

THE HAVEN OF TRANSYLVANIA COUNTY

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

The Haven of Transylvania County

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Haven of Transylvania County
Brevard, NC

Opinion

We have audited the accompanying financial statements of The Haven of Transylvania County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Haven of Transylvania County as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 The Haven of Transylvania County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 The Haven of Transylvania County'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, including omissions, 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 The Haven of Transylvania County'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 The Haven of Transylvania County'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.

Carliss & Solomon, PLLC

Asheville, North Carolina

September 18, 2023

The Haven of Transylvania County
Statement of Financial Position
December 31, 2022

Assets

<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 472,143
Total Current Assets	472,143
 <u>Long-Term Assets</u>	
Property and Equipment, Net	362,907
Total Long-Term Assets	362,907
 Total Assets	\$ 835,050

Liabilities and Net Assets

<u>Current Liabilities</u>	
Accounts Payable	\$ 1,500
Payroll and Related Liabilities	9,291
Total Current Liabilities	10,791
 <u>Net Assets</u>	
Without Donor Restrictions	
Available for Operations	271,781
Investment in Property and Equipment	362,907
Total Without Donor Restrictions	634,688
With Donor Restrictions (See Disclosure 6)	189,571
Total Net Assets	824,259
 Total Liabilities and Net Assets	\$ 835,050

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

The Haven of Transylvania County

Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenue</u>			
Contributions	\$ 230,101	\$ 89,243	\$ 319,344
Grants	65,421	163,595	229,016
Event Income	3,284	-	3,284
Insurance Proceeds	6,316	-	6,316
Other Income	2,648	-	2,648
Net Assets Released from Restrictions	110,593	(110,593)	-
Total Support and Revenue	418,363	142,245	560,608
<u>Expenses</u>			
Program Services	335,112	-	335,112
Management and General	51,967	-	51,967
Fundraising	38,821	-	38,821
Total Functional Expenses	425,900	-	425,900
Total Change in Net Assets	(7,537)	142,245	134,708
Net Assets, Beginning of Year:	642,225	47,326	689,551
Net Assets, End of Year	\$ 634,688	\$ 189,571	\$ 824,259

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

The Haven of Transylvania County
Statement of Functional Expenses
Year Ended December 31, 2022

	Program	Management and General	Fundraising	Total
<u>Personnel</u>				
Salaries	\$ 219,104	\$ 23,228	\$ 9,515	\$ 251,847
Payroll Taxes	18,223	1,932	791	20,946
Employee Benefits	360	38	16	414
Subtotal Personnel	<u>237,687</u>	<u>25,198</u>	<u>10,322</u>	<u>273,207</u>
Admin and Office	895	1,577	38	2,510
Client Expenses	3,127	-	-	3,127
Development/Outreach	-	-	9,705	9,705
Donor Appeal and Care	-	-	18,697	18,697
Fees and Subscriptions	-	7,447	-	7,447
Insurance	-	17,091	-	17,091
Maintenance	34,497	-	-	34,497
Miscellaneous	2,237	277	-	2,514
Playground	2,413	-	-	2,413
Supplies	11,047	377	59	11,483
Telephone/Communications	9,041	-	-	9,041
Utilities	12,153	-	-	12,153
Subtotal Other Expenses	<u>75,410</u>	<u>26,769</u>	<u>28,499</u>	<u>130,678</u>
Depreciation	22,015	-	-	22,015
Total Expenses	<u>\$ 335,112</u>	<u>\$ 51,967</u>	<u>\$ 38,821</u>	<u>\$ 425,900</u>

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

The Haven of Transylvania County

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows from Operating Activities

Change in Net Assets	\$	134,708
Adjustments to reconcile change in net assets to net cash provided or used by operating activities:		
Depreciation		22,015
Increase/(Decrease) in Operating Liabilities		
Payroll and Related Liabilities		250
Accounts Payable		1,500
Net Cash Provided by Operating Activities		<u>158,473</u>

Cash Flows from Investing Activities

Purchase of Equipment		<u>(27,592)</u>
Net Cash Used by Investing Activities		<u>(27,592)</u>
Net Change in Cash and Cash Equivalents		<u>130,881</u>
Cash and Cash Equivalents, Beginning of Year		<u>341,262</u>
Cash and Cash Equivalents, End of Year	\$	<u>472,143</u>

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

The Haven of Transylvania County

Disclosures to the Financial Statements

Year Ended December 31, 2022

1. Description of the Organization, Corporate and Tax-Exempt Status

The Haven of Transylvania County is a non-profit, charitable organization. Its mission is to assist families and individuals in crisis in Transylvania County by providing safe temporary refuge in a clean, comfortable shelter.

The Haven is an 18-bed overnight shelter to temporarily house homeless men and women. It provides a respite for those who have suddenly and unexpectedly fallen into homelessness or have been chronically homeless for a long time. The Haven is a safe, secure residence where they can be helped to get back onto their feet.

The Haven Family House is a four-bedroom house renovated to provide a safe, secure home for families that are in crisis. Many of these families can no longer afford housing on their own.

Both shelters have laundry facilities, showers, mail service and telephone messaging services. The open floor plan at The Haven makes it possible for trained volunteers and professional staff to monitor activity throughout the early evening and night.

The shelters provide a warm and inviting atmosphere, where the guests are treated with dignity and genuine care. Staff help our guests figure out how they got here and what steps they need to take to move on to stable, affordable housing. The staff of The Haven will refer clients to community agencies that provide needed counseling, medical and dental issues, GED and in several instances employment. Guests are expected to complete goal plans and move forward to better their life.

The Haven and Haven Family House are located behind The Bread of Life, which allows both food and shelter needs to be met in one place. This location is also adjacent to the Sharing House, where clothing and other food sources are available. Department of Social Services and Meridian Behavioral Health are also close on the map to this locale. The Haven collaborates with community agencies devoted to helping people in need.

The Haven Thomas House and Haven Family House provides structure. Guests of The Haven leave in the morning Monday – Saturday at 8:30 am and can return at 4 pm, but are required to be in by 7 pm. During the day, clients are expected to complete goals such as applying for housing and work, attending Meridian (counseling), completing GED, and other goals as set per individual. The Haven Family House is set up to allow families to stay in all day and are also required to complete goals as set per individual family.

Corporate and Tax-Exempt Status

The organization was incorporated in October 2009 as a not-for-profit corporation under the laws of the state of North Carolina and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Contributions to the organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The organization is classified as a publicly supported organization under Section 509(a)(1). The organization receives its support principally through contributions and grants.

2. ***Summary of Significant Accounting Policies***

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

Net Assets With Donor Restrictions - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed FDIC federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Expenses for repairs and maintenance that do not improve or extend the life of an asset are expensed as incurred.

Leases

The organization has adopted Accounting Standards Update (ASU) *No. 2016-02 Leases* (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases less than 12 months. The new standard represents an improvement over the previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The standard was effective for annual reporting periods beginning after December 15, 2021. During the transition period, implementation is presented retrospectively at the beginning of the period of adoption through a cumulative-effective adjustment and no adjustment to the prior year financial

statements presented. The Organization adopted (ASU) *No. 2016-02 Leases* (Topic 842) effective January 1, 2022 and utilized all of the available practical expedients. The adoption can have a material impact on the Organization's statement of financial position but does not have a material impact on the statement of activities and cash flows. The organization has no applicable leases, and accordingly, no impact on the financial statements presented.

Contributions and Grants

Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

The Haven of Transylvania County is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2022 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of cash and cash equivalents. As of December 31, 2022, cash and cash equivalents totaled \$472,143.

4. Cash and Cash Equivalents

The Haven holds cash and cash equivalents in checking accounts at one financial institution totaling \$472,143. As of December 31, 2022, the organization had exceeded the federally insured limit in cash accounts by \$215,754. Management believes the organization is not exposed to any significant credit risk on its cash balances.

5. Property and Equipment

Property and equipment consist of the following:

<u>As of December 31:</u>	<u>2022</u>
Land	\$ 30,810
Buildings	302,158
Van	19,884
Office Furniture and Equipment	72,990
Improvements	120,206
Less: Accumulated Depreciation	<u>(183,140)</u>
Property and Equipment, Net	<u>\$ 362,907</u>

Depreciation expense is \$22,015 for the year ended December 31, 2022.

6. Net Assets With Donor Restrictions

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

<u>As of December 31:</u>	<u>2022</u>
Expansion Project	\$ 166,978
Assistant Director Salary	20,000
Educational Classes	1,200
Other	<u>1,393</u>
Total Net Assets With Donor Restrictions	<u>\$ 189,571</u>

7. Subsequent Events

Subsequent events have been evaluated through September 18, 2023 which is the date the financial statements were available to be issued.