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**OUR LITTLE HAVEN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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Caring for Children. Mind. Body. Soul.



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## Independent Auditors' Report

Executive Board of Directors  
Our Little Haven  
St. Louis, Missouri

### Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Our Little Haven, a not-for-profit organization, and Our Little Haven Service Agency, LLC (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility For The Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Our Little Haven and Our Little Haven Service Agency, LLC as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*RubinBrown LLP*

September 25, 2014

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

	<b>June 30,</b>	
	<b>2014</b>	<b>2013</b>
Cash and cash equivalents - unrestricted (Note 3)	\$ 1,197,040	\$ 939,411
Assets held on behalf of others (Notes 3 and 4)	1,317,164	1,047,293
Accounts receivable (Note 5)	53,887	46,884
Prepaid expenses	1,459	12,331
Advances on life insurance contracts (Note 7)	295,407	283,635
Property and equipment (Notes 8 and 11)	736,819	816,678
Assets appropriated for endowment (Notes 3 and 9)	5,734,522	5,035,308
<b>Total Assets</b>	<b>\$ 9,336,298</b>	<b>\$ 8,181,540</b>

### Liabilities And Net Assets

#### Liabilities

Current maturities of long-term debt (Note 11)	\$ 1,779	\$ 6,849
Accounts payable and accrued expenses	72,619	61,285
Agency funds held on behalf of others (Note 4)	1,317,164	1,047,293
Deferred revenue	17,000	5,000
Long-term debt (Note 11)	—	1,779
<b>Total Liabilities</b>	<b>1,408,562</b>	<b>1,122,206</b>

#### Net Assets

Unrestricted:		
Unappropriated:		
Invested in property and equipment	735,040	808,050
Operations	1,458,174	1,215,976
<b>Total Unappropriated</b>	<b>2,193,214</b>	<b>2,024,026</b>
Board-appropriated endowment (Note 12)	5,734,522	5,035,308
<b>Total Unrestricted Net Assets</b>	<b>7,927,736</b>	<b>7,059,334</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 9,336,298</b>	<b>\$ 8,181,540</b>

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Years Ended June 30,	
	2014	2013
<b>Changes In Unrestricted Net Assets:</b>		
<b>Public Support And Revenue</b>		
<b>Public Support</b>		
Contributions:		
Churches/schools	\$ 3,071	\$ 14,293
Civic groups	14,289	21,916
Corporations	188,812	177,978
Memorials and tributes	13,800	11,076
Foundations	222,625	242,061
Individuals	309,466	340,382
<b>Total Contributions</b>	<b>752,063</b>	<b>807,706</b>
Community grants (Note 5)	482,778	456,821
Fundraising (net of direct expenses of \$114,382 in 2014 and \$154,549 in 2013)	294,158	340,309
<b>Total Public Support</b>	<b>1,528,999</b>	<b>1,604,836</b>
<b>Revenue</b>		
Program service revenues (Note 5)	1,083,050	971,764
Interest and dividends	94,271	106,366
Other income	—	4,000
<b>Total Revenue</b>	<b>1,177,321</b>	<b>1,082,130</b>
<b>Total Public Support And Revenue</b>	<b>2,706,320</b>	<b>2,686,966</b>
<b>Expenses</b>		
Program services	2,114,214	1,885,198
Management and general	135,340	131,749
Fundraising	242,777	205,484
<b>Total Expenses</b>	<b>2,492,331</b>	<b>2,222,431</b>
<b>Increase In Unrestricted Net Assets Before Realized And Unrealized Gains On Investments</b>	<b>213,989</b>	<b>464,535</b>
<b>Realized And Unrealized Gains On Investments (Note 9)</b>	<b>654,413</b>	<b>377,042</b>
<b>Increase In Unrestricted Net Assets</b>	<b>868,402</b>	<b>841,577</b>
<b>Unrestricted Net Assets - Beginning Of Year</b>	<b>7,059,334</b>	<b>6,217,757</b>
<b>Unrestricted Net Assets - End Of Year</b>	<b>\$ 7,927,736</b>	<b>\$ 7,059,334</b>

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	For The Years Ended June 30,							
	2014				2013			
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	\$ 1,162,909	\$ 64,992	\$ 155,317	\$ 1,383,218	\$ 1,167,874	\$ 64,738	\$ 130,648	\$ 1,363,260
Payroll taxes	107,026	6,000	13,484	126,510	99,392	6,374	10,476	116,242
Health insurance	136,121	11,450	13,463	161,034	131,798	6,790	10,767	149,355
403(b) contribution (Note 13)	38,130	2,455	5,983	46,568	29,551	1,452	2,755	33,758
<b>Total Payroll Expenses</b>	<b>1,444,186</b>	<b>84,897</b>	<b>188,247</b>	<b>1,717,330</b>	<b>1,428,615</b>	<b>79,354</b>	<b>154,646</b>	<b>1,662,615</b>
Advertising/newsletter	12,261	—	4,558	16,819	9,735	—	7,336	17,071
Case management expenses	263,371	201	—	263,572	78,536	—	160	78,696
Conferences and meetings	566	557	716	1,839	1,156	866	236	2,258
Data processing	35,714	5,089	2,676	43,479	34,207	9,543	3,399	47,149
Dues and subscriptions	7,630	867	4,527	13,024	6,538	58	4,574	11,170
Indirect fundraising event costs	—	—	19,662	19,662	—	—	14,569	14,569
Insurance	41,704	16,944	9,350	67,998	39,967	15,211	6,306	61,484
Interest expense	—	341	—	341	—	750	—	750
Maintenance of buildings and equipment	16,704	4,982	188	21,874	45,676	4,903	35	50,614
Miscellaneous expense	850	662	447	1,959	—	169	548	717
Office expense	18,422	3,527	1,889	23,838	21,330	1,769	1,241	24,340
Outpatient services expense	20,274	—	—	20,274	30,409	—	—	30,409
Payroll processing	3,151	1,503	517	5,171	3,189	872	495	4,556
Postage	3,024	487	341	3,852	3,278	893	1,324	5,495
Preschool expenses	13,439	—	—	13,439	10,115	12	—	10,127
Printing	3,652	635	1,304	5,591	3,422	343	1,485	5,250
Professional fees	29,459	6,145	2,000	37,604	22,852	6,161	3,416	32,429
Program supplies	31,343	3,740	556	35,639	12,173	1,380	510	14,063
Telephone	8,272	1,177	401	9,850	8,788	1,685	934	11,407
Training	7,038	—	20	7,058	4,357	—	—	4,357
Travel and entertainment	159	118	422	699	20	21	591	632
Utilities	24,673	1,737	612	27,022	22,186	2,575	902	25,663
Volunteer recruitment and awards	14,391	75	902	15,368	2,508	3,276	1,565	7,349
<b>Total Other Expenses</b>	<b>556,097</b>	<b>48,787</b>	<b>51,088</b>	<b>655,972</b>	<b>360,442</b>	<b>50,487</b>	<b>49,626</b>	<b>460,555</b>
<b>Total Expenses Before Depreciation And Amortization</b>	<b>2,000,283</b>	<b>133,684</b>	<b>239,335</b>	<b>2,373,302</b>	<b>1,789,057</b>	<b>129,841</b>	<b>204,272</b>	<b>2,123,170</b>
<b>Depreciation And Amortization</b>	<b>113,931</b>	<b>1,656</b>	<b>3,442</b>	<b>119,029</b>	<b>96,141</b>	<b>1,908</b>	<b>1,212</b>	<b>99,261</b>
	<b>\$ 2,114,214</b>	<b>\$ 135,340</b>	<b>\$ 242,777</b>	<b>\$ 2,492,331</b>	<b>\$ 1,885,198</b>	<b>\$ 131,749</b>	<b>\$ 205,484</b>	<b>\$ 2,222,431</b>

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2014	2013
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 868,402	\$ 841,577
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	119,029	99,261
Donated stock	—	(3,526)
Realized gains on investments	(42,058)	(1,970)
Unrealized gains on investments	(612,355)	(375,072)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(7,003)	668
(Increase) decrease in prepaid expenses	10,872	(669)
Increase in accounts payable and accrued expenses	11,334	3,718
Increase in deferred revenue	12,000	800
<b>Net Cash Provided By Operating Activities</b>	<b>360,221</b>	<b>564,787</b>
<b>Cash Flows From Investing Activities</b>		
Payments for the purchase of property and equipment	(39,170)	(74,405)
Proceeds from sales and maturities of investments	176,329	21,426
Purchases of investments	(219,186)	(51,226)
Increase in advances on life insurance contracts	(11,772)	(10,111)
<b>Net Cash Used In Investing Activities</b>	<b>(93,799)</b>	<b>(114,316)</b>
<b>Cash Flows Used In Financing Activities</b>		
Principal payments on long-term debt	(6,849)	(6,440)
<b>Net Increase In Cash And Cash Equivalents</b>	<b>259,573</b>	<b>444,031</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>1,473,409</b>	<b>1,029,378</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 1,732,982</b>	<b>\$ 1,473,409</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Interest paid	\$ 341	\$ 750
<b>Cash And Cash Equivalents Consist Of:</b>		
Unrestricted cash	\$ 1,197,040	\$ 939,411
Board appropriated cash	535,942	533,998
	<b>\$ 1,732,982</b>	<b>\$ 1,473,409</b>



# OUR LITTLE HAVEN

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 And 2013

### 1. Operations

Our Little Haven, a not-for-profit organization, was founded to provide early intervention services to young children who need healing care early in their lives. Since 1993, Our Little Haven has grown from a single program serving 30 children annually to three programs serving more than 500 children and families each year. As specialists in care for young children, Our Little Haven helps them recover from the early trauma of abuse and neglect as well as behavioral and emotional challenges so they can live, learn and grow in their home, family, school and community. Early intervention builds foundations for productive, healthy lives full of promise. Our Little Haven has shown that when children have appropriate treatment services, even those who had a very rough start can succeed. Without Our Little Haven, these children would have no access to professional care and little hope of beating the odds. Our Little Haven is focused on early intervention and includes Keystone Mental Health Services providing professional assessments, testing, treatment, counseling and healing care; Our Little Academy, a therapeutic preschool designed to work with children who need special care not found in traditional preschool settings; and the Taylor Family Care Center, a holistic approach to resolving significant family issues allowing for a permanent, loving, healthy home for the children.

### 2. Summary Of Significant Accounting Policies

#### **Basis Of Consolidation**

The accompanying consolidated financial statements include the accounts of Our Little Haven and its wholly-owned subsidiary, Our Little Haven Service Agency, LLC (the LLC), (collectively, the Organization). The single member LLC was created March 1, 2011. See Note 4 for further description of the LLC.

#### **Basis Of Presentation**

The financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations. The Organization is required to report information regarding its consolidated 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 temporarily or permanently restricted net assets at June 30, 2014 or 2013.

## **OUR LITTLE HAVEN**

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

#### **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.

#### **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 Securities Investors Protection Corporation (SIPC) insurance amounts. At June 30, 2014, cash and cash equivalents and certificates of deposit held in excess of the FDIC limit amounted to \$1,489,269. As of June 30, 2014, assets held on behalf of others include cash and cash equivalents of \$1,352,501, of which \$1,102,501 was held in excess of the FDIC limit. Total cash held in bank represents the amount of cash physically deposited in the bank at June 30, 2014, without regard to deposits in transit or outstanding checks.

#### **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.

#### **Property And Equipment**

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization 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 consolidated 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 consolidated financial statements:

#### **Program Services**

Includes expenses incurred in providing early intervention treatment for those impacted by abuse, neglect and mental or behavioral health needs. Services included are foster care case management for children and families, psycho-social assessment and treatment services, 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 Consolidated 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 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.

#### Tax Status

Our Little Haven 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 on related, exempt income. Our Little Haven Service Agency, LLC is a single member LLC, and thus is also tax exempt under Section 501(c)(3).

The Organization's federal and state tax returns for tax years 2010 and later remain subject to examination by taxing authorities.

#### Subsequent Events

Management has evaluated subsequent events through September 25, 2014, the date which the consolidated financial statements were available for issue.

### 3. Cash And Cash Equivalents

Cash and cash equivalents consist of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Checking and savings accounts	\$ 2,672,918	\$ 2,192,575
Sweep account	350,408	281,766
Money market	26,777	46,318
	<u>\$ 3,050,103</u>	<u>\$ 2,520,659</u>

These amounts are reported on the consolidated statement of financial position as follows:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents - unrestricted	\$ 1,197,040	\$ 939,411
Assets held on behalf of others	1,317,121	1,047,250
Cash and cash equivalents - board appropriated endowment (Note 9)	535,942	533,998
	<u>\$ 3,050,103</u>	<u>\$ 2,520,659</u>

## OUR LITTLE HAVEN

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

#### 4. Contract For Foster Care Case Management

In March 2011, the LLC was formed, with Our Little Haven as its sole member. The LLC's purpose is to provide case management and other support services to children and youth in need thereof, either directly or in conjunction with children's service organizations.

The State of Missouri Department of Social Services, Children's Division (the State Agency) has contracted with the LLC to provide foster care case management for 360 cases. Through the proposal submitted to the State Agency, there are four social service organizations providing such foster care case management services. Our Little Haven is one of the four social service organizations providing these services.

The LLC receives the monthly funding from the State Agency, distributes the funding to the four social service organizations and other providers of room and board for the foster children, and pays for the administrative costs of the program. These administrative costs paid by the LLC include rent for office space for which Our Little Haven has entered into a lease agreement effective December 1, 2012. The terms of the lease agreement require monthly payments of \$800 through November 2015. Rent expense was \$9,600 and \$5,600 in 2014 and 2013, respectively, which is included in case management expenses. The future minimum rental commitments required under this operating lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2015	\$ 9,600
2016	4,000
	<u>\$ 13,600</u>

In the consolidated financial statements, amounts received by the Organization for foster care case management are reported as program service revenues. Administrative expenses paid by the LLC are reported as expenses in the Organization's consolidated statement of functional expenses, as well as the revenues from the State Agency reimbursing such expenses. The remaining transactions passing through the LLC to the other three social service organizations and providers of room and board are excluded from the Organization's revenues and expenses because the LLC is considered a disbursing agent for these funds, and, therefore, no revenue or expenses should be reported.

## OUR LITTLE HAVEN

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### Notes To Consolidated Financial Statements (Continued)

#### 5. Accounts Receivable, Community Grants And Program Service Revenues

In 2011, the Organization entered into a service agreement with the LLC to provide case management services for a fee. In 2014 and 2013, the fees earned were \$913 and \$850, respectively, per month, per child (Note 4). Amounts totaling \$971,339 and \$802,577 were received by the Organization for these services for the years ended June 30, 2014 and 2013, respectively.

Since 1998, the Organization has had a contractual agreement with MO HealthNet (formerly Division of Medical Services) to provide mental health services under their Medicaid program. Services include individual, group and family counseling, psychological evaluations and parenting assessments. Rates range from \$48 to \$60 per one hour unit of service billed. Amounts totaling \$38,184 and \$96,531 were billed to Medicaid for the years ended June 30, 2014 and 2013, respectively.

In 2006, the Organization began a preschool program to provide day treatment services for children between the ages of three and six years old. Revenues received from this program amounted to \$73,527 and \$72,656 in 2014 and 2013, respectively.

In addition, the Organization received community grants totaling \$482,778 and \$456,821 in 2014 and 2013, respectively, from St. Louis County Children's Service Fund and St. Louis Mental Health Board.

At June 30, accounts receivable consist of the following:

	<u>2014</u>	<u>2013</u>
St. Louis Public Schools (preschool)	\$ 8,296	\$ 2,310
Missouri Department of Social Services (preschool)	10,454	17,189
St. Louis County Children's Service Fund (community grant)	35,089	22,385
Other	48	5,000
	<u>\$ 53,887</u>	<u>\$ 46,884</u>

## OUR LITTLE HAVEN

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

#### 6. Concentrations

In 2014 and 2013, the Organization received approximately 36% and 30%, respectively, of its total public support and revenue from one revenue source in each year.

#### 7. Advances On Life Insurance Contracts

The Organization has advanced premiums for life insurance on its officers. The Organization has a beneficiary interest in the greater of the premiums paid or the cash value of the policies, such amount reduced by any indebtedness against the life insurance policies.

#### 8. Property And Equipment

Property and equipment consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Land	\$ 92,000	\$ 92,000
Buildings	895,975	895,975
Building improvements	1,014,201	1,002,201
Furniture and equipment	396,880	369,710
	<u>2,399,056</u>	<u>2,359,886</u>
Less: Accumulated depreciation and amortization	<u>1,662,237</u>	<u>1,543,208</u>
	<u>\$ 736,819</u>	<u>\$ 816,678</u>

## OUR LITTLE HAVEN

### Notes To Consolidated Financial Statements (Continued)

#### 9. Assets Appropriated For Endowment

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

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Money market fund	\$ 235,006	\$ 235,006	\$ 713,528	\$ 713,528
Equity Mutual Funds				
Micro Cap	69,750	76,120	51,732	61,730
Small Cap	282,041	413,001	267,583	329,475
Mid Cap	327,949	840,762	297,476	652,440
Large Cap	1,104,869	1,775,180	1,046,315	1,404,779
Real Estate	54,547	63,886	34,193	37,869
International	458,302	490,804	178,737	161,396
U.S. Treasury	50,395	50,736	50,395	50,568
Emerging Markets	152,642	150,000	65,272	54,667
Bond Mutual Funds				
Short Term	558,884	539,406	537,872	517,924
Corporate U.S. Investment Grade	151,616	195,977	151,616	159,110
Credit Bond U.S. Investment Grade	176,417	147,952	146,679	147,042
Liquid High Yield Corporate Bond				
Index	149,648	152,320	147,291	145,408
Inflation Protected	9,719	10,210	12,134	12,119
One Year Fixed	47,775	47,723	40,102	40,057
Two Year Global	9,618	9,497	13,338	13,198
	\$ 3,839,178	\$ 5,198,580	\$ 3,754,263	\$ 4,501,310

Investments are carried at fair value using quoted prices in active markets (Level 1). Net realized and unrealized gains totaling \$654,413 and \$377,042 were recorded at June 30, 2014 and 2013, respectively.

Investment securities are exposed to various risks, such as significant world events, interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the consolidated statement of financial position.

Assets appropriated for endowment also include cash and cash equivalents of \$535,942 and \$533,998 at June 30, 2014 and 2013, respectively (Note 3).



## OUR LITTLE HAVEN

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### Notes To Consolidated Financial Statements (Continued)

#### 10. Line Of Credit

At June 30, 2014, the Organization had an available and unused line of credit with a bank in the amount of \$300,000. The agreement expires on November 1, 2014, is unsecured and bears interest at the prime rate, 3.25% as of June 30, 2014.

#### 11. Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
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	\$ 1,779	\$ 8,628
Less: Current maturities	1,779	6,849
	<u>\$ —</u>	<u>\$ 1,779</u>

#### 12. Net Assets

There are no temporarily restricted net assets as of June 30, 2014 or 2013.

The Organization's board-appropriated endowment consists of funds designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with 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.

Board-appropriated endowment funds amounted to \$5,734,522 and \$5,035,308 as of June 30, 2014 and 2013, respectively.

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

Changes in the board-appropriated endowment assets were as follows for the years ended June 30, 2014 and 2013:

Endowment Assets - July 1, 2012	<u>\$ 4,553,519</u>
Investment return	
Interest and dividends	104,747
Net realized and unrealized gains on investments	<u>377,042</u>
Total investment return	<u>481,789</u>
Endowment Assets - June 30, 2013	<u>5,035,308</u>
Withdrawals	<u>(45,000)</u>
Investment return	
Interest and dividends	89,801
Net realized and unrealized gains on investments	<u>654,413</u>
Total investment return	<u>744,214</u>
Endowment Assets - June 30, 2014	<u><u>\$ 5,734,522</u></u>

The purpose of the endowment is to further the mission of the Organization, with a primary focus of generating funds for programs, services, building and capital improvements and to enhance the development of the Organization. As the endowment grows and as determined by the Board of Directors, it may be subdivided into specific purpose funds or may remain as a general endowment fund.

The goal of the endowment is to exist in perpetuity and has an objective to maintain purchasing power after spending, as well as to grow the aggregate portfolio value in excess of inflation over the Organization's ten-year investment horizon.

### 13. 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 contribution to the plan was 4% and 3% of eligible employees' salaries and amounted to \$46,568 and \$33,758 for the years ended June 30, 2014 and 2013, respectively.