THE HAVEN

Consolidated Financial Statements

For the year ended September 30, 2021

THE HAVEN

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Certified Public Accountants
1660 East River Road, Suite 100
Tucson, Arizona 85718
rtaxes.com
P 520.881.7211
F 520.881.2429

roberts alexonis GROUP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Haven

We have audited the accompanying consolidated financial statements of The Haven (an Arizona nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Haven as of September 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Roberts Alexonis Group

February 18, 2022

THE HAVEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2021

ASSETS

Current assets:		
Cash and equivalents	$	362,906
Accounts receivable, less allowance for uncollectible accounts		618,279
Prepaid expenses and other current assets		158,411
Total current assets		1,139,596
Property and equipment, net		1,838,009
Other assets:		
Investments		4,149,760
Operating lease right-of-use assets		2,228,221
Deposits		13,000
Total other assets		6,390,981
Total assets	$	9,368,586

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	$	48,344
Accrued expenses		443,758
Unearned revenue		84,925
Long-term debt, due in one year		25,430
Operating lease liabilities, due in one year		229,523
Total current liabilities		831,980
Long-term debt, due after one year		670,969
Operating lease liabilities, due after one year		2,063,897
Total liabilities		3,566,846
Net assets:		
Without donor restrictions		5,638,753
With donor restrictions		162,987
Total net assets		5,801,740
Total liabilities and net assets	$	9,368,586

See notes to consolidated financial statements

THE HAVEN

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended September 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue and other support:			
Revenue from contracts with customers:			
Government contracts	$ 4,740,811	$ -	$ 4,740,811
Vendor contracts	497,012	-	497,012
Client service fees	26,210	-	26,210
Contributions and grants	166,857	143,710	310,567
Investment income, net of expense	14,565	-	14,565
Other support	36,211	-	36,211
Net assets released from restrictions	20,812	(20,812)	-
Total revenue and other support	5,502,478	122,898	5,625,376
Expenses and losses:			
Program services	5,167,635	-	5,167,635
General and administrative	784,111	-	784,111
Development	54,529	-	54,529
Total expenses	6,006,275	-	6,006,275
Other income (expense):			
Gain on Paycheck Protection Program loan, forgiven	567,155	-	567,155
Gain from insurance proceeds	39,400	-	39,400
Loss on disposal of equipment	(16,044)	-	(16,044)
Total other income (expense)	590,511	-	590,511
Change in net assets	86,714	122,898	209,612
Net assets, beginning of year	5,537,328	40,089	5,577,417
ASC 842 cumulative effect adjustment	14,711	-	14,711
Net assets, beginning of year, as restated	5,552,039	40,089	5,592,128
Net assets, end of year	$ 5,638,753	$ 162,987	$ 5,801,740

See notes to consolidated financial statements

THE HAVEN

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2021

	Program Services	General and Administrative	Development	Total
Salaries, related taxes and employee benefits	$ 3,501,260	$ 581,067	$ 31,066	$ 4,113,393
Professional fees and outside services	357,550	43,438	8,822	409,810
Facilities rental	270,373	108,125	-	378,498
Supplies	235,846	6,613	5,784	248,243
Housekeeping and food	230,209	887	-	231,096
Depreciation	170,601	-	-	170,601
Utilities	147,081	910	-	147,991
Repairs and maintenance	81,054	258	-	81,312
Insurance	42,136	9,544	-	51,680
Interest	28,014	8,151	-	36,165
Advertising	30,586	25	2,130	32,741
Dues and subscriptions	14,104	10,834	3,020	27,958
Meetings expense	23,598	3,643	352	27,593
Travel	21,737	-	-	21,737
Miscellaneous	5,300	6,273	2,932	14,505
Equipment rental	7,590	3,764	-	11,354
Postage and delivery	596	579	423	1,598
Total expenses	$ 5,167,635	$ 784,111	$ 54,529	$ 6,006,275

See notes to consolidated financial statements

THE HAVEN

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended September 30, 2021

Cash flows from operating activities:		
Change in net assets	$	209,612
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized gains on investments		(13,648)
Earning on investments, net		(917)
Change in allowance for uncollectible accounts		(65,350)
Depreciation and amortization		170,601
Loss on disposition of equipment		16,044
Paycheck Protection Program loan forgiven		(567,155)
Change in operating assets and liabilities:		
Accounts receivable		80,738
Prepaid expenses and other current assets		(104,780)
Operating lease right-of-use assets		263,741
Accounts payable		23,125
Accrued expenses		157,989
Operating lease liability		(208,569)
Net cash flows from operating activities		(38,569)
Cash flows from investing activities:		
Purchases of equipment		(107,670)
Purchases of investments		(1,239,175)
Proceeds from sales and maturities of investments		1,056,530
Net cash flows from investing activities		(290,315)
Cash flows from financing activities:		
Principal payments on notes payable		(41,109)
Net cash flows from financing activities		(41,109)
Net change in cash and cash equivalents		(369,993)
Cash and cash equivalents, beginning of year		732,899
Cash and cash equivalents, end of year	$	362,906
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$	36,165
Supplemental disclosure of non-cash investing and financing activities:		
Paycheck Protection Program loan forgiven	$	567,155

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021

1. Organization

The Haven was founded in 1970 as a nonprofit organization under the laws of the State of Arizona. The Haven's mission is to offer the highest quality prevention and substance-use and co-occurring disorders treatment services for women who, but for this program, would be homeless and hopeless. The Haven offers women 'Recovery with Respect' while encouraging their spiritual, intellectual, emotional and physical development. The Haven values affordable, safe, state-of-the-art treatment that puts the client and their family first. Their focus on women and the acceptance of their children into residence is unique in their community. Their mission is carried out through two programs:

- Residential

  The Haven provides a 24-hour safe and affordable residential treatment program for adult substance dependent women. The program provides gender-specific, evidence-based drug and alcohol therapies to women at a facility located in a central, easily accessible neighborhood in Tucson. Treatment provides intensive group and individual therapy sessions as well as psycho-educational classes. The length of the treatment program is based on the individuals' needs. Clients are often referred to the Haven by agencies which will pay for the services the women will receive. The services may also be paid for by the clients themselves (self-pay) or by their insurance coverage.

- Outpatient Services

  The Haven also provides various out-patient treatment and education programs which are gender-specific for women, allowing the participant to focus on recovery in a safe, comfortable, supportive environment surrounded by women with similar stories and circumstances. The Haven can provide complimentary housing to our houseless Intensive Outpatient clients.

Refugio3727, LLC (a wholly-owned Arizona LLC, disregarded as a separate entity for income tax purposes) was formed in 2019. The LLC was formed to purchase and hold real property used by The Haven.

The consolidated financial statements include The Haven and its wholly-owned subsidiary, Refugio3727, LLC (collectively referred to as the Organization). All significant intercompany transactions have been eliminated.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The consolidated financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The consolidated financial statements are presented on the basis of two classes of net assets based upon the existence or absence of restrictions on use that are imposed by donors: net assets without donor restrictions and net assets with donor restrictions in accordance with Accounting Standards Codification 958-205. Net assets without donor restrictions represent those assets available to The Haven for normal operations.

- Net assets without donor restrictions - *Net assets that are not subject to donor-imposed stipulations.* For the year ended September 30, 2021, The Haven has $5,638,753 in net assets without donor restrictions.

- Net assets with donor restrictions - *Net assets that are subject to donor-imposed restrictions that may or will be met either by actions taken by The Haven and/or the passage of time.* When a restriction expires, net assets with donor-imposed restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. For the year ended September 30, 2021, The Haven has net assets with donor-restrictions of $162,987.

2. Summary of Significant Accounting Policies, continued

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), as amended by subsequent ASUs (collectively, Accounting Standards Codification (ASC) 842), for the purpose of increasing transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. The new standard requires entities to reflect the net present value of all future fixed lease payments for both operating and finance leases on the balance sheet. It also requires entities to disclose fixed and variable lease payments separately and by lease type (operating vs. finance leases).

The Haven adopted FASB ASC 842 as of October 1, 2020, using the alternative modified retrospective method permitted under ASU 2018-11 for all existing leases, which does not include retrospectively adjusting prior periods presented in the financial statements, but instead allows for a cumulative effect adjustment to retained earnings as of the adoption date to reflect the cumulative impact of the adoption. Under ASC 842, as the lessee, the Haven recognized right-of-use (ROU) assets and offsetting lease liabilities for leases that existed at adoption. The ROU assets and lease liabilities were measured at the present value of all future fixed lease payments, discounted using the Haven's incremental borrowing rate at the inception of each lease.

As part of the transition, the Company has elected to the following practical expedients, as allowed under ASC 842:

- Election of the "package of three" practical expedient, allowing the organization to not reassess the following criteria for existing and expired leases at the time of adoption of ASC 842:
    1) Whether any existing contracts are leases or contain a lease.
    2) The lease classification of existing leases.
    3) Initial direct costs for existing leases.
- Election whereby non-lease components will not be separated from lease components and will instead be included in the lease liability for all real estate leases.
- Election not to record, for all classes of assets, ROU assets and corresponding lease liabilities for short-term leases with a term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease expenses.

Under the alternative modified retrospective method, the Haven recorded a cumulative effect adjustment in the amount of $14,711 to the opening balance of net assets without donor restrictions as of October 1, 2020. FASB ASC 842 did not have a material impact on the changes in net assets or cash flows for the year ended September 30, 2021.

2. Summary of Significant Accounting Policies, continued

Adoption of New Accounting Standards, continued

The following table shows the impact of the adoption of FASB ASC 842 on the consolidated statement of financial position as of October 1, 2020:

	As reported September 30, 2020	Impact from the adoption	As adjusted
ASSETS			
Operating lease right-of-use assets	$ -	$ 2,491,960	$ 2,491,960
Other assets	7,302,731	-	7,302,731
	$ 7,302,731	$ 2,491,960	$ 9,794,691
LIABILITIES AND NET ASSETS			
Operating lease liabilities, due in one year	$ -	$ 208,569	$ 208,569
Operating lease liabilities, due after one year	-	2,293,420	2,293,420
Other current and non-current liabilities	1,725,314	(24,740)	1,700,574
Net assets without donor restrictions	5,537,328	14,711	5,552,039
Net assets with donor restrictions	40,089	-	40,089
	$ 7,302,731	$ 2,491,960	$ 9,794,691

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended by subsequent ASUs (collectively, ASC 606). The standard amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services based on the expected consideration to be received in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Haven adopted this update effective October 1, 2020 using the modified retrospective method and elected the following practical expedients:

- Election to use the portfolio approach to group contracts with similar characteristics in assessing collectability rather than individually,
- Election to not adjust the transaction price for the effects of significant financing components, as the period between the time of service and time of payment is typically one year or less,
- Election not to disclose the transaction price for remaining performance obligations as of the end of the reporting period, as performance obligations relate to contracts with an expected duration of less than one year at the inception of the contract and
- Election to expense incremental costs incurred to obtain contracts in the period incurred.

The adoption of this standard did not have a material impact on the Haven's financial statements.

2. Summary of Significant Accounting Policies, continued

Adoption of New Accounting Standards, continued

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions in accordance with ASC 606. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

ASU 2018-08 was adopted on a modified prospective basis, effective October 1, 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of October 1, 2020. The adoption of this standard did not have a material impact on the Haven's financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

It is The Haven's policy to invest cash in excess of operating requirements in income-producing investments. Cash and equivalents consist of operating cash and temporary cash investments. For purposes of the statement of cash flows, The Haven considers all highly-liquid cash investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount that The Haven expects to collect on outstanding balances. The Haven provides for losses using the allowance method. The allowance is based on experience, third-party remittances and other circumstances, which may affect the collectability of accounts receivable. Receivables are considered impaired if full principal payment is not received in accordance with the contractual terms. It is The Haven's policy to charge off uncollectible accounts receivable if and when management determines the receivable will not be collected. The allowance for uncollectible amounts was $-0- at September 30, 2021.

Investments

Investments in marketable securities are carried at market value determined at the date of the statements of financial position. Unrealized gains and losses are included as pasrt of investment income in the change in net assets in the accompanying statements of activities.

Property and Equipment

Purchased property and equipment are carried at cost. The cost of maintenance and repairs is charged to expense in the year incurred. Expenditures in excess of $2,000 that increase the useful lives of the assets are capitalized and depreciated. Donated property and equipment are recorded at their fair value at the date of gift.

2. Summary of Significant Accounting Policies, continued

Property and Equipment, continued

Depreciation for financial reporting is computed using straight-line and accelerated methods over the following estimated useful lives of the assets:

Buildings and improvements	39 years
Furniture, fixtures and refurbishments	3-7 years
Vehicles	3-5 years
Software	3 years

Leases

The Haven accounts for leases in accordance with FASB ASC 842. The Haven is a lessee in several noncancellable operating leases for office space. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Haven determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Haven recognizes a ROU asset and lease liability at the commencement date of the lease. Operating lease ROU assets and related current and long-term portions of operating lease liabilities are presented on the consolidated statement of financial position in *operating lease right-of-use assets; operating lease liabilities, due in one year* and *operating lease liabilities, due after one year*. For the year ended September 30, 2021 the Company did not have any lease contracts classified as finance leases.

Lease liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Haven uses its incremental borrowing rate. The implicit rates of the Haven's leases are not readily determinable; accordingly, the Haven uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Haven's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. If present, options to extend or terminate the lease are considered in determining the lease term, if it is reasonably certain that the option will be exercised.

ROU assets: A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

2. Summary of Significant Accounting Policies, continued

Leases, continued

Short-term leases: The Haven has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Haven is reasonably certain to exercise. The Haven recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Vacation Pay

Vacation pay is accrued as a liability when earned by the employees since the employees receive vested rights to this employee benefit.

Contributions

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions.

Revenue from Contracts with Customers

Management has analyzed the Haven's contracts with customers and evaluated the nature, amount, timing and uncertainty of revenue and cash flows in accordance with ASC 606 using the five-step process provided in the accounting standard.

Revenue from contracts with customers is derived from services rendered to clients for residential and outpatient substance abuse disorder treatment. The services provided have no fixed duration and can be terminated by the client or the Haven at any time, and therefore, each service is its own stand-alone contract consisting of a single performance obligation. Contracts do not contain any form of variable consideration and there are no contract assets or contract liabilities arising from the services provided. Outpatient services consist of group and individual therapy as well as education programs. Residential services provide room and board, daily. Performance obligations are satisfied at a point in time, when the client has received and consumed the benefits of the service provided. The transaction price of each performance obligation is determined by established billing rates reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured clients and implicit price concessions. Contractual adjustments and discounts are based on contractual agreements, discount policies and historical experience. Implicit price concessions are based on historical collection experience. Typically, clients and third-party payers are billed within several days of the service being performed and payments are due based on contract terms. Revenue from contracts with customers is reported at the estimated net realizable amount from payers for services rendered. As performance obligations relate to contracts with a duration of one year or less the Haven elected the optional exemption under ASC 606 to not disclose the transaction price for remaining performance obligations at the end of the reporting period or when the Haven expects to recognize the revenue. As clients are under no obligation to continue treatment with the Haven, there are minimal unsatisfied performance obligations at the end of the reporting period.

See Note 9 – Revenue from Contracts with Customers, for additional related disclosure.

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The cost of providing program and supporting services has been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocates shared facilities expenses based on a percentage of square feet. Technology and equipment expenses are allocated based on percentage of total units as surveyed at the start of the year. Payroll expenses are allocated directly to the programs and supporting services benefited based on actual time worked.

Advertising

Advertising costs are expensed as incurred or when the first advertising takes place. The Haven does not participate in direct-response advertising which requires the capitalization and amortization of the related cost. Total advertising was $32,741 for the year ended September 30, 2021.

Donated Goods, Facilities and Services

Donated goods and facilities are valued at fair market value. Donated services are recognized in the consolidated financial statements at fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- Their services would typically need to be purchased if not donated.

Although the Organization utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Income Tax

The Haven is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Arizona Revised Statutes Section 43-1201(4). Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements. However, income from certain activities not directly related to the organizations' tax-exempt purpose may be subject to taxation as unrelated business income. The Haven qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than private foundations under Section 509(a)(1).

The Haven has adopted the revised provisions of FASB ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended September 30, 2021, the Organization has no material uncertain tax positions to be accounted for in the consolidated financial statements under these rules.

Any interest and penalties assessed to The Haven are recorded in operating expenses. For the year ended September 30, 2021, there were no interest or penalties recorded in the accompanying consolidated financial statements.

Date of Management's Review

The Organization has evaluated subsequent events that would impact the consolidated financial statements for the year ended September 30, 2021 through February 18, 2022 the date the consolidated financial statements were available to be issued. There were no subsequent events that would require recognition or disclosure which have not been included in the financial statements.

3. Liquidity and Availability of Financial Assets

The following reflects The Haven's financial assets as of the balance sheet date sufficient to fund operational requirements within one year of the balance sheet date.

Cash and equivalents	$	362,906
Accounts receivable, net		618,279
Less donor restricted assets		(162,987)
Financial assets available to meet cash needs for general expenditure within one year	$	818,198

The Haven regularly monitors liquidity required to meet its operating needs and other commitments, while also maximizing funds available for low-risk investment with a focus on maintaining principle. The Haven invests primarily in a brokered certificate of deposit account with a small allocation to mutual funds and exchange-traded funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, The Haven considers all expenditures related to its ongoing activities of behavioral health substance use disorder services for women to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, The Haven operates with a balanced budget and anticipates collections of earned revenue sufficient to cover general expenditures. Donations and grants with restrictions are minimal and ordinarily spent within a year's time.

4. Property and Equipment, net

Property and equipment consisted of the following at September 30, 2021:

Land	$	471,524
Building and improvements		2,134,473
Furniture, fixtures, and refurbishments		382,092
Vehicles		100,903
Software		266,803
		3,355,795
Less accumulated depreciation and amortization		(1,517,786)
Net property and equipment	$	1,838,009

5. Leases

The Haven has obligations as a lessee in several noncancelable leases for office space with initial noncancelable terms in excess of one year. These leases have initial terms ranging from 7 to 11 and contain options to extend the term an additional 10 years. Because the Haven is not reasonably certain to exercise the renewal options, the optional periods are not included in determining the lease term, and associated payments under the renewal options are excluded from lease payments used to determine the lease liabilities. The Haven's leases do not include early termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants. These leases have been classified as operating leases.

Payments due under the office space lease contracts include both fixed payments and variable payments. The variable payments are for the Haven's proportionate share of the buildings' property taxes. These variable payments are not included in lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

5. Leases, continued

The components of lease expenses allocated in the consolidated statement of financial position for the year ended September 30, 2021, are as follows:

	Program services	General and administrative	Total
Operating lease expense	$ 242,480	$ 96,748	$ 339,228
Variable payment lease expense	27,893	11,377	39,270
	$ 270,373	$ 108,125	$ 378,498

Supplemental operating cash flow information related to leases for the year ended September 30, 2021 is as follows:

Cash paid for operating leases included in cash flows from operating activities	$ 283,464
Cash paid for variable lease expenses included in cash flows from operating activities	39,270
Non-cash: Operating lease liabilities incurred in exchange for operating right-of-use assets	$ 2,501,989

For the year ended September 30, 2021, the weighted average remaining lease term for operating leases is 7.8 years and the weighted average discount rate is 3.11%.

Maturities of future minimum undiscounted lease payments as of September 30, 2021 are as follows:

Year ending December 31,	Lease payments
2022	$ 297,637
2023	312,519
2024	328,144
2025	344,552
2026	361,780
Thereafter	957,520
Total lease payments	2,602,152
Less present value adjustment	(308,732)
Present value of operating lease liabilities	$ 2,293,420

6. Investments

Investments are carried at fair value based on quoted prices in active markets for identical assets. Investments consist primarily of certificates of deposit, mutual funds and exchange-traded funds, all of which are marketable securities (all Level 1 measurements).

Fair value measurements are determined based on the assumptions, referred to as inputs, that market participants would use in pricing the asset. Generally accepted accounting principles establish a fair value hierarchy that distinguishes between market participant assumptions and The Haven's own assumptions about market participants. Observable inputs are assumptions based on market data obtained from independent sources; while unobservable inputs are The Haven's own assumptions about what market participants would assume based on the best information available in the circumstances.

7. Long-Term Debt, continued

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Haven obtained a PPP loan for $583,900. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On December 3, 2020, the Small Business Administration (SBA), the administrator of the PPP, approved forgiveness of $567,155 of the principal loan amount. The forgiven amount is recognized as a gain on debt forgiveness. The remaining balance of the PPP loan was paid in full by the Haven during the year and there is no remaining liability related to the PPP loan as of September 30, 2021.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions activity was as follows for the year ended September 30, 2021:

	Beginning Balance	Additions	Releases	Ending Balance
Stonewall	$ 30,000	$ 131,110	$ (17,897)	$ 143,213
O'Rielly Foundation	-	12,000	-	12,000
All Smiles Program	4,718	-	(116)	4,602
Wellbriety	2,452	-	-	2,452
Native Ways	2,419	-	(2,419)	-
Other miscellaneous	500	600	(380)	720
	$ 40,089	$ 143,710	$ (20,812)	$ 162,987

All the Haven's net assets with donor restrictions are restricted for purpose. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period when the donor specified purpose has been satisfied.

9. Revenue from Contracts with Customers

The following table disaggregates revenue by major source and type of service for the year ended September 30, 2021:

	Residential	Outpatient	Intake	Total
Government contract	$ 2,330,795	$ 2,364,897	$ 45,119	$ 4,740,811
Vendor contract	475,085	21,927	-	497,012
Client self-pay	25,740	227	243	26,210
	$ 2,831,620	$ 2,387,051	$ 45,362	$ 5,264,033

Receivables from contracts with customers at September 30, 2021 and September 30, 2020 were $578,279 and $633,667 respectively. Total receivables at September 30, 2021 include an additional $40,000 in contributions receivable.

10. Concentration of Credit Risk

The Haven grants unsecured short-term credit to its various customers. The Haven performs ongoing credit evaluations of its customers. Accounts receivable from four major funding agencies account for 31%, 20%, 18% and 16% respectively of total accounts receivable. No other customer represents more than 10% of total accounts receivable.

10. Concentration of Credit Risk, continued

The Haven maintains its cash balances in financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures the Organization's cash balances up to $250,000 per federally insured institution. The Haven had $-0- in uninsured balances at September 30, 2021. Additionally, The Haven maintains investment accounts which are comprised of cash, cash equivalents, marketable securities and a laddered CD portfolio from various United States banks, all of which are FDIC insured. The balance of these investment accounts at September 30, 2021 was $4,255,458. It is the opinion of management that the solvency of the referenced financial institutions and government agencies is not of concern at this time.

11. Concentration of Revenue

During the year ended September 30, 2021, revenue from government contracts was concentrated in three major funding agencies.

12. Retirement Plan

The Haven sponsors a simplified employee plan covering substantially all employees who have completed at least one year of service and have attained the age of 21 years at the anniversary date of the Plan. The Haven's matching and nonelective contribution is an amount the employer, in its sole discretion, may determine. Total plan expense for the year ended September 30, 2021 was $65,184.

13. Other Contingencies

The Haven receives a substantial amount of its support from governmental agencies. A significant reduction in the level of this support could have a material effect on the programs and activities of The Haven. Governmental agency funding is subject to compliance audits. Assessments for such audits, if any, are recorded when the amounts of such assessments are reasonably determinable.