total of \$3,027,000 through June 30, 2024. Capital campaign expenditures totaled approximately \$2,474,000 through June 30, 2024, leaving a restricted balance of approximately \$553,000, comprised of conditional grant amounts totaling approximately \$112,000 and restricted amounts totaling approximately \$441,000. The conditional grant amounts will be recognized as the relevant conditions are met. In addition, intentions to give totaled approximately \$65,000 at June 30, 2024.

**NOTE 11 - IN-KIND CONTRIBUTIONS**

Haven House receives various in-kind contributions which are recorded at estimated fair value on the financial statements. Haven House doesn't recognize revenue or expenses from services contributed by volunteers. In-kind contributions for the fiscal year ended June 30, 2024, consisted of silent auction items for the Cheers fundraising event. The donated items were auctioned off for proceeds totaling \$28,654.

**NOTE 12 - LIQUIDITY**

Haven House is partially supported by contributions, a portion of which are restricted by the donors as to purpose or time. Because a donor's restriction requires resources to be used in a particular manner and/or in a future period, Haven House must maintain sufficient resources to meet those responsibilities to its donors. Thus, a portion of financial assets may not be available for expenditure within one year.



**HAVEN HOUSE, INC.**  
**Notes to Financial Statements**

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**NOTE 12 - LIQUIDITY (Continued)**

As part of Haven House's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities come due. Haven House utilizes an approved operating budget to monitor income and expenses. Additionally, the Board of Directors reviews financial activity on a regular basis and reviews designated amounts periodically to ensure adequate funds are available.

The information below reflects Haven House's financial assets at June 30, 2024, reduced by amounts not available for general use within one year. Amounts not available include internal designations that may be drawn upon if the governing board approves that action, and amounts restricted by donors.

Cash	\$ 3,120,840
Receivables, current, net	<u>771,554</u>
Total financial assets	<u>3,892,394</u>
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions	(690,725)
Board-designated funds	<u>(1,640,042)</u>
	<u>(2,330,767)</u>
Financial assets available for general expenditures within one year	<u><u>\$ 1,561,627</u></u>

**NOTE 13 - CONDITIONAL FUNDING**

As of June 30, 2024, Haven House had the following approximate funds available under reimbursement type grants and other conditional contributions:

Grant	Grant Period Ending	Amount
Federal Maternity Group Home	9/30/2024	\$ 105,687
Federal Runaway	9/30/2024	50,000
Federal Street Outreach	9/30/2024	59,395
Federal Transitional Living Program	9/30/2024	118,835
Federal HUD - Rapid Rehousing	1/31/2025	16,440
NC - Human Trafficking (ARPA)	6/30/2025	30,745
NC Dept of Health & Human Services (ARPA)	6/30/2025	47,177
Wake County (ARPA)	12/31/2024	256,569
Wake County HACR (ARPA)	6/30/2024	33,534
City of Raleigh (ARPA)	12/31/2024	62,303
Other conditional awards	6/30/2026	100,000
		<u><u>\$ 880,685</u></u>

\*ARPA - American Rescue Plan Act

**HAVEN HOUSE, INC.**  
**Notes to Financial Statements**

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**NOTE 14 - MEMORANDUM TOTALS**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Haven House's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**NOTE 15 - SUBSEQUENT EVENTS**

Management of Haven House evaluated subsequent events through December 17, 2024, which is the date the financial statements were available to be issued. Management was not aware of any subsequent events that should be disclosed.

**HAVEN HOUSE, INC.**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2024**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<b>Federal Awards:</b>		
U. S. Department of Health & Human Services		
Direct Awards:		
Runaway Youth Basic Center	93.623	\$ 200,000
Transitional Living Program and Maternity Group Homes	93.550	363,045
Street Outreach	93.557	130,002
Total U. S. Department of Health & Human Services		<u>693,047</u>
U. S. Department of Housing and Urban Development		
Direct Award:		
Continuum of Care Program	14.267	<u>178,982</u>
Federal Emergency Management Agency		
Pass-through Wake County - LRO ID# 652000033		
Emergency Food & Shelter Program	97.024	<u>6,110</u>
U. S. Department of the Treasury		
Pass-through NC Administrative Office of the Courts - Human Trafficking		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	128,603
Pass-through NC Dept. of Health & Human Services - Contract #00046961		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	28,242
Pass-through City of Raleigh - Agreement #0000002726		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	142,870
Pass-through Wake County - Contract #EC00000000010074		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	55,763
Pass-through Wake County - Contract #EC00000000009227		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	41,947
Pass-through Wake County to Triangle J Council of Governments -		
Subrecipient Unique Entity Identifier TDE2FUVAYJW6		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>386,270</u>
Total U.S. Department of the Treasury		<u>783,695</u>
Total federal expenditures		<u>1,661,834</u>
<b>State Awards:</b>		
North Carolina Department of Public Safety/Juvenile Justice	N/A	
Pass-through Juvenile Crime Prevention Council/Wake County		856,762
Pass-through Juvenile Crime Prevention Council/Orange County		24,228
Pass-through Juvenile Crime Prevention Council/Chatham County		16,925
Total North Carolina Department of Public Safety/Juvenile Justice		<u>897,915</u>
Total state expenditures		<u>897,915</u>
Total federal and state expenditures		<u>\$ 2,559,749</u>

**HAVEN HOUSE, INC.****Notes to Schedule of Expenditures of Federal and State Awards**

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**NOTE 1 - BASIS OF PRESENTATION**

This schedule includes the federal and state grant activity of Haven House, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of Haven House, Inc. and it is not intended to and does not present the financial position, change in net assets, or cash flows of Haven House, Inc.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, where in certain types of expenditures are not allowable or are limited as to reimbursement.

Haven House, Inc. used the de minimis cost rate for federal grants.



**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors  
Haven House, Inc.  
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Haven House, Inc. ("Haven House"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2024.

**Report on Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Haven House's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

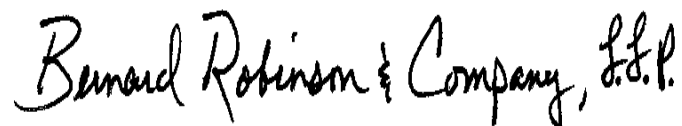
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Haven House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Bernard Robinson & Company, L.L.P." The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
December 17, 2024



**Independent Auditor's Report on Compliance For  
Each Major Program and Report on Internal Control Over  
Compliance Required by the Uniform Guidance**

To the Board of Directors  
Haven House, Inc.  
Raleigh, North Carolina

**Report on Compliance for Each Major Federal Program**

***Opinion on the Major Federal Programs***

We have audited Haven House, Inc.'s ("Haven House") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Haven House's major federal programs for the year ended June 30, 2024. Haven House's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Haven House, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Haven House and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Haven House's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Haven House's federal program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Haven House's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Haven House's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Haven House's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Haven House's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Haven House's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
December 17, 2024

**HAVEN HOUSE, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

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Items required to be reported under 2 CFR section 200.515(d):

**Section I - Summary of Auditor's Results**

Financial Statements

- (i) Type of auditor's report issued: Unmodified
- (ii) Internal control over financial reporting:
- (a) Material weakness(es) identified?        yes   X   no
- (b) Significant deficiency(ies) identified?        yes   X   no
- (iii) Noncompliance material to financial statements noted?        yes   X   no

Federal Awards

- (i) Internal control over major programs:
- (a) Material weakness(es) identified        yes   X   no
- (b) Significant deficiency(ies) identified?        yes   X   no
- (ii) Type of auditor's report issued on compliance for major programs: Unmodified
- (iii) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        yes   X   no
- (iv) Identification of major programs:

Assistance Listing Number(s)  
93.550

Name of Federal Program  
Transitional Living Program &  
Maternity Group Home

- (v) Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
- (vi) Auditee qualified as low-risk auditee?   X   yes        no

**Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:**

None

**Section III - Findings and questioned costs relating to the major programs which are required to be reported as defined by the Uniform Guidance of 2 CFR 200.516(a):**

**Findings and Questioned Costs**

None

**Section IV - Summary Schedule of Prior Year Audit Findings and Questioned Costs:**

**Prior year audit finding:**

None