

**LIFE HAVEN, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2007 AND 2006**

## TABLE OF CONTENTS

|  | <u>PAGE</u>   |
|--|---------------|
| <b>Independent Auditor's Report</b>      | <b>1</b>      |
| <b>Financial Statements:</b>             |               |
| <b>Statements of Financial Position</b>  | <b>2</b>      |
| <b>Statements of Activities</b>          | <b>3</b>      |
| <b>Statements of Functional Expenses</b> | <b>4 - 5</b>  |
| <b>Statements of Cash Flows</b>          | <b>6</b>      |
| <b>Notes to Financial Statements</b>     | <b>7 - 12</b> |

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Life Haven, Inc.  
New Haven, Connecticut

We have audited the accompanying statements of financial position of Life Haven, Inc. as of June 30, 2007 and 2006 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Haven, Inc. as of June 30, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



New Haven, Connecticut  
March 26, 2008



LIFE HAVEN, INC.  
STATEMENTS OF FINANCIAL POSITION

|  | June 30,          |                   |
|--|-------------------|-------------------|
|  | <u>2007</u>       | <u>2006</u>       |
| <u>Assets</u>                            |                   |                   |
| Cash and cash equivalents                | \$ 80,403         | \$ 59,142         |
| Accounts receivable                      | 25,646            | 17,561            |
| Grants receivable                        | 12,123            | 24,868            |
| Promises to give                         | 81,596            | 122,000           |
| Prepaid expenses                         | 9,602             | 2,964             |
| Property and equipment, net              | <u>361,678</u>    | <u>444,780</u>    |
|  | <u>\$ 571,048</u> | <u>\$ 671,315</u> |
| <u>Liabilities</u>                       |                   |                   |
| Accounts payable                         | \$ 18,397         | \$ 24,590         |
| Accrued expenses                         | 66,875            | 49,660            |
| Refundable advance                       | <u>72,561</u>     | <u>2,097</u>      |
|  | <u>157,833</u>    | <u>76,347</u>     |
| <u>Net assets</u>                        |                   |                   |
| Unrestricted:                            |                   |                   |
| Operating                                | 1,537             | 23,148            |
| Net investment in property and equipment | <u>361,678</u>    | <u>444,780</u>    |
|  | 363,215           | 467,928           |
| Temporarily restricted                   | <u>50,000</u>     | <u>127,040</u>    |
| Total net assets                         | <u>413,215</u>    | <u>594,968</u>    |
|  | <u>\$ 571,048</u> | <u>\$ 671,315</u> |

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



LIFE HAVEN, INC.  
STATEMENTS OF ACTIVITIES

|  | Year Ended<br>June 30, |                   |
|--|------------------------|-------------------|
|  | <u>2007</u>            | <u>2006</u>       |
| <b><u>Unrestricted net assets:</u></b>             |                        |                   |
| <b>Support and reclassifications:</b>              |                        |                   |
| <b>Governmental financial assistance:</b>          |                        |                   |
| State of Connecticut Department of Social Services | \$ 298,259             | \$ 256,944        |
| City of New Haven                                  | 153,551                | 157,269           |
| U.S. Department of Health and Human Services       | -                      | 180,734           |
| State shelter reimbursements                       | 71,426                 | 58,084            |
| Donations and grants                               | <u>125,980</u>         | <u>184,172</u>    |
|  | 649,216                | 837,203           |
| Special events                                     | 117,541                | 11,666            |
| Less - costs of direct benefits to donors          | <u>(23,583)</u>        | <u>(5,133)</u>    |
|  | 93,958                 | 6,533             |
| Donated food                                       | 22,037                 | 16,436            |
| Other income                                       | <u>2,054</u>           | <u>2,341</u>      |
|  | 767,265                | 862,513           |
| Net assets released from restrictions              | <u>178,040</u>         | <u>53,667</u>     |
|  | <u>945,305</u>         | <u>916,180</u>    |
| <b>Expenses:</b>                                   |                        |                   |
| Program  | 905,069                | 912,952           |
| Management and general                             | 107,747                | 103,302           |
| Fundraising  | <u>37,202</u>          | <u>5,827</u>      |
|  | <u>1,050,018</u>       | <u>1,022,081</u>  |
| Change in unrestricted net assets                  | <u>(104,713)</u>       | <u>(105,901)</u>  |
| <b><u>Temporarily restricted net assets:</u></b>   |                        |                   |
| United Way allocation and contributions            | <u>101,000</u>         | <u>147,129</u>    |
| Less - net assets released from restrictions:      |                        |                   |
| Satisfied by payments                              | (142,040)              | (17,667)          |
| Expiration of time                                 | <u>(36,000)</u>        | <u>(36,000)</u>   |
|  | <u>(178,040)</u>       | <u>(53,667)</u>   |
| Change in temporarily restricted net assets        | <u>(77,040)</u>        | <u>93,462</u>     |
| Change in net assets                               | (181,753)              | (12,439)          |
| Net assets, beginning                              | <u>594,968</u>         | <u>607,407</u>    |
| Net assets, ending                                 | <u>\$ 413,215</u>      | <u>\$ 594,968</u> |

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



LIFE HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2007

|                           | <u>Program</u>    |                   |                      | <u>Management and General</u> |  | <u>Fundraising</u> | <u>Total Expenses</u> |
|---------------------------|-------------------|-------------------|----------------------|-------------------------------|--|--------------------|-----------------------|
|                           | <u>Shelter</u>    | <u>Child Care</u> | <u>Total Program</u> | <u>General</u>                |  |                    |                       |
| Salaries                  | \$ 318,339        | \$ 129,489        | \$ 447,828           | \$ 71,816                     |  | \$ 5,046           | \$ 524,690            |
| Payroll taxes             | 34,124            | 13,846            | 47,970               | 7,678                         |  | 540                | 56,188                |
| Employee benefits         | 38,448            | 15,600            | 54,048               | 8,651                         |  | 608                | 63,307                |
| Rent                      | 15,324            | 3,448             | 18,772               | 383                           |  | -                  | 19,155                |
| Utilities                 | 40,835            | 9,188             | 50,023               | 1,021                         |  | -                  | 51,044                |
| Repairs and maintenance   | 41,786            | 9,403             | 51,189               | 1,046                         |  | -                  | 52,235                |
| Depreciation              | 64,651            | 14,547            | 79,198               | 1,616                         |  | -                  | 80,814                |
| Contracted services       | 26,516            | 8,534             | 35,050               | 3,800                         |  | 22,900             | 61,750                |
| Telephone                 | 6,069             | 1,365             | 7,434                | 152                           |  | -                  | 7,586                 |
| Insurance                 | 30,854            | 6,942             | 37,796               | 771                           |  | -                  | 38,567                |
| Office expense            | 4,912             | 1,105             | 6,017                | 123                           |  | 8,108              | 14,248                |
| Professional fees         | 3,919             | 1,679             | 5,598                | 10,500                        |  | -                  | 16,098                |
| Training                  | 182               | 78                | 260                  | -                             |  | -                  | 260                   |
| Supplies                  | -                 | 4,354             | 4,354                | -                             |  | -                  | 4,354                 |
| Food purchases            | 13,058            | 5,596             | 18,654               | -                             |  | -                  | 18,654                |
| Donated food and services | 15,426            | 6,611             | 22,037               | -                             |  | -                  | 22,037                |
| Interest expense          | 1,446             | 325               | 1,771                | 36                            |  | -                  | 1,807                 |
| Payroll and bank charges  | 3,014             | 678               | 3,692                | 75                            |  | -                  | 3,767                 |
| Miscellaneous             | 12,666            | 712               | 13,378               | 79                            |  | -                  | 13,457                |
|                           | <u>\$ 671,569</u> | <u>\$ 233,500</u> | <u>\$ 905,069</u>    | <u>\$ 107,747</u>             |  | <u>\$ 37,202</u>   | <u>\$ 1,050,018</u>   |

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



LIFE HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2006

|                           | <u>Program</u>    |                   |                      | <u>Management and</u> |                    | <u>Total Expenses</u> |
|---------------------------|-------------------|-------------------|----------------------|-----------------------|--------------------|-----------------------|
|                           | <u>Shelter</u>    | <u>Child Care</u> | <u>Total Program</u> | <u>General</u>        | <u>Fundraising</u> |                       |
| Salaries                  | \$ 287,126        | \$ 132,341        | \$ 419,467           | \$ 45,015             | \$ 4,899           | \$ 469,381            |
| Payroll taxes             | 27,712            | 12,774            | 40,486               | 4,344                 | 473                | 45,303                |
| Employee benefits         | 26,671            | 12,293            | 38,964               | 4,181                 | 455                | 43,600                |
| Rent                      | 15,362            | 3,456             | 18,818               | 384                   | -                  | 19,202                |
| Utilities                 | 41,371            | 9,309             | 50,680               | 1,034                 | -                  | 51,714                |
| Repairs and maintenance   | 32,166            | 7,237             | 39,403               | 804                   | -                  | 40,207                |
| Depreciation              | 66,121            | 14,877            | 80,998               | 1,653                 | -                  | 82,651                |
| Contracted services       | 39,856            | 68,083            | 107,939              | 30,893                | -                  | 138,832               |
| Telephone                 | 5,513             | 1,240             | 6,753                | 138                   | -                  | 6,891                 |
| Insurance                 | 25,205            | 5,671             | 30,876               | 630                   | -                  | 31,506                |
| Office expense            | 3,636             | 818               | 4,454                | 91                    | -                  | 4,545                 |
| Professional fees         | 8,135             | 3,486             | 11,621               | 14,000                | -                  | 25,621                |
| Training                  | 1,731             | 742               | 2,473                | -                     | -                  | 2,473                 |
| Supplies                  | -                 | 17,415            | 17,415               | -                     | -                  | 17,415                |
| Food purchases            | 13,644            | 5,848             | 19,492               | -                     | -                  | 19,492                |
| Donated food and services | 11,505            | 4,931             | 16,436               | -                     | -                  | 16,436                |
| Interest expense          | 69                | 17                | 86                   | -                     | -                  | 86                    |
| Payroll and bank charges  | 2,946             | 663               | 3,609                | 74                    | -                  | 3,683                 |
| Miscellaneous             | 2,434             | 548               | 2,982                | 61                    | -                  | 3,043                 |
|                           | <u>\$ 611,203</u> | <u>\$ 301,749</u> | <u>\$ 912,952</u>    | <u>\$ 103,302</u>     | <u>\$ 5,827</u>    | <u>\$ 1,022,081</u>   |

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



LIFE HAVEN, INC.  
STATEMENTS OF CASH FLOWS

|  | Year Ended<br>June 30, |                  |
|--|------------------------|------------------|
|  | <u>2007</u>            | <u>2006</u>      |
| Cash flows from operating activities:  |                        |                  |
| Change in net assets   | \$(181,753)            | \$(12,439)       |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                        |                  |
| Depreciation and amortization  | 80,814                 | 82,651           |
| Loss on disposal of fixed assets   | 2,288                  | -                |
| (Increase) decrease in operating assets:   |                        |                  |
| Accounts receivable  | (8,085)                | (12,717)         |
| Grants receivable  | 12,745                 | 21,505           |
| Promises to give   | 40,404                 | (78,975)         |
| Restricted cash  | -                      | 15,000           |
| Prepaid expenses   | (6,638)                | 4,201            |
| Increase (decrease) in operating liabilities:  |                        |                  |
| Accounts payable and accrued expenses  | 11,022                 | 6,735            |
| Refundable advances  | 70,464                 | (12,903)         |
| Net cash provided by operating activities  | <u>21,261</u>          | <u>13,058</u>    |
| Change in cash and cash equivalents  | 21,261                 | 13,058           |
| Cash and cash equivalents, beginning   | <u>59,142</u>          | <u>46,084</u>    |
| Cash and cash equivalents, ending  | <u>\$ 80,403</u>       | <u>\$ 59,142</u> |
| Supplemental disclosure of cash flow information -   |                        |                  |
| Cash paid for interest   | <u>\$ 1,808</u>        | <u>\$ 86</u>     |

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





LIFE HAVEN, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Life Haven, Inc. is a temporary shelter with a childcare program for a maximum of twenty homeless women and their children, or homeless women expecting a child, in the Greater New Haven area. The Organization's primary sources of support are the State of Connecticut Department of Social Services and the City of New Haven.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid instruments with a maturity of three months or less.

**Accounts Receivable**

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. Accounts receivable deemed uncollectible are charged to operations when that determination is made.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. All unconditional promises to give in the financial statements are due within one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its 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.



LIFE HAVEN, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are unrestricted by the donor are reported as an increase in unrestricted net assets as are contributions with donor-imposed restrictions that expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization does not have permanently restricted net assets.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Refundable Advances

Governmental grant awards are classified as refundable advances until expended for the purposes of the grants.

Property and Equipment

Leasehold improvements, furniture and fixtures, and equipment are stated at cost less accumulated depreciation and amortization. Expenditures for normal repairs and maintenance are charged to expense as incurred. Amortization for leasehold improvements is computed using the straight-line method over the life of the lease agreement at the time of acquisition. The amortization period ranges from 16 to 20 years. Depreciation for equipment is computed using the straight-line method over the estimated useful lives of the depreciable assets that range from 5 to 10 years.

Donated Materials

The Organization purchases food at a significant discount. The fair value of the donated food, less the amount actually paid, is recognized as contribution revenue and a program expense.



LIFE HAVEN, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Donated Services

The Organization recognizes donated services that creates or enhances non-financial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Income Taxes

The organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, federal and state income taxes are not provided.

NOTE 2 - PROPERTY AND EQUIPMENT

The cost of property and equipment at June 30, 2007 and 2006 are as follows:

|  | June 30,          |                   |
|--|-------------------|-------------------|
|  | <u>2007</u>       | <u>2006</u>       |
| Leasehold improvements                           | \$ 1,335,429      | \$ 1,335,429      |
| Furniture and equipment                          | <u>75,234</u>     | <u>110,606</u>    |
|  | 1,410,663         | 1,446,035         |
| Less - accumulated depreciation and amortization | <u>1,048,985</u>  | <u>1,001,255</u>  |
|  | <u>\$ 361,678</u> | <u>\$ 444,780</u> |

NOTE 3 - LEASES

Building

The Organization leases its facilities from St. Francis Church under an operating lease through May 2012. The lease requires monthly payments subject to an annual increase based upon an index from the U. S. Department of Labor Bureau of Labor Statistics. The increase may not exceed 3% each year. The rent expense for the years ended June 30, 2007 and 2006 was \$19,155 and \$19,202, respectively.



LIFE HAVEN, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

NOTE 3 – LEASES (CONTINUED)

Equipment

The Organization entered into an operating lease for certain office equipment in 2006. The lease expires in April 2011. Rent expense for the years ended June 30, 2007 and 2006 was \$2,220 and \$795, respectively.

The future minimum lease payment for the building and equipment are as follows:

| Year Ending    |                   |
|----------------|-------------------|
| <u>June 30</u> |                   |
| 2008           | \$ 21,372         |
| 2009           | 21,372            |
| 2010           | 21,372            |
| 2011           | 20,817            |
| 2012           | <u>19,221</u>     |
|                | <u>\$ 104,154</u> |

NOTE 4 - CONCENTRATIONS

Promises to Give

The Organization had promises to give from the United Way of \$50,000 (83%) as of June 30, 2007 and The Community Foundation for Greater New Haven of \$100,000 (82%) as of June 30, 2006, both of which are due within one year.

Economic Dependence

The Organization derived 30% and 20% of its total revenue from the State of Connecticut Department of Social Services during the years ended June 30, 2007 and 2006, respectively.

NOTE 5 - DONATED FOOD

The value of donated food for the years ended June 30, 2007 and 2006 was \$22,037 and \$16,436, respectively.



LIFE HAVEN, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following uses at June 30, 2007 and 2006:

|                              | June 30,         |                   |
|------------------------------|------------------|-------------------|
|                              | <u>2007</u>      | <u>2006</u>       |
| Program salaries/contractors | \$ 50,000        | \$ 123,000        |
| Building renovations         | -                | 1,961             |
| Utilities                    | -                | 1,129             |
| Board development            | -                | 950               |
|                              | <u>\$ 50,000</u> | <u>\$ 127,040</u> |

**NOTE 7 - DEPARTMENT OF SOCIAL SERVICE GRANT**

The Organization recognizes revenue from the State of Connecticut Department of Social Services grant 093-LHI-ESS on a ratable basis over the grant term since the grants are not based on expenditures. An analysis of the state and federal funding portion of these grants is as follows:

|                                 | <u>Year Ended June 30</u> |                   | <u>Total Grant Funding</u><br><u>Grant ID: 093-LHI</u> |                   |                  |
|---------------------------------|---------------------------|-------------------|--|-------------------|------------------|
|                                 | <u>2007</u>               | <u>2006</u>       | <u>ESS-16</u>  | <u>ESS-15</u>     | <u>ESS-14</u>    |
| <b>Grant ID: 093-LHI-ESS-16</b> |                           |                   |  |                   |                  |
| Federal funding                 | \$ 165,868                | \$ -              | \$ 165,868   | \$ -              | \$ -             |
| State funding                   | 65,531                    | -                 | 65,531   | -                 | -                |
| <b>Grant ID: 093-LHI-ESS-15</b> |                           |                   |  |                   |                  |
| Federal funding                 | 59,180                    | 176,659           | -  | 235,839           | -                |
| State funding                   | 7,680                     | 17,628            | -  | 25,308            | -                |
| <b>Grant ID: 093-LHI-ESS-14</b> |                           |                   |  |                   |                  |
| Federal funding                 | -                         | 59,180            | -  | -                 | 59,180           |
| State funding                   | -                         | 3,477             | -  | -                 | 3,477            |
|                                 | <u>\$ 298,259</u>         | <u>\$ 256,944</u> | <u>\$ 231,399</u>                                      | <u>\$ 261,147</u> | <u>\$ 62,657</u> |

**NOTE 8 - LINE OF CREDIT**

The Organization has a \$50,000 commercial line of credit agreement with New Alliance Bank with an interest rate at the bank's base rate (as defined in the credit agreement), plus 2%. The line is secured by the Organization's assets, with an expiration date of December 1, 2008. At June 30, 2007 and 2006 there were no amounts drawn against the line.



LIFE HAVEN, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

**NOTE 9 - CONTINGENCIES**

Financial awards from governmental entities in the form of grants are subject to a special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, can not be determined at this date.