

THE HAVEN OF GRACE

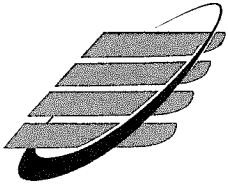
FINANCIAL STATEMENTS

JUNE 30, 2015

THE HAVEN OF GRACE
JUNE 30, 2015

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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, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of The Haven of Grace as of June 30, 2015, 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, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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
October 8, 2015

THE HAVEN OF GRACE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and equivalents	\$ 184,421	\$ 371,614
Accounts receivable	-	149
Promises to give - current	70,188	111,622
Prepaid expenses	6,288	6,131
Deposits	2,313	2,313
Total Current Assets	263,210	491,829
PROMISES TO GIVE - LONG-TERM	-	15,000
INVESTMENTS		
Capital replacement	341,188	230,423
Endowment	1,331,975	1,168,453
Total Investments	1,673,163	1,398,876
PROPERTY AND EQUIPMENT, NET	3,385,305	3,487,484
TOTAL ASSETS	\$ 5,321,678	\$ 5,393,189
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 17,773	\$ 5,743
Accrued expenses	13,683	12,442
Insurance proceeds	-	117,655
Other current liabilities	1,734	3,110
Total Current Liabilities	33,190	138,950
NET ASSETS		
Unrestricted:		
Investment in equipment and improvements, net	3,385,305	3,487,484
Board designated endowment	1,361,886	1,267,445
Available for general use	422,763	317,106
Total Unrestricted Net Assets	5,169,954	5,072,035
Temporarily restricted	118,534	182,204
Total Net Assets	5,288,488	5,254,239
TOTAL LIABILITIES AND NET ASSETS	\$ 5,321,678	\$ 5,393,189

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, 2015
(With comparative totals for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
REVENUE AND SUPPORT				
Contributions	\$ 329,370	\$ 24,500	\$ 353,870	\$ 245,524
Private grants	87,875	102,934	190,809	151,055
Fundraisers (net of \$26,640 in direct benefit to donors)	158,127	-	158,127	135,515
Governmental grants	44,694	-	44,694	74,491
Other	36,492	-	36,492	16,242
Investment and interest income	72,559	-	72,559	142,893
Net assets released from restrictions	191,104	(191,104)	-	-
Total Revenue and Support	920,221	(63,670)	856,551	765,720
EXPENSES				
Program services	614,117	-	614,117	647,314
Management and general	109,954	-	109,954	83,540
Fundraising	98,231	-	98,231	112,921
Total Expenses	822,302	-	822,302	843,775
UNCOLLECTIBLE PLEDGE	-	-	-	100,000
CHANGE IN NET ASSETS	97,919	(63,670)	34,249	(178,055)
NET ASSETS				
Beginning of year	5,072,035	182,204	5,254,239	5,432,294
End of year	<u>\$ 5,169,954</u>	<u>\$ 118,534</u>	<u>\$ 5,288,488</u>	<u>\$ 5,254,239</u>

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, 2015
(With comparative totals for 2014)

	<u>Supporting Services</u>				<u>Total Expenses</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>2015</u>	<u>2014</u>
Salaries	\$ 285,570	\$ 71,657	\$ 49,467	\$ 121,124	\$ 406,694	\$ 398,315
Payroll taxes and benefits	41,431	10,396	7,177	17,573	59,004	59,467
Total Salaries and Related Expenses	327,001	82,053	56,644	138,697	465,698	457,782
Client education and events	7,483	-	-	-	7,483	6,773
Client financial assistance and scholarships	6,911	-	-	-	6,911	7,089
Client transportation	2,298	-	-	-	2,298	4,064
Food	18,933	-	-	-	18,933	21,039
Fundraisers	-	-	23,516	23,516	23,516	30,995
Household supplies	5,266	-	-	-	5,266	6,848
Insurance	32,663	6,533	4,355	10,888	43,551	34,539
Maintenance and repairs	20,213	-	-	-	20,213	28,230
Miscellaneous	-	-	-	-	-	10,060
Office	19,910	3,982	2,655	6,637	26,547	33,115
Professional services	24,829	7,640	5,730	13,370	38,199	39,805
Utilities	42,644	5,331	5,331	10,662	53,306	53,569
Subtotal	508,151	105,539	98,231	203,770	711,921	733,908
Depreciation	105,966	4,415	-	4,415	110,381	109,867
Total Expenses	\$ 614,117	\$ 109,954	\$ 98,231	\$ 208,185	\$ 822,302	\$ 843,775
2015 Percent of Total	75%	13%	12%	25%	100%	-
2014 Percent of Total	78%	9%	13%	22%	-	100%

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

THE HAVEN OF GRACE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 34,249	\$ (178,055)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,381	109,867
Unrealized gains on investments	(42,917)	(120,874)
(Increase) Decrease in operating assets:		
Accounts receivable	149	290
Promises to give	56,434	267,103
Prepaid expenses	(157)	(926)
Increase (Decrease) in operating liabilities:		
Accounts payable	12,030	(13,620)
Accrued expenses	1,241	2,898
Insurance proceeds	(117,655)	117,655
Other current liabilities	(1,376)	2,410
Net Cash Provided by Operating Activities	<u>52,379</u>	<u>186,748</u>
INVESTING ACTIVITIES		
Acquisition of equipment	(8,202)	(960)
Investment purchases	<u>(231,370)</u>	<u>(1,103,570)</u>
Net Cash Used in Investing Activities	<u>(239,572)</u>	<u>(1,104,530)</u>
CASH AND EQUIVALENTS		
Net decrease	(187,193)	(917,782)
Beginning of year	<u>371,614</u>	<u>1,289,396</u>
End of year	<u>\$ 184,421</u>	<u>\$ 371,614</u>

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

THE HAVEN OF GRACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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 between the ages of eighteen and twenty-four 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, 2015, 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 one uncollectible promise to give in the amount of \$100,000 during 2014. There were no write-offs in 2015. 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, 2015.

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:

	<u>2015</u>	<u>2014</u>
Level 1	\$ 1,673,163	\$ 1,398,876
Level 2	-	-
Level 3	-	-
Total Portfolio Investments	<u>\$ 1,673,163</u>	<u>\$ 1,398,876</u>

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, 2015 or 2014.

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.

Subsequent Events

As required by the Subsequent Events Topic of the FASB Accounting Standards Codification the Organization has evaluated subsequent events through October 8, 2015, 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:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 70,188	\$ 111,622
One to five years	-	15,000
Total Promises to Give	<u>\$ 70,188</u>	<u>\$ 126,622</u>

3. CONDITIONAL PROMISE TO GIVE

The City of St. Louis Department of Human Services awarded the Organization a reimbursable Hearth Emergency Solutions Grant (HESG), limited to \$18,396, intended to cover a portion of program expenses related to the Organization's maternity shelter from January 1, 2015 - December 31, 2015. As of June 30, 2015, the Organization submitted reimbursement requests totaling \$6,967 for expenses incurred through March 2015. The \$11,429 remaining portion of the grant will not be recognized as revenue until grant conditions are met.

The City of St. Louis Affordable Housing Commission awarded the Organization a reimbursable grant, limited to \$20,000, intended to cover a portion of program expenses related to the Organization's maternity shelter from July 1, 2014 - June 30, 2015. As of June 30, 2015, the Organization submitted reimbursement requests totaling \$15,805 for expenses incurred through March 2015. The \$4,195 remaining portion of the grant will not be recognized as revenue until grant conditions are met.

4. INVESTMENTS

The Organization's investments, recorded at fair value, are comprised entirely of mutual funds. Investments totaled \$1,673,163 and \$1,398,876 at June 30, 2015 and 2014, respectively.

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

	<u>2015</u>			
	<u>Cash</u> <u>Equivalents</u>	<u>Capital</u> <u>Replacement</u>	<u>Endowment</u>	<u>Total</u>
Dividends and interest	\$ 13	\$ 4,717	\$ 24,912	\$ 29,642
Unrealized gains	<u>-</u>	<u>7,028</u>	<u>35,889</u>	<u>42,917</u>
Investment and Interest Income	<u>\$ 13</u>	<u>\$ 11,745</u>	<u>\$ 60,801</u>	<u>\$ 72,559</u>
	<u>2014</u>			
Dividends and interest	\$ 48	\$ 4,082	\$ 17,889	\$ 22,019
Unrealized gains	<u>-</u>	<u>26,910</u>	<u>93,964</u>	<u>120,874</u>
Investment and Interest Income	<u>\$ 48</u>	<u>\$ 30,992</u>	<u>\$ 111,853</u>	<u>\$ 142,893</u>

5. 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 funds are currently held in a separate investment account segregated from the Organization's other investment account. However, the endowment's investments may be added to the other investment assets as long as the Organization separately identifies the fund assets and all restricted funds, including their 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 board designated endowment net assets:

	<u>2015</u>	<u>2014</u>
Beginning of year	\$ 1,267,445	\$ 1,229,425
Contributions	33,640	26,349
Interest	24,912	17,889
Unrealized gains	35,889	93,964
Investment fees	-	(182)
Write-off of uncollectible pledge	-	(100,000)
End of year	<u>\$ 1,361,886</u>	<u>\$ 1,267,445</u>

6. PROPERTY AND EQUIPMENT

Land	\$ 214,401	\$ 214,401
Buildings	3,982,372	3,982,372
Furniture and equipment	72,736	64,534
Computer equipment and software	72,480	72,480
Sculpture	37,515	37,515
	<u>4,379,504</u>	<u>4,371,302</u>
Less accumulated depreciation and amortization	<u>994,199</u>	<u>883,818</u>
Net Book Value	<u>\$ 3,385,305</u>	<u>\$ 3,487,484</u>

7. INSURANCE PROCEEDS

During 2014, the Organization received insurance proceeds totaling \$117,655 relating to water damage. The funds were expenses in 2015.

	<u>2015</u>	<u>2014</u>
8. NET ASSETS		
Temporarily restricted net assets subject to the following donor-imposed restrictions:		
Employment training	\$ -	\$ 47,606
Landscaping	13,575	-
Mentoring of women	-	12,511
Programs	4,986	-
Special event	3,000	-
Time-restricted	<u>96,973</u>	<u>122,087</u>
Total Temporarily Restricted Net Assets	<u>\$ 118,534</u>	<u>\$ 182,204</u>

Net assets released from donor-imposed restrictions:

Employment training	\$ 47,606	\$ -
Mentoring of women	12,511	-
Passage of time	130,987	196,571
Salaries and client assistance	<u>-</u>	<u>37,500</u>
Net Assets Released from Restrictions	<u>\$ 191,104</u>	<u>\$ 234,071</u>

9. 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 \$5,179 and \$6,405 for the year ended June 30, 2015 and 2014, respectively.