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**OUR LITTLE HAVEN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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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, which comprise the consolidated statement of financial position as of June 30, 2019 and 2018, 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, 2019 and 2018, 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.

***Emphasis Of Matter***

The accompanying consolidated financial statements reflect the required implementation of Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Changes in the presentation of the consolidated financial statements are further described in Note 2. Our opinion is not modified with respect to this matter.

*RubinBrown LLP*

September 27, 2019

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Cash and cash equivalents (Note 3)	\$ 1,933,018	\$ 2,067,211
Investments (Note 9)	1,314,832	1,204,546
Assets held on behalf of others (Notes 3 and 4)	1,740,827	956,194
Accounts receivable (Note 5)	66,052	86,206
Promises to give	105,779	—
Prepaid expenses	56,409	57,731
Advances on life insurance contracts (Note 7)	352,426	352,426
Property and equipment (Note 8)	411,500	476,253
Assets appropriated for endowment (Notes 3 and 9)	7,202,121	6,905,651
<b>Total Assets</b>	<b>\$ 13,182,964</b>	<b>\$ 12,106,218</b>

### Liabilities And Net Assets

#### Liabilities

Accounts payable and accrued expenses	\$ 103,698	\$ 75,565
Agency funds held on behalf of others (Note 4)	1,740,827	956,194
Deferred revenue	2,250	1,900
<b>Total Liabilities</b>	<b>1,846,775</b>	<b>1,033,659</b>

#### Net Assets

Without donor restrictions		
Undesignated	3,722,568	3,690,655
Invested in property and equipment	411,500	476,253
Board-appropriated endowment (Note 11)	7,202,121	6,905,651
<b>Total Net Assets</b>	<b>11,336,189</b>	<b>11,072,559</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 13,182,964</b>	<b>\$ 12,106,218</b>

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF ACTIVITIES

	<b>For The Years Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Changes In Net Assets Without Donor Restrictions:</b>		
<b>Public Support And Revenue</b>		
<b>Public Support</b>		
Contributions:		
Churches/schools	\$ 2,445	\$ 2,497
Civic groups	5,909	3,050
Corporations	134,746	144,315
Memorials and tributes	119,272	73,078
Foundations	124,979	191,373
Individuals	486,303	384,109
<b>Total Contributions</b>	<b>873,654</b>	<b>798,422</b>
Community grants (Note 5)	463,482	483,373
Fundraising (net of direct expenses of \$140,834 in 2019 and \$147,776 in 2018)	454,673	523,301
<b>Total Public Support</b>	<b>1,791,809</b>	<b>1,805,096</b>
<b>Revenue</b>		
Program service revenues (Note 5)	1,046,343	1,216,128
Interest and dividends	261,904	178,633
<b>Total Revenue</b>	<b>1,308,247</b>	<b>1,394,761</b>
<b>Total Public Support And Revenue</b>	<b>3,100,056</b>	<b>3,199,857</b>
<b>Expenses</b>		
Program services	2,262,918	2,399,916
Management and general	246,013	229,872
Fundraising	388,080	336,915
<b>Total Expenses</b>	<b>2,897,011</b>	<b>2,966,703</b>
<b>Increase In Net Assets Without Donor Restrictions Before Realized And Unrealized Gains On Investments</b>	<b>203,045</b>	<b>233,154</b>
<b>Realized And Unrealized Gains On Investments</b>	<b>60,585</b>	<b>471,598</b>
<b>Increase In Net Assets Without Donor Restrictions</b>	<b>263,630</b>	<b>704,752</b>
<b>Net Assets Without Donor Restrictions - Beginning Of Year</b>	<b>11,072,559</b>	<b>10,367,807</b>
<b>Net Assets Without Donor Restrictions - End Of Year</b>	<b>\$ 11,336,189</b>	<b>\$ 11,072,559</b>

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Years Ended June 30,

	2019				2018			
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	\$ 1,393,177	\$ 107,287	\$ 224,772	\$ 1,725,236	\$ 1,401,872	\$ 102,762	\$ 213,661	\$ 1,718,295
Payroll taxes	103,527	9,873	17,424	130,824	106,701	10,620	17,850	135,171
Health insurance	143,983	25,469	33,109	202,561	142,915	5,485	20,149	168,549
403(b) contribution (Note 12)	46,468	3,893	8,224	58,585	48,633	3,867	6,813	59,313
<b>Total Payroll Expenses</b>	<b>1,687,155</b>	<b>146,522</b>	<b>283,529</b>	<b>2,117,206</b>	<b>1,700,121</b>	<b>122,734</b>	<b>258,473</b>	<b>2,081,328</b>
Advertising/newsletter	598	—	23,146	23,744	—	9,785	7,237	17,022
Case management expenses	265,920	—	—	265,920	344,183	—	—	344,183
Conferences and meetings	99	1,057	673	1,829	1,973	—	820	2,793
Data processing	25,505	2,982	819	29,306	29,778	3,733	3,566	37,077
Dues and subscriptions	2,488	752	8,900	12,140	7,511	155	4,324	11,990
Indirect fundraising event costs	—	—	22,353	22,353	—	—	24,318	24,318
Insurance	67,868	20,566	20,934	109,368	65,007	23,759	16,018	104,784
Maintenance of buildings and equipment	11,225	1,789	824	13,838	8,293	1,824	18	10,135
Miscellaneous expense	92	—	—	92	276	—	302	578
Office expense	10,641	2,196	1,761	14,598	10,400	2,308	2,026	14,734
Outpatient services expense	28,729	—	—	28,729	18,262	—	—	18,262
Payroll processing	—	3,148	—	3,148	2,841	793	397	4,031
Postage	3,494	608	702	4,804	3,160	553	2,545	6,258
Preschool expenses	9,762	—	—	9,762	6,314	—	—	6,314
Printing	6,310	754	2,081	9,145	2,341	323	2,733	5,397
Professional fees	975	45,299	946	47,220	—	46,433	1,820	48,253
Program supplies	22,036	8,216	600	30,852	20,283	6,968	—	27,251
Telephone	11,534	898	—	12,432	11,281	816	—	12,097
Training	12,495	—	2,516	15,011	26,919	—	3,165	30,084
Travel and entertainment	—	—	71	71	—	—	45	45
Utilities	23,303	1,335	458	25,096	24,805	1,474	498	26,777
Volunteer recruitment and awards	8,553	1,292	3,743	13,588	11,315	648	2,341	14,304
<b>Total Other Expenses</b>	<b>511,627</b>	<b>90,892</b>	<b>90,527</b>	<b>693,046</b>	<b>594,942</b>	<b>99,572</b>	<b>72,173</b>	<b>766,687</b>
<b>Total Expenses Before Depreciation And Amortization</b>	<b>2,198,782</b>	<b>237,414</b>	<b>374,056</b>	<b>2,810,252</b>	<b>2,295,063</b>	<b>222,306</b>	<b>330,646</b>	<b>2,848,015</b>
<b>Depreciation And Amortization</b>	<b>64,136</b>	<b>8,599</b>	<b>14,024</b>	<b>86,759</b>	<b>104,853</b>	<b>7,566</b>	<b>6,269</b>	<b>118,688</b>
	<b>\$ 2,262,918</b>	<b>\$ 246,013</b>	<b>\$ 388,080</b>	<b>\$ 2,897,011</b>	<b>\$ 2,399,916</b>	<b>\$ 229,872</b>	<b>\$ 336,915</b>	<b>\$ 2,966,703</b>

# OUR LITTLE HAVEN

## CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2019	2018
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 263,630	\$ 704,752
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	86,759	118,688
Realized losses on investments	17,262	1,556
Unrealized gains on investments	(77,847)	(473,154)
Changes in assets and liabilities:		
Accounts receivable	20,154	(20,682)
Promises to give	(105,779)	5,140
Prepaid expenses	1,322	(11,838)
Accounts payable and accrued expenses	28,133	(2,567)
Deferred revenue	350	1,900
<b>Net Cash Provided By Operating Activities</b>	<b>233,984</b>	<b>323,795</b>
<b>Cash Flows From Investing Activities</b>		
Payments for the purchase of property and equipment	(22,006)	(34,304)
Proceeds from sales and maturities of investments	2,094,701	19,815
Purchases of investments	(2,426,334)	(116,562)
<b>Net Cash Used In Investing Activities</b>	<b>(353,639)</b>	<b>(131,051)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(119,655)</b>	<b>192,744</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>2,560,152</b>	<b>2,367,408</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 2,440,497</b>	<b>\$ 2,560,152</b>
<b>Cash And Cash Equivalents Consist Of:</b>		
Unrestricted cash	\$ 1,933,018	\$ 2,067,211
Board appropriated cash	507,479	492,941
	<b>\$ 2,440,497</b>	<b>\$ 2,560,152</b>



# OUR LITTLE HAVEN

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019 And 2018

### 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.

## OUR LITTLE HAVEN

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### Notes To Consolidated Financial Statements (Continued)

#### **New Accounting Standard Implemented**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU appends the current reporting model for not-for-profit organizations and enhances their required disclosures. The primary changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements.

In accordance with the ASU’s enhanced guidance on general and administrative and fundraising costs, the Organization has revised its functional expense allocation methodology, which resulted in certain expenses such as salaries expense, related payroll expenses, and professional fees to be re-allocated from program activities to general and administrative or fundraising activities. Due to the significance of the change in the allocation methodology, the 2018 consolidated statement of functional expenses has been restated to reflect this methodology as follows:

	<b>June 30, 2018</b>			
	<b>As Previously Reported</b>		<b>As Restated</b>	
Program services	\$ 2,554,154	86%	\$ 2,399,916	81%
Management and general	143,040	5%	229,872	8%
Fundraising	269,509	9%	336,915	11%
	<u>\$ 2,966,703</u>		<u>\$ 2,966,703</u>	

### **Basis Of Presentation**

The financial statement presentation follows the requirements of the Financial Accounting Standards Board for Not-for-Profit Organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Organization is required to report its financial position and activities according to the following two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

### **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, 2019, cash and cash equivalents held in excess of the FDIC limit amounted to approximately \$2,172,000. As of June 30, 2019, assets held on behalf of others include cash and cash equivalents of \$1,740,827 of which \$1,562,536 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, 2019, 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.

### **Promises To Give**

Promises to give are recognized as support in the period the promises are received and are recorded at the present value of estimated future cash flows. All promises to give are expected to be collected within one year. Management has determined that all promises to give are collectible and that an allowance for uncollectible promises to give is not necessary.

### **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.

### **Investments And Assets Appropriated For Endowment**

Investments and 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.

### **Public Support**

The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In situations where the restriction is met in the same period the contribution is made, the support is recorded in net assets without donor restrictions. The Organization has also adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

### **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.

## **OUR LITTLE HAVEN**

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

#### **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**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Payroll expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Depreciation and amortization expense is allocated based on the use of the space in the Organization's buildings. All other allocations are performed based on specific identification of expenses.

#### **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 2015 and later remain subject to examination by taxing authorities.

#### **Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

## OUR LITTLE HAVEN

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### Notes To Consolidated Financial Statements (Continued)

#### 3. Cash And Cash Equivalents

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

	<u>2019</u>	<u>2018</u>
Checking and savings accounts	\$ 2,922,597	\$ 2,674,426
Certificates of deposit	507,479	—
Sweep account	718,359	809,855
Money market	32,889	32,065
	<u>\$ 4,181,324</u>	<u>\$ 3,516,346</u>

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,933,018	\$ 2,067,211
Assets held on behalf of others	1,740,827	956,194
Cash and cash equivalents - board appropriated endowment (Note 9)	507,479	492,941
	<u>\$ 4,181,324</u>	<u>\$ 3,516,346</u>

#### 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 390 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.

## OUR LITTLE HAVEN

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

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 with monthly payments of \$850 through May 2019. Rent expense was \$10,200 in 2019 and 2018, which is included in case management expenses. The lease agreement has not been renewed and the Organization continues paying monthly rent payments of \$850 while the space is utilized.

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.

#### **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 2019 and 2018, the fees earned were \$1,021 per month, per child (Note 4). Amounts totaling \$924,445 and \$1,079,238 were received by the Organization for these services for the years ended June 30, 2019 and 2018, respectively.

Since 1998, the Organization has had a contractual agreement with MO HealthNet 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 \$79 per one hour unit of service billed. Amounts totaling \$64,823 and \$76,669 were billed to Medicaid for the years ended June 30, 2019 and 2018, 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 \$57,075 and \$60,221 in 2019 and 2018, respectively.

## OUR LITTLE HAVEN

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### Notes To Consolidated Financial Statements (Continued)

In addition, the Organization received community grants totaling \$463,482 and \$483,373 in 2019 and 2018, 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>2019</u>	<u>2018</u>
Missouri Department of Social Services (Preschool)	\$ 13,094	\$ 11,803
Medicaid And Other Insurance Companies (Keystone)	20,689	20,927
St. Louis Mental Health Board (Community Grant)	—	22,158
St. Louis County Children's Service Fund (Community Grant)	32,269	31,318
	<u>\$ 66,052</u>	<u>\$ 86,206</u>

## 6. Concentrations

In 2019, the Organization received approximately 30% of its total public support and revenue from one revenue source. In 2018, the Organization received approximately 34% of its total public support and revenue from one revenue source.

## 7. Advances On Life Insurance Contracts

The Organization has advanced premiums for life insurance on its officers. The Organization has a beneficiary interest in \$352,426 of the premiums paid.

## 8. Property And Equipment

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 92,000	\$ 92,000
Buildings	895,975	895,975
Building improvements	1,103,432	1,103,432
Furniture and equipment	271,292	270,286
	<u>2,362,699</u>	<u>2,361,693</u>
Less: Accumulated depreciation and amortization	1,951,199	1,885,440
	<u>\$ 411,500</u>	<u>\$ 476,253</u>



## OUR LITTLE HAVEN

### Notes To Consolidated Financial Statements (Continued)

## 9. Investments And Assets Appropriated For Endowment

Investments consist of the following as of June 30:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Money market fund	\$ 76,262	\$ 76,262	\$ 115,050	\$ 115,050
Certificates of deposit	200,000	201,386	—	—
Equity Mutual Funds				
Micro Cap	—	—	69,750	105,620
Small Cap	347,373	606,036	390,706	742,269
Small Blend	119,533	161,720	119,533	170,321
Mid Cap	254,143	781,871	601,096	1,242,625
Large Cap	1,848,141	3,265,264	1,373,349	2,625,406
Large Blend	500,280	557,144	120,280	162,768
Real Estate	26,034	39,620	26,034	36,047
International	210,624	222,256	663,635	660,014
U.S. Treasury	—	—	117,254	115,467
Emerging Markets	459,522	471,179	199,048	224,662
US Core Equity	126,068	185,630	136,378	191,810
Bond Mutual Funds				
Short Term	—	—	632,492	568,499
Corporate U.S. Investment Grade	912,173	970,086	218,314	226,276
Credit Bond U.S. Investment Grade	—	—	215,307	211,548
Liquid High Yield Corporate Bond Index	—	—	149,648	136,128
Multisector	380,000	385,975	—	—
One Year Fixed	37,765	37,553	37,765	37,371
Five Year Global Fixed	48,265	47,492	46,173	45,375
	\$ 5,546,183	\$ 8,009,474	\$ 5,231,812	\$ 7,617,256

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

	2019	2018
Investments	\$ 1,314,832	\$ 1,204,546
Assets appropriated for endowment	6,694,642	6,412,710
	\$ 8,009,474	\$ 7,617,256

Investments are carried at fair value using quoted prices in active markets (Level 1).

## OUR LITTLE HAVEN

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

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 \$507,479 and \$492,941 at June 30, 2019 and 2018, respectively (Note 3).

#### **10. Line Of Credit**

At June 30, 2019, 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, 2019, is unsecured and bears interest at the prime rate, 5.5% as of June 30, 2019.

#### **11. Net Assets**

There are no donor restricted net assets as of June 30, 2019 or 2018.

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 \$7,202,121 and \$6,905,651 as of June 30, 2019 and 2018, respectively.

## OUR LITTLE HAVEN

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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, 2019 and 2018:

Endowment Assets - July 1, 2017	<u>\$ 6,412,409</u>
Withdrawals	<u>(50,000)</u>
Investment return	
Interest and dividends	148,365
Net realized and unrealized gains on investments	394,877
Net investment return	<u>543,242</u>
Endowment Assets - June 30, 2018	<u>6,905,651</u>
Investment return	
Interest and dividends	170,423
Net realized and unrealized gains on investments	126,047
Net investment return	<u>296,470</u>
Endowment Assets - June 30, 2019	<u><u>\$ 7,202,121</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. The goal of the aggregate fund is to meet or exceed an 8% rate of return on an annualized basis.

Access to these funds should be limited and require both management and board approval before any funds are withdrawn. As a guiding principal, the Organization has established a discretionary spending target equal to 3% of the portfolio value, defined as the average market value of the fund over the preceding twelve quarters ending on the most recent December 31st. The 3% guideline is based on a discretionary policy as determined by the Organization's Investment Committee and may be forgone in years where the annual budget and fundraising activities of the Organization are sufficient to meet the operating needs of the organization.

**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 contribution to the plan was 4% of eligible employees' salaries and amounted to \$58,585 and \$59,313 for the years ended June 30, 2019 and 2018, respectively.

**13. Liquidity And Availability Of Resources**

At June 30, 2019, the Organization has the following financial assets available to meet general expenditures over the next twelve months:

Financial assets available to meet general expenditures over the next twelve months:	
Cash and cash equivalents	\$ 1,933,018
Investments	1,314,832
Accounts receivable	66,052
Promises to give	105,779
Available appropriation from endowment	<u>208,176</u>
	<u><u>\$ 3,627,857</u></u>

The Organization manages liquidity on annual and quarterly basis via executive meetings where financial statements, investment performance and expected expenditures are reviewed. Liquidity risk is minimal due to free cash balance and overall Organization budget. The Organization also has a \$300,000 line of credit available as described in Note 10 to meet cash flow needs. The Board-designated endowment described in Note 11 is intended by the Board of Directors to be held in perpetuity but could be undesignated if needed to provide further liquidity to the Organization.