
OUR LITTLE HAVEN
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023

Caring for Children. Mind. Body. Soul.



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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Our Little Haven, a not-for-profit organization, and Our Little Haven Service Agency, LLC, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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.

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, 2023 and 2022, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements section of our report. We are required to be independent of Our Little Haven and Our Little Haven Service Agency, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Little Haven's and Our Little Haven Service Agency's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

RubinBrown LLP

September 22, 2023

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	June 30,	
	2023	2022
Cash and cash equivalents (Note 3)	\$ 1,825,270	\$ 3,258,791
Investments (Note 9)	3,068,631	1,294,269
Assets held on behalf of others (Notes 3 and 4)	2,660,769	2,690,714
Accounts receivable (Note 5)	127,142	83,150
Employee retention credit receivable (Note 2)	—	437,547
Promises to give	30,454	9,266
Prepaid expenses	116,884	85,197
Advances on life insurance contracts (Note 7)	352,400	352,400
Property and equipment (Note 8)	297,041	363,556
Assets restricted and appropriated for endowment (Notes 3 and 9)	11,504,490	10,460,611
Total Assets	\$ 19,983,081	\$ 19,035,501

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 109,126	\$ 114,030
Agency funds held on behalf of others (Note 4)	2,660,769	2,690,714
Total Liabilities	2,769,895	2,804,744
Net Assets		
Without donor restrictions		
Undesignated	5,411,655	5,406,590
Invested in property and equipment	297,041	363,556
Board-appropriated endowment (Note 11)	8,858,144	8,066,607
Total without donor restrictions	14,566,840	13,836,753
With donor restrictions (Note 11)	2,646,346	2,394,004
Total Net Assets	17,213,186	16,230,757
Total Liabilities And Net Assets	\$ 19,983,081	\$ 19,035,501

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Years Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support And Revenue						
Public Support						
Contributions:						
Churches/schools	\$ 9,936	\$ —	\$ 9,936	\$ 2,795	\$ —	\$ 2,795
Civic groups	1,300	—	1,300	1,450	—	1,450
Corporations	112,914	—	112,914	177,178	—	177,178
Memorials and tributes	14,100	—	14,100	36,213	—	36,213
Foundations	315,770	—	315,770	283,904	—	283,904
Individuals	625,686	—	625,686	633,467	—	633,467
Total Contributions	1,079,706	—	1,079,706	1,135,007	—	1,135,007
Community grants (Note 5)	206,159	—	206,159	466,071	—	466,071
Contributed nonfinancial assets (Note 13)	23,950	—	23,950	40,100	—	40,100
Fundraising (net of direct expenses of \$190,194 in 2023 and \$202,014 in 2022)	415,633	—	415,633	542,884	—	542,884
Total Public Support	1,725,448	—	1,725,448	2,184,062	—	2,184,062
Revenue						
Program service revenues (Note 5)	1,509,659	—	1,509,659	1,439,845	—	1,439,845
Interest and dividends	292,239	58,555	350,794	228,756	51,880	280,636
Other income	—	—	—	30,779	—	30,779
Total Revenue	1,801,898	58,555	1,860,453	1,699,380	51,880	1,751,260
Total Public Support And Revenue	3,527,346	58,555	3,585,901	3,883,442	51,880	3,935,322
Expenses						
Program services	2,855,260	—	2,855,260	2,847,552	—	2,847,552
Management and general	283,575	—	283,575	272,834	—	272,834
Fundraising	403,568	—	403,568	410,051	—	410,051
Total Expenses	3,542,403	—	3,542,403	3,530,437	—	3,530,437
Increase (Decrease) In Net Assets Before Gains (Losses)	(15,057)	58,555	43,498	353,005	51,880	404,885
Gain On Forgiveness Of Paycheck Protection						
Program Loan (Note 10)	—	—	—	400,000	—	400,000
Employee Retention Credit (Note 2)	—	—	—	229,664	—	229,664
Realized And Unrealized Gains (Losses) On Investments	745,144	193,787	938,931	(1,665,649)	(473,127)	(2,138,776)
Increase (Decrease) In Net Assets	730,087	252,342	982,429	(682,980)	(421,247)	(1,104,227)
Net Assets - Beginning Of Year	13,836,753	2,394,004	16,230,757	14,519,733	2,815,251	17,334,984
Net Assets - End Of Year	\$ 14,566,840	\$ 2,646,346	\$ 17,213,186	\$ 13,836,753	\$ 2,394,004	\$ 16,230,757

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Years Ended June 30,

	2023				2022			
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	\$ 1,737,997	\$ 130,646	\$ 263,814	\$ 2,132,457	\$ 1,653,121	\$ 118,313	\$ 245,039	\$ 2,016,473
Payroll taxes	130,325	10,036	20,146	160,507	128,493	9,241	18,577	156,311
Health insurance	206,579	11,043	26,679	244,301	222,366	15,979	29,125	267,470
403(b) contribution (Note 12)	70,605	6,814	10,293	87,712	72,174	6,268	10,718	89,160
Total Payroll Expenses	2,145,506	158,539	320,932	2,624,977	2,076,154	149,801	303,459	2,529,414
Advertising/newsletter	2,842	1,104	23,394	27,340	5,440	—	22,719	28,159
Case management expenses	275,164	—	—	275,164	314,147	780	—	314,927
Conferences and meetings	675	1,076	358	2,109	1,057	239	125	1,421
Data processing	63,009	9,529	3,913	76,451	51,097	7,621	3,406	62,124
Dues and subscriptions	8,992	680	12,097	21,769	7,144	70	12,632	19,846
Indirect fundraising event costs	—	—	13,830	13,830	—	—	25,557	25,557
Insurance	95,322	32,770	17,561	145,653	104,999	28,054	21,372	154,425
Maintenance of buildings and equipment	10,877	2,340	—	13,217	27,352	2,983	124	30,459
Miscellaneous expense	57	—	138	195	1,242	—	—	1,242
Office expense	17,637	3,766	2,400	23,803	15,306	1,980	1,549	18,835
Outpatient services expense	47,552	—	—	47,552	56,012	—	—	56,012
Payroll processing	106	3,611	—	3,717	—	3,515	—	3,515
Postage	2,887	408	796	4,091	2,692	873	674	4,239
Preschool expenses	7,130	—	—	7,130	5,646	—	—	5,646
Printing	2,607	244	189	3,040	5,914	1,690	5,649	13,253
Professional fees	17,335	45,812	3,000	66,147	12,966	45,800	5,000	63,766
Program supplies	24,617	9,055	—	33,672	23,618	7,887	—	31,505
Telephone	12,391	950	950	14,291	12,238	934	934	14,106
Training	13,699	—	—	13,699	22,477	875	254	23,606
Utilities	22,343	2,619	2,608	27,570	21,313	2,573	2,540	26,426
Volunteer recruitment and awards	7,810	101	190	8,101	5,520	6,530	794	12,844
Total Other Expenses	633,052	114,065	81,424	828,541	696,180	112,404	103,329	911,913
Total Expenses Before Depreciation And Amortization	2,778,558	272,604	402,356	3,453,518	2,772,334	262,205	406,788	3,441,327
Depreciation And Amortization	76,702	10,971	1,212	88,885	75,218	10,629	3,263	89,110
	\$ 2,855,260	\$ 283,575	\$ 403,568	\$ 3,542,403	\$ 2,847,552	\$ 272,834	\$ 410,051	\$ 3,530,437

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2023	2022
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 982,429	\$ (1,104,227)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation and amortization	88,885	89,110
Realized (gains) losses on investments	(4,217)	3,654
Unrealized (gains) losses on investments	(934,714)	2,135,122
Gain on forgiveness of Paycheck Protection Program loan	—	(400,000)
Changes in assets and liabilities:		
Accounts receivable	(43,992)	(4,752)
Promises to give	(21,188)	(9,266)
Employee retention credit receivable	437,547	(83,510)
Prepaid expenses	(31,687)	12,416
Accounts payable and accrued expenses	(4,904)	4,162
Deferred revenue	—	(65,895)
Net Cash Provided By Operating Activities	468,159	576,814
Cash Flows From Investing Activities		
Payments for the purchase of property and equipment	(22,370)	(52,095)
Proceeds from sales and maturities of investments	184,790	13,408
Purchases of investments	(2,153,069)	(179,373)
Net Cash Used In Investing Activities	(1,990,649)	(218,060)
Net Increase (Decrease) In Cash And Cash Equivalents	(1,522,490)	358,754
Cash And Cash Equivalents - Beginning Of Year	3,740,408	3,381,654
Cash And Cash Equivalents - End Of Year	\$ 2,217,918	\$ 3,740,408
Cash And Cash Equivalents Consist Of:		
Undesignated cash and cash equivalents	\$ 1,825,270	\$ 3,258,791
Donor restricted term endowment cash and cash equivalents	121,199	210,168
Board-appropriated endowment cash and cash equivalents	271,449	271,449
	\$ 2,217,918	\$ 3,740,408

OUR LITTLE HAVEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 And 2022

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 consolidated 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.

OUR LITTLE HAVEN

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, 2023, cash and cash equivalents held in excess of the FDIC limit amounted to approximately \$1,420,887. As of June 30, 2023, assets held on behalf of others include cash and cash equivalents of \$1,679,860 of which \$1,429,860 was held in excess of the FDIC limit. Total cash and cash equivalents held in bank represents the amount physically deposited in the bank at June 30, 2023, 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

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until the conditions on which they depend have been met. All promises to give are expected to be collected within one year. Promises to give are reported at the amount management expects to collect on balances outstanding at year end. 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 Restricted And Appropriated For Endowment

Investments and assets restricted and 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.

Paycheck Protection Program Loan

The Organization received a loan that is part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Organization used the proceeds from the loan exclusively for qualified expenses under PPP, including payroll costs, mortgage interest, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Organization considers the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. The Organization does not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loan was recorded as a liability until the loan was forgiven and the debtor was legally released. The Organization reduced the liability by the amount forgiven and recorded a gain on extinguishment when the loan was forgiven.

In August 2021, the Organization applied for and received forgiveness of all principal and interest for the PPP loan received in January 2021 (Note 10).

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 consolidated 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.

Revenue Recognition

The Organization has contractual arrangements with various funders to provide services at negotiated rates for specific services. The Organization recognizes revenue at the time the contracted services are provided. Revenues and related accounts receivable are recorded at their estimated net realizable amounts. Timing of cash flows varies by funder type.

The Organization records fundraising revenue when the related fundraising event takes place. At times, payment is collected in advance of the fundraising event and is deferred until the fundraising event takes place.

Employee Retention Credit

The CARES Act provided an employee retention credit which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 extended and expanded the availability of the employee retention credit through December 31, 2021. However, certain provisions apply only after December 31, 2020. This new legislation amends the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before December 31, 2021. During 2021, a maximum of \$10,000 in qualified wages for each employee per calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer in 2021 is \$7,000 per employee per calendar quarter. The Infrastructure Investment and Jobs Act, which was signed into law in November 2021, changed the ending date of availability of the employee retention credit to September 30, 2021.

The Organization recognized the employee retention credit when the conditions for earning it are substantially met.

The Organization qualified for the credit beginning in April 2020 and received credits for qualified wages through September 2020. In addition, the Organization qualified for the credit beginning in April 2021 and received credits for qualified wages through September 2021. During the year ended June 30, 2022, revenue in the amount \$229,664 related to the employee retention credit was recognized within employee retention credit on the consolidated statement of activities. In the prior year, \$207,883 of employee retention credit was recorded on the consolidated statement of activities. During fiscal year 2023, \$437,547 was received from the United States Treasury related to 2021 and 2022 as well as excess interest which is included in interest and dividends at June 30, 2023.

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 Executive 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 consolidated 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).

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements *(Continued)*

The Organization's federal and state tax returns for tax years 2019 and later remain subject to examination by taxing authorities.

Subsequent Events

Our Little Haven plans to withdraw from the Foster Care Case Management contract with the State Agency described in Note 4 by September 30, 2023. As such, the LLC will dissolve as its main purpose is to provide case management and other support services by distributing the State Agency funding to the four social service organizations, including Our Little Haven.

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

3. Cash And Cash Equivalents

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

	<u>2023</u>	<u>2022</u>
Checking and savings accounts	\$ 2,980,392	\$ 5,106,651
Sweep account	900,298	1,291,627
Money market	32,550	32,844
Short-term Treasury bills	206,679	—
	<u>\$ 4,119,919</u>	<u>\$ 6,431,122</u>

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,825,270	\$ 3,258,791
Assets held on behalf of others	1,902,001	2,690,714
Cash and cash equivalents - donor restricted endowment (Note 9)	121,199	210,168
Cash and cash equivalents - board appropriated endowment (Note 9)	271,449	271,449
	<u>\$ 4,119,919</u>	<u>\$ 6,431,122</u>

In addition to the cash in assets held on behalf of others, during the year ended June 30, 2023, the LLC invested in U.S. Treasury Bills totaling \$758,768 (Note 9).

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 450 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 with monthly payments of \$850 through September 2023. Rent expense was \$10,200 in 2023 and 2022, which is included in case management expenses.

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, Deferred Revenue, Program Service Revenues And Community Grants

In 2011, the Organization entered into a service agreement with the LLC to provide case management services for a fee. In 2023 and 2022, the fees earned were \$1,019 and \$1,036 per month, respectively, per child (Note 4). Amounts totaling \$1,356,712 and \$1,306,234 were received by the Organization for these services for the years ended June 30, 2023 and 2022, respectively.

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements (Continued)

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 \$130,321 and \$52,839 were billed to Medicaid for the years ended June 30, 2023 and 2022, 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 \$22,626 and \$80,772 in 2023 and 2022, respectively.

In addition, the Organization received community grants totaling \$206,159 and \$466,071 in 2023 and 2022, respectively, from the St. Louis Mental Health Board and St. Louis County Children's Service Fund. During 2023, the Organization discontinued their contract with the St. Louis Mental Health Board.

The following table provides opening and closing balances of receivables from contracts with customers for the years ended June 30, 2023 and 2022:

	July 1, 2021	July 1, 2022	June 30, 2023
Missouri Department of Social Services (Preschool)	\$ 5,940	\$ 5,104	\$ 3,275
Medicaid And Other Insurance Companies (Keystone)	19,083	13,391	32,179
St. Louis Mental Health Board (Community Grant)	—	23,875	—
St. Louis County Children's Service Fund (Community Grant)	53,375	40,780	91,688
	<u>\$ 78,398</u>	<u>\$ 83,150</u>	<u>\$ 127,142</u>

The following table provides opening and closing balances of deferred revenue from contracts with customers for the years ended June 30, 2023 and 2022:

	July 1, 2021	July 1, 2022	June 30, 2023
Fundraising events	\$ 65,895	\$ —	\$ —

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements (*Continued*)

6. Concentrations

In 2023 and 2022, the Organization received approximately 38% of its total public support and revenue from one revenue source. In 2022, the Organization received approximately 33% 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 \$352,400 of the premiums paid at June 30, 2023 and 2022, respectively.

8. Property And Equipment

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 92,000	\$ 92,000
Buildings	895,975	895,975
Building improvements	1,165,446	1,157,356
Furniture and equipment	384,221	369,941
	<u>2,537,642</u>	<u>2,515,272</u>
Less: Accumulated depreciation and amortization	2,240,601	2,151,716
	<u>\$ 297,041</u>	<u>\$ 363,556</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:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Money Market Fund	\$ 350,265	\$ 350,265	\$ 446,600	\$ 446,600
Certificates Of Deposits	1,000,000	1,000,000	—	—
Equity Mutual Funds				
Small Cap	913,117	1,364,113	908,870	1,260,125
Small Blend	528,735	613,310	528,735	554,654
Large Cap	870,036	2,489,480	948,687	2,295,412
Large Blend	1,434,492	1,874,108	1,434,492	1,655,065
Real Estate	530,610	467,648	530,610	498,187
International	1,678,284	1,863,608	1,666,338	1,605,409
U.S. Treasury Bills	1,155,999	1,162,634	—	—
U.S. Treasury Note	204,127	204,514	—	—
Emerging Markets	541,004	499,223	538,121	500,147
U.S. Core Equity	129,351	240,242	—	—
Bond Mutual Funds				
Corporate U.S.				
Investment Grade	2,108,588	1,817,833	2,108,588	1,849,605
Multisector	564,000	476,630	564,000	490,477
One Year Fixed	453,547	452,760	56,851	55,595
Five Year Global Fixed	68,845	62,873	67,844	61,987
	<u>\$ 12,531,000</u>	<u>\$ 14,939,241</u>	<u>\$ 9,799,736</u>	<u>\$ 11,273,263</u>

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

	2023	2022
Investments	\$ 3,068,631	\$ 1,294,269
Assets restricted for endowment	2,525,147	2,183,836
Assets held on behalf of others (Note 3)	758,768	—
Assets appropriated for board designated endowment	8,586,695	7,795,158
	<u>\$ 14,939,241</u>	<u>\$ 11,273,263</u>

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements (*Continued*)

As described in Note 2, investments are carried at fair value in accordance with generally accepted accounting principles in the United States of America. Fair value is defined 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 valuation techniques are required to maximize the use of the observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset.
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

- | | |
|----------------|---|
| <i>Level 1</i> | Quoted prices that are readily available in active markets/exchanges for identical investments. |
| <i>Level 2</i> | Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. |
| <i>Level 3</i> | Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment. |

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements (Continued)

The following are the major categories of financial assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Money Market Fund	\$ 350,265	\$ —	\$ —	\$ 350,265
Certificates Of Deposits	—	1,000,000	—	1,000,000
Equity Mutual Funds				
Small Cap	1,364,113	—	—	1,364,113
Small Blend	613,310	—	—	613,310
Large Cap	2,489,480	—	—	2,489,480
Large Blend	1,874,108	—	—	1,874,108
Real Estate	467,648	—	—	467,648
International	1,863,608	—	—	1,863,608
U.S. Treasury Bills	—	1,162,634	—	1,162,634
U.S. Treasury Note	—	204,514	—	204,514
Emerging Markets	499,223	—	—	499,223
U.S. Core Equity	240,242	—	—	240,242
Bond Mutual Funds				
Corporate U.S.				
Investment Grade	1,817,833	—	—	1,817,833
Multisector	476,630	—	—	476,630
One Year Fixed	452,760	—	—	452,760
Five Year Global Fixed	62,873	—	—	62,873
	\$ 12,572,093	\$ 2,367,148	\$ —	\$ 14,939,241

	2022			
	Level 1	Level 2	Level 3	Total
Money Market Fund	\$ 446,600	\$ —	\$ —	\$ 446,600
Equity Mutual Funds				
Small Cap	1,260,125	—	—	1,260,125
Small Blend	554,654	—	—	554,654
Large Cap	2,295,412	—	—	2,295,412
Large Blend	1,655,065	—	—	1,655,065
Real Estate	498,187	—	—	498,187
International	1,605,409	—	—	1,605,409
Emerging Markets	500,147	—	—	500,147
Bond Mutual Funds				
Corporate U.S.				
Investment Grade	1,849,605	—	—	1,849,605
Multisector	490,477	—	—	490,477
One Year Fixed	55,595	—	—	55,595
Five Year Global Fixed	61,987	—	—	61,987
	\$ 11,273,263	\$ —	\$ —	\$ 11,273,263

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements (*Continued*)

The certificates of deposit, U.S. Treasury Bills and Note are valued using techniques consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

During 2023 and 2022, there were no changes in the methods or assumptions utilized to derive the fair value of the Organization's assets.

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.

At June 30, 2023 and 2022, assets restricted and appropriated for endowment include cash and cash equivalents of \$392,648 and \$481,617, respectively (Note 3).

10. Debt

Line Of Credit

At June 30, 2023, 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, 2023, is unsecured and bears interest at the prime rate, 6.25% as of June 30, 2023.

Paycheck Protection Program Loan

In January 2021, the Organization entered into a PPP Loan and received proceeds in the amount of \$400,000. The PPP Loan bore interest at a fixed rate of 1% per annum with a term of 5 years, and was unsecured. The Organization applied for forgiveness of the PPP Loan and in August 2021, the Organization received full forgiveness of the PPP loan. Accordingly, the Organization recorded a gain on forgiveness of PPP loan for the year ending June 30, 2022.

11. Net Assets

In 2020, the Organization received a \$2,500,000 donor-restricted contribution for investment over a 20-year term. This gift is classified as a term endowment. Beginning in year three, appropriations can be used to support the operating budget of the Organization, and appropriations can be made from accumulated earnings as well as the corpus of the gift.

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements (Continued)

The Organization's endowment funds include both a donor-restricted endowment fund, and funds designated by the Executive Board of Directors of the Organization to function as an endowment. Assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds were as follows for the years ended June 30, 2023 and 2022:

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
	Board-Appropriated Endowment	Term Endowment	
Board-appropriated endowment funds	\$ 8,858,144	\$ —	\$ 8,858,144
Donor restricted endowment fund	—	2,646,346	2,646,346
	\$ 8,858,144	\$ 2,646,346	\$ 11,504,490

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
	Board-Appropriated Endowment	Term Endowment	
Board-appropriated endowment funds	\$ 8,066,607	\$ —	\$ 8,066,607
Donor restricted endowment fund	—	2,394,004	2,394,004
	\$ 8,066,607	\$ 2,394,004	\$ 10,460,611

Changes in the endowment assets were as follows for the years ended June 30, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
	Board-Appropriated Endowment	Term Endowment	
Endowment Assets - July 1, 2021	\$ 9,285,235	\$ 2,815,251	\$ 12,100,486
Investment return			
Interest and dividends	175,811	51,880	227,691
Net realized and unrealized losses on investments	(1,394,439)	(473,127)	(1,867,566)
Net investment return	(1,218,628)	(421,247)	(1,639,875)
Endowment Assets - June 30, 2022	8,066,607	2,394,004	10,460,611
Investment return			
Interest and dividends	172,843	58,555	231,398
Net realized and unrealized gains on investments	618,694	193,787	812,481
Net investment return	791,537	252,342	1,043,879
Endowment Assets - June 30, 2023	\$ 8,858,144	\$ 2,646,346	\$ 11,504,490

Board-Appropriated Endowment

The purpose of the board-appropriated 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 board-appropriated endowment grows and as determined by the Executive Board of Directors, it may be subdivided into specific purpose funds or may remain as a general board-appropriated endowment fund.

The goal of the board-appropriated 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.

Donor Restricted Endowment

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Executive Board of Directors appropriates such amounts for expenditure. The net assets also are subject to time and purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Executive Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The donor-restricted endowment fund does not require the original value of the gift to be maintained in perpetuity; the gift is to be invested for at least a term of 20 years.

OUR LITTLE HAVEN

Notes To Consolidated Financial Statements (*Continued*)

Additionally, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the Organization and the donor-restricted endowment fund,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the Organization, and
- 7) The investment policies of the Organization.

The purpose of the donor-restricted endowment is to provide an annual stream of revenue to maintain financial stability to the Organization for a minimum of 20 years. Beginning in year three, distributions from the endowment are to be added to the annual operating budget.

The goal of the donor-restricted endowment is to achieve between 6 and 7% growth, which will allow for \$250,000 of annual distributions beginning in year three over a twenty year investment horizon.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted term endowment funds may fall below the level that the donor contributed. There were no deficiencies as of June 30, 2023. Deficiencies of this nature were \$105,996 as of June 30, 2022, and resulted from unfavorable market fluctuations. The donor's initial contribution to the term endowment was \$2,500,000 and the value as of June 30, 2022 was \$2,394,004.

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 for the years ending June 30, 2023 and 2022 was 5% of eligible employees' salaries and amounted to \$87,712 and \$89,160, respectively.

13. Contributed Nonfinancial Assets

During the years ending June 30, 2023 and 2022, the Organization received \$23,950 and \$40,100, respectively, of auction items, reported as contributed nonfinancial assets.

Contributed auction items are valued at the gross selling price received. The proceeds from the sale of auction items are used for general purposes of the Organization's operations.

14. Liquidity And Availability Of Resources

At June 30, 2023 and 2022, the Organization has the following financial assets available to meet general expenditures over the next twelve months:

	<u>2023</u>	<u>2022</u>
Financial assets available to meet general expenditures over the next twelve months:		
Cash and cash equivalents	\$ 1,825,270	\$ 3,258,791
Investments	3,068,631	1,294,269
Accounts receivable	127,142	83,150
Employee retention credit receivable	—	437,547
Available appropriation from endowment	254,064	253,771
	<u>\$ 5,275,107</u>	<u>\$ 5,327,528</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-appropriated endowment described in Note 11 is intended by the Executive Board of Directors to be held in perpetuity but could be undesignated if needed to provide further liquidity to the Organization.