THE HAVEN OF GRACE

FINANCIAL STATEMENTS

JUNE 30, 2013

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JUNE 30, 2013

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Haven of Grace

We have audited the accompanying financial statements of The Haven of Grace (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 risk 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.

Members of the American Institute of Certified Public Accountants, the Missouri Society of Certified Public Accountants, and the Private Company Practice Section of the American Institute of Certified Public Accountants.

Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of The Haven of Grace as of June 30, 2013, and the changes in its net assets, functional expenses, and 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 the The Haven of Grace's June 30, 2012 financial statements, and our report dated October 30, 2012, 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, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bergman, Schraier & Co., P.C.

St. Louis, Missouri
September 30, 2013

THE HAVEN OF GRACE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 1,005,436	$ 41,648
Accounts receivable	439	46
Promises to give - current	281,075	58,750
Prepaid expenses	5,205	5,381
Deposits	2,313	2,313
Total Current Assets	1,294,468	108,138
PROMISES TO GIVE - LONG-TERM	112,650	3,750
INVESTMENTS	458,392	476,561
PROPERTY AND EQUIPMENT, NET	3,596,391	3,689,890
TOTAL ASSETS	$ 5,461,901	$ 4,278,339
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 19,363	$ 9,111
Accrued expenses	9,544	10,715
Other current liabilities	700	1,505
Total Current Liabilities	29,607	21,331
NET ASSETS		
Unrestricted:		
Investment in equipment and improvements, net	3,596,391	3,689,890
Board designated endowment	1,229,425	-
Available for general use	145,552	453,101
Total Unrestricted Net Assets	4,971,368	4,142,991
Temporarily restricted	460,926	114,017
Total Net Assets	5,432,294	4,257,008
TOTAL LIABILITIES AND NET ASSETS	$ 5,461,901	$ 4,278,339

The accompanying notes should be read in conjunction
with the financial statements.

THE HAVEN OF GRACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(With comparative totals for 2012)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
REVENUE AND SUPPORT				
Contributions	$ 1,143,741	$ 338,309	$ 1,482,050	$ 207,360
Private grants	87,384	25,000	112,384	333,630
Fundraisers (net of $68,093 in direct benefit to donors)	330,284	-	330,284	152,339
Governmental grants	28,719	-	28,719	29,582
Other	20,165	-	20,165	21,131
Investment income	17,589	-	17,589	7,179
Net assets released from restrictions	16,400	(16,400)	-	-
Total Revenue and Support	1,644,282	346,909	1,991,191	751,221
EXPENSES				
Program services	638,843	-	638,843	595,325
Management and general	74,952	-	74,952	93,064
Fundraising	102,110	-	102,110	108,883
Total Expenses	815,905	-	815,905	797,272
UNCOLLECTIBLE RESTRICTED PLEDGES	-	-	-	9,000
CHANGE IN NET ASSETS	828,377	346,909	1,175,286	(55,051)
NET ASSETS				
Beginning of year	4,142,991	114,017	4,257,008	4,312,059
End of year	$ 4,971,368	$ 460,926	$ 5,432,294	$ 4,257,008

The accompanying notes should be read in conjunction with the financial statements.

THE HAVEN OF GRACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
(With comparative totals for 2012)

		Supporting Services				
	Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses 2013	Total Expenses 2012
Salaries	$ 288,123	$ 40,954	$ 55,385	$ 96,339	$ 384,462	$ 362,989
Payroll taxes and benefits	46,942	6,672	9,024	15,696	62,638	64,535
Total Salaries and Related Expenses	335,065	47,626	64,409	112,035	447,100	427,524
Client education and events	6,416	-	-	-	6,416	8,549
Client financial assistance and scholarships	8,987	-	-	-	8,987	7,821
Client transportation	4,040	-	-	-	4,040	6,533
Food	19,725	-	-	-	19,725	20,349
Fundraisers	-	-	20,127	20,127	20,127	20,115
Household supplies	5,522	-	-	-	5,522	5,463
Insurance	24,534	4,907	3,271	8,178	32,712	39,471
Maintenance and repairs	37,723	-	-	-	37,723	25,764
Miscellaneous	-	97	-	97	97	4,146
Office	23,922	4,784	3,190	7,974	31,896	34,324
Professional services	26,073	8,022	6,017	14,039	40,112	43,199
Utilities	40,764	5,096	5,096	10,192	50,956	43,273
Subtotal	532,771	70,532	102,110	172,642	705,413	686,531
Depreciation	106,072	4,420	-	4,420	110,492	110,741
Total Expenses	$ 638,843	$ 74,952	$ 102,110	$ 177,062	$ 815,905	$ 797,272

The accompanying notes should be read in conjunction with the financial statements.

THE HAVEN OF GRACE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING ACTIVITIES		
Change in net assets	$ 1,175,286	$ (55,051)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,492	110,741
Realized and unrealized gains on investments	(13,567)	(4,406)
(Increase) Decrease in operating assets:		
Accounts receivable	(393)	(46)
Promises to give	(331,225)	3,698
Prepaid expenses	176	8,401
Deposits	-	(2,313)
Increase (Decrease) in operating liabilities:		
Accounts payable	10,252	(5,356)
Accrued expenses	(1,171)	6,144
Other current liabilities	(805)	(340)
Net Cash Provided by Operating Activities	949,045	61,472
INVESTING ACTIVITIES		
Acquisition of equipment	(16,993)	(1,792)
Investment sales (purchases)	31,736	(122,773)
Net Cash Provided by (Used in) Investing Activities	14,743	(124,565)
CASH AND EQUIVALENTS		
Net increase (decrease)	963,788	(63,093)
Beginning of year	41,648	104741
End of year	$ 1,005,436	$ 41,648

The accompanying notes should be read in conjunction with the financial statements.

THE HAVEN OF GRACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Haven of Grace (the "Organization"), a not-for-profit corporation, provides support services to single, homeless women over the age of sixteen who have children and/or are expecting a child.

Summary of Significant Accounting Policies

The following summary of significant accounting policies of the Organization is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting.

Estimates and Assumptions

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

Cash and Equivalents

Cash and equivalents include all cash balances and highly liquid investments purchased with a maturity of three months or less.

The Organization maintains its cash deposits at high quality financial institutions. Balances, at times, may exceed federally insured limits. Management believes no risk of loss exists.

Concentrations of Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash and investments. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Realization of these items is dependent on various individual economic conditions. Cash and investments are based on quoted market prices. As of June 30, 2013, the Organization believed no significant concentrations of credit risk existed.

Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from individual balances outstanding at year-end. Management considers accounts receivable to be fully collectible and, accordingly, did not provide an allowance for doubtful accounts.

Promises To Give

Legally enforceable promises to give are recorded as a receivable in the year made. Management wrote-off uncollectible promises to give totaling $0 and $9,000 during 2013 and 2012, respectively. Management expects to collect all remaining promises to give; therefore, they did not consider an allowance for uncollectible promises to give necessary as of June 30, 2013.

Fair Value Measurements

The Fair Value Measurement and Disclosure Topic of the FASB ASC 820-10 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 Organization determines the fair values of its financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation. The Organization's portfolio investments, based on their fair value, are classified as follows:

	2013	2012
Level 1	$ 458,392	$ 476,561
Level 2	-	-
Level 3	-	-
Total Portfolio Investments	$ 458,392	$ 476,561

Property and Equipment

Property and equipment are valued at cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets ranging from three to forty years. Routine repairs and maintenance are expensed as incurred.

Revenue Recognition

The Organization reports revenues as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions and reports expenses as decreases in unrestricted net assets. Unconditional promises to give are recognized in the period in which the pledge is made.

The Organization records temporarily restricted contributions whose restrictions are met in the period received as changes in unrestricted net assets.

Donated Services

Donated services are recorded as public support only if they create or enhance non-financial assets, require specialized services, or represent an integral part of the Organization's programs.

A substantial number of unpaid volunteers contributed their time to develop the Organization's program services and fundraising campaigns. The value of these services is not reflected in the financial statements since their valuation is not susceptible to an objective measurement.

Net Asset Classifications

The financial statements are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This is accomplished by classifying beginning net assets and current year transactions into three classes of net assets: unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets

"Unrestricted" means those resources over which the Board of Directors has discretionary control. Designated amounts represent those resources the Board has set aside for a particular purpose. Unrestricted net assets are not subject to donor-imposed stipulations. Support 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 support is recognized.

Temporarily restricted net assets

This category represents net assets subject to donor-imposed stipulations that may or may not be met by actions of the Organization and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, the Organization reclassifies temporarily restricted net assets to unrestricted net assets and reports them within the statement of activity as net assets released from restrictions.

Permanently restricted net assets

These assets represent contributions subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for specific purposes. The Organization did not have permanently restricted net assets at June 30, 2013 or 2012.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the program services, management and general and fundraising. Costs common to several functions are allocated based on periodic time and expense studies.

Federal Income Tax Status

The Internal Revenue Service issued a determination ruling exempting the Organization from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service does not consider the Organization a private foundation; therefore, income from certain unrelated business activities not directly related to its exempt purpose, if any, is subject to income tax.

The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Exempt Organization Business Returns are subject to examination by the IRS for the statutory period.

Subsequent Events

As required by the Subsequent Events Topic of the FASB Accounting Standards Codification the Organization has evaluated subsequent events through September 30, 2013, the date which the financial statements were available to be issued.

2. PROMISES TO GIVE

Promises to give consist of unconditional contributions collectible as follows:

	2013	2012
Less than one year	$ 281,075	$ 58,750
One to five years	112,650	3,750
Total Promises to Give	$ 393,725	$ 62,500

3. INVESTMENTS

Investments at fair value:

	2013	2012
Money market fund	$ 283,961	$ 348,889
Mutual funds	174,431	127,672
Total Investments	$ 458,392	$ 476,561

The following summarizes investment income included in the Statement of Activities:

	2013	2012
Dividends and interest	$ 4,022	$ 2,773
Realized and unrealized gains/losses, net	13,567	4,406
Total Return	$ 17,589	$ 7,179

4. BOARD DESIGNATED ENDOWMENT

During September 2012, The Haven of Grace established the Sally S. Lemkemeier Endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In the absence of donor restrictions, under the terms of the Organization's governing documents, the Board of Directors, in its sole discretion, has the ability to distribute so much of the original principal of any trust, separate gift or fund as they shall determine necessary. Therefore, the endowment is classified as unrestricted net assets for financial statement purposes.

The endowment's cash is held in a separate account outside of the Organization's operating account. However, the endowment's investments may be commingled with other investment assets of the Organization; so long as the Organization separately identifies the fund assets and all restricted funds, including the respective returns.

The investment objective of the Organization is to provide a return on investments that supports the Organization both in the short-term for annual income and the long-term for maintenance and growth of the endowment's purchasing power. Achievement of the return will be sought from an investment strategy which provides an opportunity for superior returns within acceptable levels of risk and volatility of returns.

The organization has adopted a distribution policy stating that distributions from the endowment fund in any fiscal year shall not exceed 4% of the average fair market value of the endowment as of the last business day of the previous three fiscal years, unless approved by the Executive Committee and the Board of Directors.

Changes in endowment net assets for the year ended June 30, 2013:

Endowment net assets, beginning of year	$ -
Contributions	1,228,841
Interest	681
Investment fees	(97)
Endowment net assets, end of year	$ 1,229,425

5. PROPERTY AND EQUIPMENT

	2013	2012
Land	$ 214,401	$ 214,401
Buildings	3,981,412	3,976,570
Furniture and equipment	64,534	60,059
Computer equipment and software	72,480	64,804
Sculpture	37,515	37,515
	$ 4,370,342	$ 4,353,349
Less accumulated depreciation and amortization	773,951	663,459
Net Book Value	$ 3,596,391	$ 3,689,890

6. NET ASSETS

Temporarily restricted net assets subject to the following donor-imposed restrictions:

Employment training	$ 47,606	$ 47,606
Salaries and client assistance	37,500	52,500
Mentoring of women	12,511	13,911
Time-restricted	363,309	-
Total Tempoarily Restricted Net Assets	$ 460,926	$ 114,017

Net assets released from donor-imposed restrictions:

Passage of time	$ -	$ 21,250
Salaries and client assistance	15,000	59,000
Mentoring of women	1,400	-
Net Assets Released from Restrictions	$ 16,400	$ 80,250

7. RETIREMENT PLAN

The Organization provides a 403(b) Employee Retirement Plan for all full-time employees. The Organization matches employee contributions at a rate of 50% for each dollar contributed up to $1,000 per employee. Matching contributions totaled $3,922 and $3,079 for the year ended June 30, 2013 and 2012, respectively.