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February 4, 2010

Board of Directors
Haven House, Inc.
P.O. Box 508
Hammond, IN 46325

We have reviewed the audit report prepared by John J. Schaefer, PC, Independent Public Accountant, for the period July 1, 2007 to June 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Haven House, Inc., as of June 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

HAVEN HOUSE, INC.
FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT

June 30, 2008

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Haven House, Inc.
East Chicago, Indiana

I have audited the accompanying statements of financial position of Haven House, Inc. (the "Organization"), as of June 30, 2008, and the related statements of activities and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haven House, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Expenses by Funding Source on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



JOHN J. SCHAEFER
Certified Public Accountant
Michigan City, Indiana
December 26, 2008

HAVEN HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 374,362	\$ -	\$ -	\$ 374,362
Funding Receivable	36,960	-	-	36,960
Prepaid Expenses	400	-	-	400
Total Current Assets	<u>411,722</u>	<u>-</u>	<u>-</u>	<u>411,722</u>
Land	21,200	-	-	21,200
Furniture and Equipment	85,581	-	-	85,581
Leasehold and Land Improvements	107,598	-	-	107,598
Construction In Progress	79,146	-	-	79,146
Accumulated Depreciation	(72,608)	-	-	(72,608)
Net Fixed Assets	<u>220,917</u>	<u>-</u>	<u>-</u>	<u>220,917</u>
 Total Assets	<u>\$ 632,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,639</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 1,149	\$ -	\$ -	\$ 1,149
Accrued Payroll and Payroll Taxes	10,087	-	-	10,087
Total Liabilities	<u>11,236</u>	<u>-</u>	<u>-</u>	<u>11,236</u>
 <u>NET ASSETS</u>				
Unrestricted:				
Undesignated	236,823	-	-	236,823
Equipment Fund	63,407	-	-	63,407
Board Designated	321,173	-	-	321,173
Temporarily Restricted	-	-	-	-
Permanently Restricted	-	-	-	-
Total Net Assets	<u>621,403</u>	<u>-</u>	<u>-</u>	<u>621,403</u>
 Total Liabilities and Net Assets	<u>\$ 632,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,639</u>

The accompanying notes are an integral part of the financial statements.

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support:				
Contributions - Cash	\$ 143,021	\$ -	\$ -	\$ 143,021
Contributions - Non-Cash	134,967	-	-	134,967
Special Events Income	11,714	-	-	11,714
United Way	38,000	-	-	38,000
Federal Awards:				
Family Violence Prevention	54,630	-	-	54,630
Child Services	4,165	-	-	4,165
Criminal Justice Institute	66,309	-	-	66,309
Social Services Block Grant	11,120	-	-	11,120
HUD - via City of East Chicago	23,480	-	-	23,480
HUD - via City of Hammond	35,873	-	-	35,873
HUD - via Hammond Redevelopment	-	-	-	-
Federal Emergency Management Agency	12,935	-	-	12,935
U.S. Department of Education	12,972	-	-	12,972
State Awards:				
Domestic Violence Prevention	39,114	-	-	39,114
Private Grants	20,951	-	-	20,951
Other Revenue:				
Interest Income	7,850	-	-	7,850
Miscellaneous	1,718	-	-	1,718
Total Public Support and Revenues	<u>618,819</u>	<u>-</u>	<u>-</u>	<u>618,819</u>

Statement continued on next page.

The accompanying notes are an integral part of the financial statements.

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2008
(continued from previous page)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Program Expenses:				
Salaries and Wages	206,189	-	-	206,189
Payroll Taxes	17,780	-	-	17,780
Employee Benefits	36,645	-	-	36,645
Telephone and Communication	3,376	-	-	3,376
Utilities	7,539	-	-	7,539
Printing & Promotion	3,286	-	-	3,286
Client Assistance	137,104	-	-	137,104
Program Supplies	15,407	-	-	15,407
	<u>427,326</u>	<u>-</u>	<u>-</u>	<u>427,326</u>
Total Program Expenses				
Support Expenses:				
Salaries and Wages	43,842	-	-	43,842
Payroll Taxes	3,463	-	-	3,463
Employee Benefits	8,078	-	-	8,078
Professional Fees	5,100	-	-	5,100
Office Expenses	6,637	-	-	6,637
Telephone and Communication	3,377	-	-	3,377
Depreciation	10,062	-	-	10,062
Dues and Subscriptions	930	-	-	930
Repairs and Maintenance	10,662	-	-	10,662
Insurance - General	10,593	-	-	10,593
Licenses, Permits and Fees	-	-	-	-
Bonuses and Gifts	1,150	-	-	1,150
Meeting Expenses	1,548	-	-	1,548
Staff Training and Travel	6,184	-	-	6,184
Utilities	1,885	-	-	1,885
Taxes	821	-	-	821
Storage Rental	650	-	-	650
Miscellaneous	141	-	-	141
Special Events Expenses	14,256	-	-	14,256
	<u>129,379</u>	<u>-</u>	<u>-</u>	<u>129,379</u>
Total Support Expenses				
Total Expenses	<u>556,705</u>	<u>-</u>	<u>-</u>	<u>556,705</u>
Increase in Net Assets	<u>\$ 62,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,114</u>

The accompanying notes are an integral part of the financial statements.

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ending June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, Beginning of Year	\$ 559,289	\$ -	\$ -	\$ 559,289
Increase in Net Assets, Current Year	62,114	-	-	62,114
Net Asset Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 621,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,403</u>

The accompanying notes are an integral part of the financial statements.

JOHN J. SCHAEFER, P.C.
 CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
STATEMENT OF CASH FLOWS
For the Year Ending June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ 62,114	\$ -	\$ -	\$ 62,114
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:				
Depreciation Expense	10,062	-	-	10,062
Changes in Assets and Liabilities:				
Grants Receivable	(17,960)	-	-	(17,960)
Accounts Payable	1,149	-	-	1,149
Accrued Payroll and Payroll Taxes Payable	<u>10,087</u>	<u>-</u>	<u>-</u>	<u>10,087</u>
Net Cash Provided by (Used for) Operating Activities	<u>65,452</u>	<u>-</u>	<u>-</u>	<u>65,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	<u>(3,532)</u>	<u>-</u>	<u>-</u>	<u>(3,532)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 61,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,920</u>
Summary:				
Cash and Cash Equivalents - End of Year	\$ 374,362	\$ -	\$ -	374,362
Cash and Cash Equivalents - Beginning of Year	<u>312,442</u>	<u>-</u>	<u>-</u>	<u>312,442</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 61,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,920</u>

The accompanying notes are an integral part of the financial statements.

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
Notes to the Financial Statements
June 30, 2008

Note 1. Organization and Activities

Haven House, Inc. was incorporated on June 26, 1997 to establish, maintain and operate an emergency shelter for victims of family violence, and to provide other necessary aid, counseling and educational services through various programs. To finance these activities, the Organization solicits contributions (cash and in-kind), receives federal and state grants, and conducts fundraising activities.

Note 2. Summary of Significant Accounting Policies and Basis of Presentation

Method of Accounting – The financial statements of Haven House, Inc. are presented on the accrual basis of accounting. Under the accrual basis, the Organization records revenues at the time it obtains the right to receive them and expenditures at the time incurred. The Organization follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Cash and Cash Equivalents – This account consists of cash in bank accounts and funds invested for periods of less than one year. For most of the fiscal year ending June 30, 2008, the Organization's bank accounts had total balances in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Property and Equipment – The Organization's capitalization policy provides that assets valued at \$500 or more at the time of purchase or donation are recorded in the equipment fund; items of lesser value are charged to expense in the year of purchase or donation.

Depreciation – Depreciation is computed using the straight-line basis over each asset's estimated useful life. Office equipment is depreciated over a five-year period, other equipment and furniture are depreciated over a twelve-year period, and leasehold improvements are depreciated over a forty-year period. Land is not depreciated.

Cash Contributions – All cash contributions are considered to be available for current unrestricted use unless specifically restricted by the donor. The Organization follows Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and nature of any donor imposed restrictions.

Non-Cash Contributions – The Organization regularly receives contributions of items that are used to assist clients (clothing, food, school supplies, etc.) or are used in the operation of the shelter (cleaning supplies, bedding, office supplies, etc.). Non-cash contributions are recognized as income at the estimated fair market value at the date of donation. Because these items are provided to clients or consumed by the Organization relatively quickly, no inventory is reported; rather, expenses are recorded on the Statement of Activities in the appropriate categories (client assistance, institutional supplies, etc.).

JOHN J. SCHAEFFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
Notes to the Financial Statements
June 30, 2008
(continued)

Note 2. Summary of Significant Accounting Policies and Basis of Presentation (continued)

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 at the date of the financial statements; disclosures of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Note 3. Property and Equipment

At June 30, 2008, the Organization's property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 21,200	\$ --	\$ 21,200
Leasehold Improvements	107,598	13,518	94,080
Furniture and Equipment	85,581	59,090	26,491
Construction-In-Progress	<u>79,146</u>	<u>--</u>	<u>79,146</u>
Totals	<u>\$ 293,525</u>	<u>\$ 72,608</u>	<u>\$ 220,917</u>

Depreciation expense for the fiscal year ending June 30, 2008 was \$10,062.

Construction-In-Progress represents amounts that have been expended to prepare land owned by the Organization for future construction of a transitional housing facility. The Organization is currently raising funds for that project.

Note 4. Compensated Absences

Employees of Haven House, Inc. are entitled to paid vacations, based on their length of service. The Organization's policy is to recognize the cost of future compensated absences when actually paid to employees. Accordingly, no liability for future compensated absences has been recorded in the financial statements.

Note 5. Taxes

The Organization has been determined to be tax-exempt under Internal Revenue Code Section 501(c)(3). Accordingly, the Organization has no liability for federal or state income tax.

In addition, the Organization is exempt from local property taxes.

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
Notes to the Financial Statements
June 30, 2008
(continued)

Note 6. Leases

The Organization leases its facility from the City of Hammond, Indiana, for \$1 per year. Under the terms of the lease, the Organization is responsible for the facility's insurance and utilities. The lease term is from December 31, 2003 to December 31, 2008, with an option for Haven House, Inc. to renew the lease for an additional five years upon written notice to the lessor no later than 180 days prior to the lease's expiration. The lease may be terminated if the Organization violates any term, condition, or covenant of the lease or if the property is destroyed or condemned. The estimated fair rental value has not been reflected in the financial statements.

Note 7. Board Designated Net Assets

The Organization's Board of Directors has designated \$296,173 of its unrestricted net assets to be reserved for its planned Transitional Housing Program. In addition, the Board has designated \$25,000 of its unrestricted net assets as Emergency Reserves.

Note 8. Funding from City of Hammond

The Organization has received authorization from the Hammond Redevelopment Commission to expend funding up to \$200,000 for the Transitional Housing facility. The funds are available as needed. Invoices for the project are submitted to the Commission and vendors are paid by the Commission. If the entire grant amount is not expended, the remainder reverts to the Commission. Amounts actually drawn down during the fiscal year are reported in the Organization's financial statements as income.

None of this funding was expended during the fiscal year ending June 30, 2008 or 2007. In the fiscal year ending June 30, 2006, \$9,494 of the funding was expended for site work and surveys.

Note 9. Donation of Land

During the fiscal year ended June 30, 2006, the Organization received title to land donated by the City of Hammond. The assessed value (which is based on market value) of the property was \$21,200 as of the date of donation.

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT

HAVEN HOUSE, INC.
STATEMENT OF EXPENSES BY FUNDING SOURCE
For the Year Ending June 30, 2008

	Federal Family Violence Prevention	Child Services	Social Services Block Shelter	Indiana Criminal Justice Institute	Federal Food Grant	HUD/City of East Chicago	HUD/City of Hammond	HUD/City of Hammond	Federal Emergency Management Agency	Domestic Violence Treatment Program	Total Program Services	Other Funding Sources	Total Expenses
Salaries and Wages	\$ 38,828	\$ -	\$ -	\$ 37,404	\$ -	\$ 33,039	\$ 6,750	\$ 4,252	\$ 85,916	\$ 206,189	\$ 43,842	\$ 250,031	
Payroll Taxes	3,348	-	-	3,225	-	2,849	582	366	7,410	17,780	3,463	21,243	
Employee Benefits	6,901	-	-	6,648	-	5,872	1,199	755	15,270	36,645	8,078	44,723	
Professional Fees	-	-	-	-	-	-	-	-	-	-	5,100	5,100	
Staff Bonuses	-	-	-	-	-	-	-	-	-	-	1,150	1,150	
Office Expenses	-	-	-	-	-	-	-	-	-	-	6,637	6,637	
Telephone and Communication	3,376	-	-	-	-	-	-	-	-	3,376	3,377	6,753	
Depreciation	-	-	-	-	-	-	-	-	-	-	10,062	10,062	
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	930	930	
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	10,662	10,662	
Insurance - General	-	-	-	-	-	-	-	-	-	-	10,593	10,593	
Licenses, Permits and Fees	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	141	141	
Printing and Promotion	-	-	-	-	-	-	-	-	-	3,286	-	3,286	
Staff Training and Travel	-	-	-	-	-	-	-	-	-	-	6,184	6,184	
Meeting Expenses	-	-	-	-	-	-	-	-	-	-	1,548	1,548	
Utilities	-	-	-	-	-	-	-	-	-	-	1,885	1,885	
Client Assistance	5,553	8,165	14,120	23,032	15,972	12,358	7,539	7,562	23,000	137,104	-	137,104	
Program Supplies	-	-	-	-	-	-	27,342	-	-	15,407	-	-	
Storage Rental	-	-	-	-	-	-	-	-	-	-	-	650	
Taxes	-	-	-	-	-	-	-	-	-	-	-	821	
Fundraising	-	-	-	-	-	-	-	-	-	-	14,256	-	
Totals	\$ 58,006	\$ 8,165	\$ 14,120	\$ 70,309	\$ 15,972	\$ 54,118	\$ 43,412	\$ 12,935	\$ 150,289	\$ 427,326	\$ 129,379	\$ 556,705	

JOHN J. SCHAEFER, P.C.
CERTIFIED PUBLIC ACCOUNTANT