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***OUR LITTLE HAVEN***  
***FINANCIAL STATEMENTS***  
***JUNE 30, 2007***

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## Independent Auditors' Report

Board of Directors  
Our Little Haven  
St. Louis, Missouri

We have audited the accompanying statement of financial position of Our Little Haven, a not-for-profit organization, as of June 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Little Haven as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*RubinBrown LLP*

September 12, 2007

# OUR LITTLE HAVEN

## STATEMENT OF FINANCIAL POSITION

### Assets

	<b>June 30,</b>	
	<b>2007</b>	<b>2006</b>
Cash and cash equivalents (Note 3)	\$ 1,014,379	\$ 787,933
Accounts receivable (Note 4)	111,707	82,955
Unconditional promises to give (Note 5)	55,256	107,743
Prepaid expenses	115,556	106,775
Advances on life insurance contracts (Note 6)	64,684	47,396
Property and equipment (Notes 7 and 10)	1,099,852	1,154,955
Other assets	375	400
Assets appropriated for endowment (Note 8)	2,445,045	2,177,147
<b>Total Assets</b>	<b>\$ 4,906,854</b>	<b>\$ 4,465,304</b>

### Liabilities And Net Assets

#### Liabilities

Current maturities of long-term debt (Note 10)	\$ 4,735	\$ 4,452
Accounts payable and accrued expenses	55,870	51,040
Deferred revenue	—	5,900
Long-term debt (Note 10)	37,209	41,944
<b>Total Liabilities</b>	<b>97,814</b>	<b>103,336</b>

#### Net Assets

Unrestricted:		
Unappropriated:		
Invested in property and equipment	1,057,908	1,108,559
Operations	1,250,831	968,519
<b>Total Unappropriated</b>	<b>2,308,739</b>	<b>2,077,078</b>
Board appropriated endowment	2,445,045	2,177,147
<b>Total Unrestricted</b>	<b>4,753,784</b>	<b>4,254,225</b>
Temporarily restricted (Note 11)	55,256	107,743
<b>Total Net Assets</b>	<b>4,809,040</b>	<b>4,361,968</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 4,906,854</b>	<b>\$ 4,465,304</b>

# OUR LITTLE HAVEN

## STATEMENT OF ACTIVITIES

For The Years Ended June 30,

	2007		2006		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
<b>Public Support, Revenue And Gains</b>					
<b>Public Support</b>					
Contributions:					
Churches/schools	\$ 12,181	\$ —	\$ 12,181	\$ 8,047	\$ 8,047
Civic groups	30,172	—	30,172	15,255	15,255
Corporations	131,362	—	131,362	127,231	127,388
Memorials and tributes	12,644	—	12,644	20,889	20,889
Foundations	201,092	—	201,092	235,428	335,014
Individuals	218,054	—	218,054	214,778	214,778
In-kind donations	19,750	—	19,750	20,000	20,000
	625,255	—	625,255	99,743	741,371
Fundraising (net of direct expenses of \$167,902 in 2007 and \$187,186 in 2006)	382,691	5,000	387,691	444,550	452,550
<b>Total Public Support</b>	<b>1,007,946</b>	<b>5,000</b>	<b>1,012,946</b>	<b>1,086,178</b>	<b>1,193,921</b>
<b>Revenue And Gains</b>					
Program service revenues (Note 4)	1,541,882	—	1,541,882	1,062,336	1,062,336
Interest and dividends	111,668	—	111,668	65,358	65,358
Realized gain (loss) on investments	(1,988)	—	(1,988)	7,440	7,440
Unrealized gain on investments (Note 8)	211,315	—	211,315	78,051	78,051
Other income	17,289	—	17,289	16,576	16,576
<b>Total Revenue And Gains</b>	<b>1,880,166</b>	<b>—</b>	<b>1,880,166</b>	<b>1,229,761</b>	<b>1,229,761</b>
<b>Net Assets Released From Restrictions (Note 11)</b>	<b>57,487</b>	<b>(57,487)</b>	<b>—</b>	<b>9,415</b>	<b>(9,415)</b>
<b>Total Public Support, Revenue And Gains</b>	<b>2,945,599</b>	<b>(52,487)</b>	<b>2,893,112</b>	<b>2,325,354</b>	<b>2,423,682</b>
<b>Expenses</b>					
Program services	2,104,621	—	2,104,621	1,833,005	1,833,005
Management and general	149,958	—	149,958	142,701	142,701
Fundraising	191,461	—	191,461	170,263	170,263
<b>Total Expenses</b>	<b>2,446,040</b>	<b>—</b>	<b>2,446,040</b>	<b>2,145,969</b>	<b>2,145,969</b>
<b>Increase (Decrease) In Net Assets</b>	<b>499,559</b>	<b>(52,487)</b>	<b>447,072</b>	<b>179,385</b>	<b>277,713</b>
<b>Net Assets - Beginning Of Year</b>	<b>4,254,225</b>	<b>107,743</b>	<b>4,361,968</b>	<b>4,074,840</b>	<b>4,084,255</b>
<b>Net Assets - End Of Year</b>	<b>\$ 4,753,784</b>	<b>\$ 55,256</b>	<b>\$ 4,809,040</b>	<b>\$ 4,254,225</b>	<b>\$ 4,361,968</b>

See the accompanying notes to financial statements.

# OUR LITTLE HAVEN

## STATEMENT OF FUNCTIONAL EXPENSES

For The Years Ended June 30,

	2007			2006				
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	\$ 1,354,375	\$ 82,244	\$ 106,635	\$ 1,543,254	\$ 1,175,292	\$ 76,488	\$ 100,663	\$ 1,352,443
Payroll taxes	108,046	6,772	8,530	123,348	98,711	6,466	8,137	113,314
Health insurance	134,370	25,193	6,678	166,241	116,245	23,541	5,684	145,470
403(b) contribution (Note 12)	33,592	2,416	3,114	39,122	30,132	2,286	3,035	35,453
<b>Total Payroll Expenses</b>	<b>1,630,383</b>	<b>116,625</b>	<b>124,957</b>	<b>1,871,965</b>	<b>1,420,380</b>	<b>108,781</b>	<b>117,519</b>	<b>1,646,680</b>
Advertising/newsletter	8,978	—	11,128	20,106	11,743	—	10,688	22,431
Conferences and meetings	252	243	—	495	744	199	75	1,018
Children's Treatment Services expenses	17,009	—	—	17,009	13,904	—	—	13,904
Data processing	10,656	912	848	12,416	11,863	2,185	1,343	15,391
Dues and subscriptions	9,883	512	1,125	11,520	9,611	220	100	9,931
Family Care Center	23,301	—	—	23,301	17,167	—	—	17,167
Indirect fundraising event costs	—	—	25,907	25,907	—	—	21,736	21,736
Insurance	55,774	11,091	3,005	69,870	56,429	10,329	2,983	69,741
Interest expense	—	2,738	—	2,738	—	3,004	—	3,004
Maintenance of building and equipment	29,540	615	—	30,155	15,628	1,221	—	16,849
Miscellaneous expense	386	—	—	386	1,454	—	—	1,454
Office expense	18,102	3,430	1,384	22,916	13,055	1,760	734	15,549
Payroll processing	4,749	406	458	5,613	4,065	359	410	4,834
Postage	3,363	715	2,220	6,298	3,593	1,103	3,059	7,755
Printing	3,845	—	2,717	6,562	3,493	—	—	3,493
Professional fees	34,366	—	7,000	41,366	12,586	—	—	12,586
Program supplies	118,674	898	720	120,292	100,085	784	316	101,185
Special activities	5,964	—	—	5,964	6,562	—	—	6,562
Telephone	12,430	1,004	828	14,262	10,834	709	709	12,252
Training	12,140	—	110	12,250	5,476	—	—	5,476
Travel and entertainment	510	—	548	1,058	271	—	673	944
Utilities	28,967	2,273	675	31,915	27,545	2,461	330	30,336
Volunteer recruitment and awards	6,648	—	40	6,688	9,813	—	—	9,813
<b>Total Other Expenses</b>	<b>405,537</b>	<b>24,837</b>	<b>58,713</b>	<b>489,087</b>	<b>335,921</b>	<b>24,334</b>	<b>43,156</b>	<b>403,411</b>
<b>Total Expenses Before Depreciation</b>	<b>2,035,920</b>	<b>141,462</b>	<b>183,670</b>	<b>2,361,052</b>	<b>1,756,301</b>	<b>133,115</b>	<b>160,675</b>	<b>2,050,091</b>
<b>Depreciation</b>	<b>68,701</b>	<b>8,496</b>	<b>7,791</b>	<b>84,988</b>	<b>76,704</b>	<b>9,586</b>	<b>9,588</b>	<b>95,878</b>
	<b>\$ 2,104,621</b>	<b>\$ 149,958</b>	<b>\$ 191,461</b>	<b>\$ 2,446,040</b>	<b>\$ 1,833,005</b>	<b>\$ 142,701</b>	<b>\$ 170,263</b>	<b>\$ 2,145,969</b>

See the accompanying notes to financial statements.

**OUR LITTLE HAVEN**  
**STATEMENT OF CASH FLOWS**

	<b>For The Years Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 447,072	\$ 277,713
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	84,988	95,878
Donated stock	(32,442)	(19,681)
In-kind donation of property and equipment	(8,000)	—
Realized (gain) loss on investments	1,988	(7,440)
Unrealized gain on investments	(211,315)	(78,051)
Change in assets and liabilities:		
Increase in accounts receivable	(28,752)	(2,751)
(Increase) decrease in unconditional promises to give	52,487	(98,328)
Increase in prepaid expenses	(8,781)	(33,622)
Decrease in other assets	25	1,041
Increase in accounts payable and accrued expenses	4,830	10,809
Increase (decrease) in deferred revenue	(5,900)	3,400
<b>Net Cash Provided By Operating Activities</b>	<b>296,200</b>	<b>148,968</b>
<b>Cash Flows From Investing Activities</b>		
Payments for the purchase of property and equipment	(21,885)	(28,278)
Proceeds from sale of investments	30,854	258,091
Purchase of investments and assets appropriated for endowment	(56,982)	(724,532)
Increase in advances on life insurance contracts	(17,289)	(16,577)
<b>Net Cash Used In Investing Activities</b>	<b>(65,302)</b>	<b>(511,296)</b>
<b>Cash Flows Used In Financing Activities</b>		
Principal payments on long-term debt	(4,452)	(4,186)
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>226,446</b>	<b>(366,514)</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>787,933</b>	<b>1,154,447</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 1,014,379</b>	<b>\$ 787,933</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Interest paid	\$ 2,738	\$ 3,004

# OUR LITTLE HAVEN

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007 And 2006

### 1. Operations

Our Little Haven (the Organization) is a not-for-profit organization, which was incorporated in October 1990 in the State of Missouri. The purpose of the Organization is to provide early intervention services for children and their families. As such, multiple services are provided to children suffering from the effect of abuse and neglect. Our Little Haven provides therapeutic residential and respite services meeting the needs of children born drug exposed, abused and/or neglected, whose parents are unable to provide for these needs. Such care includes basic nutritional needs, a healthy living environment, psycho-social and emotional stimulation, and development care. In addition, the Organization provides comprehensive case management services for children and families, psycho-social assessment and treatment services, parenting training, in-home therapy and therapeutic day treatment.

### 2. Summary Of Significant Accounting Policies

#### Basis Of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization does not have any permanently restricted net assets at June 30, 2007 or 2006.

#### Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

## **OUR LITTLE HAVEN**

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### Notes To Financial Statements *(Continued)*

#### **Cash And Cash Equivalents**

The Organization considers all highly liquid instruments available for operations to be cash equivalents. The Organization invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation (FDIC) and SIPC insurance amounts.

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

#### **Promises To Give**

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, which depend upon specified future and certain events, are recognized as support when the conditions upon which they depend are substantially met. No allowance for uncollectible promises to give is considered necessary by management.

#### **Property And Equipment**

Property and equipment are carried at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over periods ranging from 3 to 30 years.

#### **Assets Appropriated For Endowment**

Assets appropriated for endowment are reported at fair value. Gains or losses on sales of investments are determined on a specific cost identification basis. Unrealized gains and losses are determined based on year end fair value fluctuations.

### **Restricted And Unrestricted Public Support**

The Organization reports gifts of cash and other assets as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. 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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

### **Description Of Program Services And Supporting Activities**

The following program services and supporting activities are included in the accompanying financial statements:

#### **Program Services**

Includes expenses incurred in providing residential treatment for drug exposed, abused and/or neglected children ages birth through seven years of age, case management services for children and families, psycho-social assessment and treatment services, parenting training, in-home therapy and therapeutic day treatment.

#### **Management And General**

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

#### **Fundraising**

Provides the structure necessary to encourage and secure private financial support from corporations, foundations, other organizations and individuals.

#### **Expense Allocation**

Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

## OUR LITTLE HAVEN

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### Notes To Financial Statements (Continued)

#### Donated Services

Various services and materials are donated to the Organization. Those donated services and materials that meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received And Contributions Made*, are recorded at fair value at the date of donation. A substantial number of other volunteers have also donated a significant amount of time to the Organization. However, such donated services have not been recorded because they do not meet the criteria for recognition under SFAS No. 116.

#### Tax Status

The Organization constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from federal income taxes.

#### Reclassification

Certain 2006 amounts were reclassified, where appropriate, to conform to the 2007 financial statement presentation.

### 3. Cash And Cash Equivalents

Cash and cash equivalents consist of:

	<u>2007</u>	<u>2006</u>
Checking and savings accounts	\$ 412,002	\$ 272,443
Sweep accounts	321,206	249,683
Bear Stearns Temp Fund	281,171	265,807
	<u>\$ 1,014,379</u>	<u>\$ 787,933</u>

**4. Accounts Receivable**

The Organization has a contractual agreement with the State of Missouri Children's Division to provide residential treatment services for a fixed price per day, per child. The current contract, which runs through June 30, 2007, provides for rates ranging from \$71 to \$149 per day, per child. The previous contract, which ran through June 30, 2006, provided for rates ranging from \$61 to \$146 per day per child. Amounts totaling \$612,809 and \$598,356 were billed to the State of Missouri Children's Division for the years ended June 30, 2007 and 2006, respectively. The Organization has also contracted with the State of Missouri Children's Division to provide case management services for a fee of \$722 per month, per child during 2007 and 2006. Amounts totaling \$407,010 and \$349,752 were billed to the State of Missouri Children's Division for these services for the years ended June 30, 2007 and 2006, respectively.

Starting in May 1996, the Organization signed a contractual agreement with the United States Department of Agriculture for the "School Lunch Program," which provides, on average, \$3.98 during 2007 and \$3.85 during 2006 per child per day for breakfast and lunch. Amounts totaling \$15,756 and \$13,518 were billed to the USDA for the years ended June 30, 2007 and 2006, respectively.

During 1998, the Organization entered into an agreement with Medicaid for counseling and therapy work with the children. During 2003, the Organization entered into an agreement with Medicaid for a parenting program. Medicaid pays \$24 per half hour used for treatments. During 2004, a psychological assessment and treatment program was added to operations. Medicaid pays \$30 per half hour used for consultation. Amounts totaling \$27,469 and \$28,641 were billed to Medicaid for the years ended June 30, 2007 and 2006, respectively. For the years ended June 30, 2007 and 2006, the Organization received training and assessment revenue of \$55,800 and \$49,001, respectively.

The Organization began a preschool program during 2006. Revenues received from this program amounted to \$84,038 and \$23,068 in 2007 and 2006, respectively.

During 2007, the Organization received a grant from the St. Louis Mental Health Board to fund various programs. This grant totaled \$339,000.

## OUR LITTLE HAVEN

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### Notes To Financial Statements (Continued)

At June 30, accounts receivable consist of the following:

	<u>2007</u>	<u>2006</u>
State of Missouri Children's Division	\$ 110,503	\$ 80,771
United States Department of Agriculture	1,204	1,210
Medicaid	—	974
	<u>\$ 111,707</u>	<u>\$ 82,955</u>

### 5. Unconditional Promises To Give

The unconditional promises to give are expected to be received as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 50,277
2009	4,979
	<u>\$ 55,256</u>

### 6. Advances On Life Insurance Contracts

The Organization has advanced premiums for life insurance on its officers. The Organization has a beneficiary interest in the cash value of the policies.

### 7. Property And Equipment

Property and equipment consist of the following at June 30:

	<u>2007</u>	<u>2006</u>
Land	\$ 92,000	\$ 92,000
Buildings	895,975	895,975
Building improvements	874,737	859,645
Furniture and equipment	343,246	328,453
	<u>2,205,958</u>	<u>2,176,073</u>
Less: Accumulated depreciation	1,106,106	1,021,118
	<u>\$ 1,099,852</u>	<u>\$ 1,154,955</u>

## OUR LITTLE HAVEN

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### Notes To Financial Statements (Continued)

#### 8. Assets Appropriated For Endowment

Assets appropriated for endowment consist of the following at June 30:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 1,058,604	\$ 1,058,604	\$ 1,009,707	\$ 1,009,707
Mutual funds	886,409	1,329,088	873,916	1,113,010
Common stock	52,133	57,353	56,941	54,430
	\$ 1,997,146	\$ 2,445,045	\$ 1,940,564	\$ 2,177,147

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. Unrealized gains of \$211,315 and \$78,051 were recorded to adjust the investments to fair value at June 30, 2007 and 2006, respectively.

#### 9. Line Of Credit

At June 30, 2007, the Organization has an available and unused line of credit with a bank in the amount of \$200,000. The agreement expires on October 1, 2007, is unsecured and bears interest at the prime rate less 0.5%. There were no amounts borrowed on the line of credit at June 30, 2007 or 2006.

#### 10. Long-Term Debt

Long-term debt consists of:

	2007	2006
Note payable, individual, secured by a deed of trust on building, payable in monthly installments of \$599 including principal and interest at 6.17%, with final installment due in October 2014	\$ 41,944	\$ 46,396
Less: Current maturities	4,735	4,452
	\$ 37,209	\$ 41,944

## OUR LITTLE HAVEN

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### Notes To Financial Statements (Continued)

The scheduled maturities of long-term debt as of June 30, 2007 are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 4,735
2009	5,035
2010	5,352
2011	5,695
2012	6,056
Thereafter	15,071
	<u>\$ 41,944</u>

#### 11. Net Assets

Temporarily restricted net assets at June 30, 2007 and 2006 consist of \$55,256 and \$107,743, respectively, in unconditional promises to give subject to donor-imposed purpose and time restrictions.

During 2007 and 2006, net assets of \$57,487 and \$9,415, respectively, were released from donor-imposed time restrictions.

#### 12. Deferred Compensation Plan

The Organization provides a tax-deferred annuity plan under Internal Revenue Code Section 403(b), which allows eligible employees to make tax-deferred contributions. The plan provides for discretionary contributions by the Organization. The Organization's contributions to the plan for 2007 and 2006 were 3% of eligible employees' salaries or \$39,122 and \$35,453, respectively.