

**Haven House  
(A Not-for-Profit Corporation)**

**Financial Statements,  
Independent Auditor's Report  
And Supplementary Information**

**June 30, 2023 and 2022**







**HAVEN HOUSE  
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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Haven House  
Allentown, PA

### Opinion

We have audited the accompanying financial statements of Haven House (A Not-for-Profit Corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haven House as of June 30, 2023 and 2022, and the changes in its net assets and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Haven House 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Haven House'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Haven House'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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Budgeted, Reported and Allowable Costs on pages 21-23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Cory Bell, Pappold & Yamasita LLP*

February 27, 2024

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**HAVEN HOUSE**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2023 and 2022**

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**ASSETS**

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,160,250	\$ 1,465,812
Accounts Receivable, Net	1,692,442	773,426
Prepaid Expenses	11,090	12,514
Deposits	<u>6,600</u>	<u>4,132</u>
Total Current Assets	<u>2,870,382</u>	<u>2,255,884</u>
Noncurrent Assets		
Property and Equipment, Net (Note 2)	<u>2,502,449</u>	<u>2,591,788</u>
Total Noncurrent Assets	<u>2,502,449</u>	<u>2,591,788</u>
 TOTAL ASSETS	 <u>\$ 5,372,831</u>	 <u>\$ 4,847,672</u>

See independent auditor's report and notes to financial statements.

**HAVEN HOUSE**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2023 and 2022**

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**LIABILITIES AND NET ASSETS**

	<u>2023</u>	<u>2022</u>
Current Liabilities		
Current Portion of Long-Term Debt (Note 3)	\$ 74,643	\$ 71,392
Accounts Payable and Accrued Expenses	23,957	9,778
Accrued Payroll	68,764	154,060
Accrued Compensated Absences	<u>26,969</u>	<u>25,300</u>
Total Current Liabilities	194,333	260,530
Long-Term Liabilities		
Long-Term Debt, Net of Current Portion (Note 3)	<u>411,073</u>	<u>485,391</u>
TOTAL LIABILITIES	<u>605,406</u>	<u>745,921</u>
Net Assets		
Without Donor Restrictions	4,421,879	3,712,003
With Donor Restrictions (Note 5)	<u>345,546</u>	<u>389,748</u>
TOTAL NET ASSETS	<u>4,767,425</u>	<u>4,101,751</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,372,831</u></u>	<u><u>\$ 4,847,672</u></u>

**HAVEN HOUSE**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2023 and 2022**

	2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contracts and Program Service Revenue	\$ 4,746,878	\$ -	\$ 4,746,878
Private Pay Revenue	62,025	-	62,025
Other Non-Operating Revenue	86,137	-	86,137
Contributions, Grants and Fundraising	29,714	381,794	411,508
Interest and Dividend Income	15,907	-	15,907
Net Assets Released from Restrictions	425,996	(425,996)	-
Total Revenues, Gains and Other Support	5,366,657	(44,202)	5,322,455
<b>EXPENSES</b>			
Program Services	4,176,012	-	4,176,012
Management and General	411,197	-	411,197
Fundraising	69,572	-	69,572
Total Expenses	4,656,781	-	4,656,781
<b>CHANGES IN NET ASSETS</b>	709,876	(44,202)	665,674
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,712,003	389,748	4,101,751
<b>NET ASSETS AT END OF YEAR</b>	\$ 4,421,879	\$ 345,546	\$ 4,767,425

See independent auditor's report and notes to financial statements.

**HAVEN HOUSE**  
**STATEMENTS OF ACTIVITIES-CONTINUED**  
For the Years Ended June 30, 2023 and 2022

	2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contracts and Program Service Revenue	\$ 3,788,849	\$ -	\$ 3,788,849
Private Pay Revenue	72,403	-	72,403
Other Non-Operating Revenue	117,974	-	117,974
Contributions, Grants and Fundraising	131,785	387,748	519,533
Interest and Dividend Income	499	-	499
Net Assets Released from Restrictions	10,000	(10,000)	-
Total Revenues, Gains and Other Support	4,121,510	377,748	4,499,258
<b>EXPENSES</b>			
Program Services	3,691,237	-	3,691,237
Management and General	360,808	-	360,808
Fundraising	58,986	-	58,986
Total Expenses	4,111,031	-	4,111,031
<b>CHANGES IN NET ASSETS</b>	10,479	377,748	388,227
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,701,524	12,000	3,713,524
<b>NET ASSETS AT END OF YEAR</b>	\$ 3,712,003	\$ 389,748	\$ 4,101,751

**HAVEN HOUSE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2023 and 2022**

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 2,468,062	\$ 276,661	\$ 55,477	\$ 2,800,200
Contract Services	806,085	-	-	806,085
Payroll Taxes	205,104	23,002	4,715	232,821
Employee Benefits	136,369	26,285	-	162,654
Direct Program Expenses	22,500	-	-	22,500
Client Transportation	26,881	-	-	26,881
Dues and Subscriptions	4,617	-	-	4,617
Insurance	62,026	13,836	1,131	76,993
Interest	21,337	2,304	-	23,641
Miscellaneous	7,350	856	-	8,206
Occupancy	106,548	16,543	2,119	125,210
Office Supplies and Expenses	14,079	1,762	272	16,113
Postage	3,252	244	569	4,065
Advertising and Promotion	6,016	477	541	7,034
Professional Fees	38,535	32,884	-	71,419
Telephone	45,001	5,881	1,449	52,331
Travel and Automobile	33,440	-	-	33,440
Depreciation	87,858	5,758	644	94,260
Repairs and Maintenance	28,127	4,704	-	32,831
Computer Expense	49,195	-	-	49,195
Grant Expense	-	-	2,655	2,655
Bad Debt Expense	3,630	-	-	3,630
<b>TOTAL EXPENSES</b>	<b>\$ 4,176,012</b>	<b>\$ 411,197</b>	<b>\$ 69,572</b>	<b>\$ 4,656,781</b>

See independent auditor's report and notes to financial statements.

**HAVEN HOUSE**  
**STATEMENTS OF FUNCTIONAL EXPENSES-CONTINUED**  
**For the Years Ended June 30, 2023 and 2022**

	2022			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 2,104,794	\$ 235,939	\$ 47,311	\$ 2,388,044
Contract Services	734,521	-	-	734,521
Payroll Taxes	188,180	21,104	4,326	213,610
Employee Benefits	136,080	26,229	-	162,309
Direct Program Expenses	20,801	-	-	20,801
Client Transportation	19,143	-	-	19,143
Dues and Subscriptions	5,463	-	-	5,463
Insurance	59,223	13,211	1,080	73,514
Interest	24,170	2,610	-	26,780
Miscellaneous	2,042	238	-	2,280
Occupancy	84,672	13,146	1,684	99,502
Office Supplies and Expenses	27,228	3,408	526	31,162
Postage	4,179	313	732	5,224
Advertising and Promotion	3,738	297	336	4,371
Professional Fees	33,537	28,619	-	62,156
Telephone	39,045	5,103	1,257	45,405
Travel and Automobile	24,958	-	-	24,958
Depreciation	89,024	5,835	653	95,512
Repairs and Maintenance	28,437	4,756	-	33,193
Computer Expense	42,566	-	-	42,566
Grant Expense	-	-	1,081	1,081
Bad Debt Expense	19,436	-	-	19,436
<b>TOTAL EXPENSES</b>	<b>\$ 3,691,237</b>	<b>\$ 360,808</b>	<b>\$ 58,986</b>	<b>\$ 4,111,031</b>

**HAVEN HOUSE**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 665,674	\$ 388,227
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	94,260	95,512
(Increase) Decrease in Accounts Receivable, Net	(919,016)	68,228
Decrease in Prepaid Expenses	1,424	1,955
Increase in Deposits	(2,468)	(3,200)
Increase in Accounts Payable and Accrued Expenses	14,179	4,344
(Decrease) Increase in Accrued Payroll	(85,296)	1,495
Increase in Accrued Compensated Absences	1,669	3,423
Net Cash (Used in) Provided by Operating Activities	<u>(229,574)</u>	<u>559,984</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>(4,921)</u>	<u>(37,253)</u>
Net Cash Used in Investing Activities	<u>(4,921)</u>	<u>(37,253)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt	<u>(71,067)</u>	<u>(67,927)</u>
Net Cash Used in Financing Activities	<u>(71,067)</u>	<u>(67,927)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(305,562)	454,804
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,465,812</u>	<u>1,011,008</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,160,250</u>	<u>\$ 1,465,812</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash Paid During the Year For Interest	<u>\$ 23,641</u>	<u>\$ 26,780</u>

See independent auditor's report and notes to financial statements.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**1. Summary of Significant Accounting Policies**

*Nature of Activities*

Haven House (the "Organization") is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of providing non-residential programs for adults with mental illness who require intensive and comprehensive treatment at their location in Allentown, Pennsylvania. The treatment focus is to evaluate, support and maintain levels of independent functioning consistent with the demands of living in the community, and to prevent deterioration and to improve the quality of life.

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with the principles of not-for-profit accounting generally accepted in the United States of America. The financial statements reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation*

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

**Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

**With Donor Restrictions** - Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provisions of the contribution.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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*Cash and Cash Equivalents*

Cash and cash equivalents consist of cash held in checking and money market accounts, with an initial maturity of three months or less. Cash held in investments is excluded from cash and cash equivalents.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**1. Summary of Significant Accounting Policies (Continued)**

*Accounts Receivable*

The Organization accounts for bad debts using the allowance method. Bad debt expense is recognized during the period in which a specific account is determined to be uncollectible. The Organization periodically reviews its receivables for collectability based on past experience with the customer or current economic conditions. At June 30, 2023 and 2022, the Organization recorded an allowance for doubtful accounts of \$63,939 and \$60,309, respectively.

*Restriction of Assets*

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service.

*Grant and Contract Support and Receivables*

The Organization receives its program service revenue and contract support primarily from Lehigh and Northampton counties and their designated managed care provider and the Commonwealth of Pennsylvania Department of Public Welfare for services rendered to clients. Grant and contract support are reported at estimated realizable values.

Significant concentrations of grant and contract net receivables exists with Medicare, Lehigh County, Northampton County and their designated managed care provider Magellan Behavioral Health of Pennsylvania, Inc.

Accounts receivable are stated at outstanding balance less an allowance for doubtful accounts, when applicable. Management periodically evaluates the adequacy of the allowance. Accounts are written off when they are determined to be uncollectible based on management's assessment of the individual account.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**1. Summary of Significant Accounting Policies (Continued)**

*Revenue from Contracts with Customers*

The Organization's revenue from contracts with customers that fall within the scope of ASC 606 is recognized within Contracts, Program Service, and Private Pay Revenue. Revenues are recognized as the Organization satisfies its obligation to the customer. Services within the scope of ASC 606 include providing residential and non-residential programs for adults with mental illness who require intensive and comprehensive treatment.

The Organization's revenue streams within the scope of ASC 606 are accounted for in the following segments:

**Contracts, Program Service, and Private Pay Revenue** – The Organization earns program revenue by providing services for adults with mental illnesses daily at its Lehigh and Northampton County locations. The service hours are tracked as incurred. At the conclusion of each month, the service hours are accumulated, and the funder is billed. The payment for services is typically received the following month.

Program revenues are primarily recognized when the services are rendered. All services covered by a contract, managed-care provider, or self-pay are rendered, completed, and billed within the fiscal year. The Organization does not receive program revenue from contracts, managed-care providers, or self-pay in advance of the service provided. No portion of the service revenue is deferred at year-end as all revenue is recognized within the fiscal year.

*Contributions*

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, as defined above.

*Contributed Nonfinancial Assets*

No amounts have been reflected in the financial statements for contributed nonfinancial assets. The Organization receives donated goods for use in programs that fulfill the mission, however, these goods typically do not meet the materiality threshold for inclusion in the financial statements. The Organization generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks to assist the Organization, however, these donated services are not reflected in the financial statements since the services do not require specialized skills. The Organization estimates donated goods received during the year ended June 30, 2023 totaled \$52,000, however, the Organization would not have purchased these goods for use in their programs had the goods not been donated. Therefore, the value of the donated goods are not included in the financial statements of the Organization.

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*Expenses*

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**1. Summary of Significant Accounting Policies (Continued)**

*Allocation of Expenses by Functional and Natural Classification*

Costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among various programs, supporting and fundraising services benefited.

The Organization's method for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting services are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by functions, and other objective bases.

*Property and Equipment*

Property and equipment acquisitions, other than donated property and equipment, are recorded at cost. Depreciation is provided over the estimated useful lives of the assets, which range from three to thirty-nine years and is computed on the straight-line method. The Organization has a policy to capitalize all purchases greater than \$1,000 with a useful life of one year or more.

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies restricted net assets to net assets without donor restrictions at that time.

*Compensated Absences*

The Organization allows for carryover of a portion of paid time off. The Organization records a liability for employee's rights to receive compensation for future absences.

*Concentrations of Credit Risk*

The Organization maintains cash balances at financial institutions which may, at times, exceed federally insured limits. It historically has not experienced any credit related losses. At June 30, 2023 and 2022, the Organization's bank accounts exceeded the Federal Deposit Insurance Company limits of \$250,000. The Organization's uninsured cash totals were \$916,618 and \$1,232,705, respectively.

At June 30, 2023 and 2022, 61% and 61%, respectively, of the Organization's accounts receivable were from Magellan Behavioral Health of Pennsylvania, Inc.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**1. Summary of Significant Accounting Policies (Continued)**

*Income Taxes*

The Organization is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania and is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Accounting guidance as codified in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes – Uncertainty in Income Taxes*, establishes the criterion that an individual tax position has to meet for some or all of the benefits of the position to be recognized in the Organization's financial statements. The standard prescribes a recognition threshold of more likely-than-not to be sustained upon examination by a taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The standard also prescribes guidance on derecognition, classification, interest and penalties and disclosure. The Organization had no material uncertain income tax positions that would result in a liability to the Organization at June 30 2023 and 2022, respectively.

The Organization files its 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania.

*Reclassification*

Certain amounts in the prior year financial statements have been reclassified to conform with current year presentation. The reclassification did not have an effect on net assets.

*Adoption of New Accounting Standard*

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update that affects the Organization, as noted below.

Effective July 1, 2022, the Organization adopted ASU 2016-02, *Leases*, (Topic 842). Topic 842 was issued to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements. Under the provisions of Topic 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, on the Statement of Financial Position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**1. Summary of Significant Accounting Policies (Continued)**

*Adoption of New Accounting Standard (Continued)*

The Organization elected the option to apply the transition requirements at the effective date of July 1, 2022, which allows the effects of initially applying Topic 842 to be recognized as a cumulative effect adjustment to net assets in the period of adoption. Consequently, the financial statements and disclosures required under Topic 840 have not been updated as of and for the year ended June 30, 2022. The Organization also elected the package of practical expedients, which permits the Organization to not reassess prior conclusions about lease identification, classification, and initial direct costs and to account for the lease and nonlease components of such as maintenance as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify under Topic 842. In addition, the Organization elected to apply a de minimis measurement and recognition exemption to all leases which contain payments that are less than \$1,000 per month.

The Organization has determined that the implementation of ASU 2016-02, *Leases*, did not significantly impact the financial statements and, therefore, no right-of-use asset and lease liability were recorded.

**2. Property and Equipment**

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Furniture and Equipment	\$ 224,169	\$ 219,248
Land	251,726	251,726
Building	2,877,512	2,877,512
Vehicle	<u>51,347</u>	<u>51,347</u>
	3,404,754	3,399,833
Less: Accumulated Depreciation	<u>(902,305)</u>	<u>(808,045)</u>
Property and Equipment, Net	<u>\$ 2,502,449</u>	<u>\$ 2,591,788</u>

Depreciation expense was \$94,260 and \$95,512 in 2023 and 2022, respectively.

**3. Notes Payable and Long-Term Debt**

Notes payable consists of:

The Organization has a \$100,000 working capital line of credit secured by real property. Interest is priced at the Wall Street Journal prime rate (8.25% at June 30, 2023). The line is renewable annually on, with a current maturity date of, May 31, 2024. The balance outstanding on the line of credit is due on demand and was \$0 at June 30, 2023 and 2022.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**3. Notes Payable and Long-Term Debt (Continued)**

Long-term debt consists of:

	<u>2023</u>	<u>2022</u>
4.40% mortgage loan with TD Bank, due in monthly installments of \$3,214, including interest, until March 22, 2032 at which time all unpaid principal shall be fully due and payable. Note is secured by real estate.	\$ 276,913	\$ 302,503
4.50% 2nd mortgage loan with TD Bank, due in monthly installments of \$4,678, including interest, until October 5, 2027 at which time all unpaid principal shall be fully due and payable. Note is secured by real estate.	<u>208,803</u>	<u>254,280</u>
	485,716	556,783
Less: Current Portion	<u>(74,643)</u>	<u>(71,392)</u>
	<u>\$ 411,073</u>	<u>\$ 485,391</u>

Long-term debt maturities are as follows:

Years ending June 30,	
2024	\$ 74,643
2025	78,044
2026	81,600
2027	85,318
2028	36,457
Thereafter	<u>129,654</u>
	<u>\$ 485,716</u>

Interest expense was \$23,641 and \$26,780 in 2023 and 2022, respectively.

**4. Operating Leases**

The Organization leases property under four separate lease agreements, expiring at various dates through September 2024. Under the lease agreements, the Organization is renting residential space to facilitate the STARTS Forensic Housing program. Rental expense totaled \$70,932 and \$56,692 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease payments through June 30 are as follows:

Years ending June 30,	
2024	\$ 66,060
2025	15,345

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

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**5. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for specific purposes, until specific events occur, or are invested in perpetuity. Net assets with donor restrictions are held in cash and cash equivalents on the statements of financial position.

Net assets used in accordance with donor-imposed restrictions and released to net assets without donor restrictions for programs and capital purchases was \$425,996 and \$10,000 in 2023 and 2022, respectively.

Net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Programs	\$ 150	\$ 10,000
Capital Purchases	32,000	2,000
Employee Compensation	<u>313,396</u>	<u>377,748</u>
	<u>\$ 345,546</u>	<u>\$ 389,748</u>

**6. Liquidity and Availability**

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,160,250	\$ 1,465,812
Accounts Receivable, Net	1,692,442	773,426
Deposits	<u>6,600</u>	<u>4,132</u>
	2,859,292	2,243,370
Less: Net Assets With Donor Restrictions	<u>(345,546)</u>	<u>(389,748)</u>
	<u>\$ 2,513,746</u>	<u>\$ 1,853,622</u>

The Organization is supported mainly by contract and grant revenue, fee-for service revenue, and contributions. The Organization believes that its revenue sources along with the assets held at June 30, 2023, are sufficient to enable the Organization to continue to operate for the upcoming year.

The Organization also has access to a \$100,000 line of credit which it could draw upon to meet cash needs.

**HAVEN HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**7. Subsequent Events**

The Organization has evaluated subsequent events through February 27, 2024, the date which the financial statements were available to be issued, and has determined that no material subsequent events exist that require recognition or disclosure.

## SUPPLEMENTARY INFORMATION

**HAVEN HOUSE**  
**COUNTY OF NORTHAMPTON**  
**MH CONTRACT NO. 22-607**  
**THRIVE**  
**3.20 ADMINISTRATIVE MANAGEMENT**  
**SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS**  
**Year Ended June 30, 2023**

	<u>Approved Budget</u>	<u>Provider Reported Actual Costs</u>
<b>I. EXPENDITURE ITEMS</b>		
A. Personnel Services		
Wages and Salaries	\$ 280,300	\$ 225,288
Employee Benefits	28,000	21,584
B. Operating Expenses		
Occupancy	6,000	-
Communications	3,500	4,300
Treatment and Supportive Supplies	6,000	3,583
Transportation	9,000	10,465
Miscellaneous Operating Expenses	4,200	11,060
C. Equipment and Fixtures		
Minor Equipment and Fixtures	2,000	-
Maintenance, Repair and Improvement	1,000	-
D. General Administrative Costs	-	-
Total Gross Costs	<u>\$ 340,000</u>	<u>\$ 276,280</u>
<b>II. COSTS ELIGIBLE FOR DEPARTMENT PARTICIPATION</b>		
A. Gross Costs	\$ 340,000	\$ 276,280
B. Amount Not Eligible	-	-
C. Income	-	-
D. Net Costs Eligible	<u>\$ 340,000</u>	<u>\$ 276,280</u>

See independent auditor's report on supplementary information.

**HAVEN HOUSE  
COUNTY OF NORTHAMPTON  
MH CONTRACT NO. 22-607  
MHAP GRACEDALE NURSING HOME  
3.29 TRANSITIONAL AND COMMUNITY INTEGRATION  
SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS  
Year Ended June 30, 2023**

	<u>Approved Budget</u>	<u>Provider Reported Actual Costs</u>
<b>I. EXPENDITURE ITEMS</b>		
A. Personnel Services		
Wages and Salaries	\$ 477,240	\$ 459,810
Employee Benefits	47,724	52,543
B. Operating Expenses		
Communications	2,500	3,966
Treatment and Supportive Supplies	2,600	2,239
Transportation	4,000	301
Miscellaneous Operating Expenses	3,200	17,303
C. Equipment and Fixtures		
Maintenance, Repair and Improvement	600	-
Purchase of Fixed Assets	2,400	-
D. General Administrative Costs	<u>-</u>	<u>-</u>
Total Gross Costs	<u>\$ 540,264</u>	<u>\$ 536,162</u>
<b>II. COSTS ELIGIBLE FOR DEPARTMENT PARTICIPATION</b>		
A. Gross Costs	\$ 540,264	\$ 536,162
B. Amount Not Eligible	-	-
C. Income	<u>-</u>	<u>-</u>
D. Net Costs Eligible	<u>\$ 540,264</u>	<u>\$ 536,162</u>

See independent auditor's report on supplementary information.

**HAVEN HOUSE**  
**COUNTY OF NORTHAMPTON**  
**MH CONTRACT NO. 22-607**  
**STARTS**  
**3.22 HOUSING SUPPORT SERVICES**  
**SCHEDULE OF BUDGETED, REPORTED AND ALLOWABLE COSTS**  
**Year Ended June 30, 2023**

	<u>Approved Budget</u>	<u>Provider Reported Actual Costs</u>
<b>I. EXPENDITURE ITEMS</b>		
A. Personnel Services		
Wages and Salaries	\$ 107,500	\$ 107,012
Employee Benefits	22,000	8,708
B. Operating Expenses		
Occupancy	67,200	86,035
Communications	4,500	9,974
Administrative Supplies	15,000	3,493
Transportation	7,500	4,991
Miscellaneous Operating Expenses	15,700	8,685
C. Equipment and Fixtures	-	-
D. General Administrative Costs	-	-
Total Gross Costs	<u>\$ 239,400</u>	<u>\$ 228,898</u>
<b>II. COSTS ELIGIBLE FOR DEPARTMENT PARTICIPATION</b>		
A. Gross Costs	\$ 239,400	\$ 228,898
B. Amount Not Eligible	-	-
C. Income	-	-
D. Net Costs Eligible	<u>\$ 239,400</u>	<u>\$ 228,898</u>

See independent auditor's report on supplementary information.

