

**Audited Financial Statements**  
With Single Audit Section

**Coburn Place Safehaven II, Inc.**

December 31, 2022 and 2021





# Coburn Place Safehaven II, Inc.

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# Donovan CPAs

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Coburn Place Safehaven II, Inc.  
Indianapolis, Indiana

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Coburn Place Safehaven II, Inc. (Safehaven), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Safehaven as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Safehaven 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 Safehaven'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Safehaven'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 Safehaven's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for the purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023 on our consideration of Safehaven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Safehaven's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Safehaven's internal control over financial reporting and compliance.



Donovan CPAs  
Indianapolis, Indiana  
September 8, 2023

## Coburn Place Safehaven II, Inc.

### Statements of Financial Position December 31, 2022 and 2021

	<b>ASSETS</b>	
	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,367,721	\$ 718,095
Accounts receivable	-	7,791
Grants receivable	477,806	390,224
Prepaid expenses	40,979	62,677
Total current assets	<u>1,886,506</u>	<u>1,178,787</u>
<b>Fixed assets</b>		
Building improvements	87,712	78,360
Furnishings and equipment	416,093	410,982
Total fixed assets	<u>503,805</u>	<u>489,342</u>
Accumulated depreciation	(290,380)	(223,495)
Net fixed assets	<u>213,425</u>	<u>265,847</u>
<b>Long-term assets</b>		
Investments	5,071,834	6,629,143
Operating advances - related party	3,211,826	2,256,282
Notes receivable - related party	775,470	982,450
Interest receivable on notes receivable - related party	327,378	307,419
Development fee receivable - related party	202,476	263,864
Investment in Coburn Place, LP	864,534	864,584
Total long-term assets	<u>10,453,518</u>	<u>11,303,742</u>
<b>Total Assets</b>	<u>\$ 12,553,449</u>	<u>\$ 12,748,376</u>

## Coburn Place Safehaven II, Inc.

### Statements of Financial Position (continued) December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 32,674	\$ 31,939
Accrued payroll	103,100	101,893
Deferred revenue	1,826,845	1,555,519
Total current liabilities	<u>1,962,619</u>	<u>1,689,351</u>
<b>Long-term liabilities</b>		
Lease payable	2,266,686	2,055,446
Total long-term liabilities	<u>2,266,686</u>	<u>2,055,446</u>
<b>Total Liabilities</b>	<u>4,229,305</u>	<u>3,744,797</u>
<b>Net Assets</b>		
Without donor restrictions	5,079,724	5,350,391
With donor restrictions	3,244,420	3,653,188
Total Net Assets	<u>8,324,144</u>	<u>9,003,579</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,553,449</u>	<u>\$ 12,748,376</u>

## Coburn Place Safehaven II, Inc.

### Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2022

	<b>2022</b>		
	Without Donor Restriction	With Donor Restriction	Total
<b>Operating Revenues</b>			
Contributions	\$ 479,788	\$ 1,120,107	\$ 1,599,895
Special events	15,067	-	15,067
Grants and contracts			
Federal	1,091,466	-	1,091,466
Non-federal	187,259	-	187,259
Private grants	821,846	230,769	1,052,615
Interest	90,782	47,013	137,795
Other	1,950	-	1,950
Inkind	278,669	-	278,669
Net assets released from restrictions	1,350,875	(1,350,875)	-
<b>Total operating revenues</b>	<b>4,317,702</b>	<b>47,014</b>	<b>4,364,716</b>
<b>Operating Expenses</b>			
Program services	2,868,156	-	2,868,156
Management and general	916,073	-	916,073
Fundraising	645,519	-	645,519
<b>Total operating expenses</b>	<b>4,429,748</b>	<b>-</b>	<b>4,429,748</b>
<b>Non-Operating Revenues (Expenses)</b>			
Gain (loss) on investments	(158,621)	(455,782)	(614,403)
<b>Total non-operating revenues (expenses)</b>	<b>(158,621)</b>	<b>(455,782)</b>	<b>(614,403)</b>
<b>Net Increase (Decrease) In Net Assets</b>	(270,667)	(408,768)	(679,435)
<b>Net Assets, Beginning of Year</b>	5,350,391	3,653,188	9,003,579
<b>Net Assets, End of Year</b>	\$ 5,079,724	\$ 3,244,420	\$ 8,324,144



## Coburn Place Safehaven II, Inc.

### Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2021

	<b>2021</b>		
	Without Donor Restriction	With Donor Restriction	Total
<b>Operating Revenues</b>			
Contributions	\$ 737,817	\$ 1,019,316	\$ 1,757,133
Special events	28,585	-	28,585
Grants and contracts			
Federal	1,669,221	-	1,669,221
Non-federal	223,728	-	223,728
Private grants	434,271	366,000	800,271
Interest	60,626	43,966	104,592
Other	-	-	-
Inkind	280,767	-	280,767
Net assets released from restrictions	579,816	(579,816)	-
<b>Total operating revenues</b>	<b>4,014,831</b>	<b>849,466</b>	<b>4,864,297</b>
<b>Operating Expenses</b>			
Program services	3,044,207	-	3,044,207
Management and general	366,101	-	366,101
Fundraising	600,134	-	600,134
<b>Total operating expenses</b>	<b>4,010,442</b>	<b>-</b>	<b>4,010,442</b>
<b>Non-Operating Revenues (Expenses)</b>			
Gain (loss) on investments	11,327	292,771	304,098
<b>Total non-operating revenues (expenses)</b>	<b>11,327</b>	<b>292,771</b>	<b>304,098</b>
<b>Net Increase (Decrease) In Net Assets</b>	15,716	1,142,237	1,157,953
<b>Net Assets, Beginning of Year</b>	<b>5,334,675</b>	<b>2,510,951</b>	<b>7,845,626</b>
<b>Net Assets, End of Year</b>	<b>\$ 5,350,391</b>	<b>\$ 3,653,188</b>	<b>\$ 9,003,579</b>

## Coburn Place Safehaven II, Inc.

### Statements of Functional Expenses For the Years Ended December 31, 2022 and 2021

	Support Services	Management and General	Fundraising	<b>2022</b> Totals
<b>Expenses</b>				
Salaries and wages	\$ 1,320,566	\$ 335,601	\$ 445,655	\$ 2,101,822
Retirement	7,808	21,276	4,351	33,435
Employee benefits	98,214	126,457	32,270	256,941
Payroll taxes	109,665	49,888	38,051	197,604
Professional fees				
Management	-	2,154	-	2,154
Legal	-	7,936	-	7,936
Accounting	23,503	12,174	6,715	42,392
Consulting	64,323	90,333	41,360	196,016
Advertising and marketing	-	10,522	7,014	17,536
Office	22,386	56,827	31,188	110,401
Information technology	38,896	51,140	15,675	105,711
Occupancy	223,773	105,848	3,251	332,872
Travel and transportation	3,031	5,088	2,999	11,118
Conferences	11,148	11,877	11,132	34,157
Depreciation	43,977	20,065	2,843	66,885
Insurance	16,164	8,887	3,015	28,066
Inkind	278,669	-	-	278,669
Client flexible funding	606,033	-	-	606,033
Total expenses	<u>\$ 2,868,156</u>	<u>\$ 916,073</u>	<u>\$ 645,519</u>	<u>\$ 4,429,748</u>
<b>Expenses</b>				
Salaries and wages	\$ 1,262,786	\$ 230,997	\$ 388,021	\$ 1,881,804
Retirement	10,457	5,613	6,229	22,299
Employee benefits	139,843	10,995	32,050	182,888
Payroll taxes	123,804	28,809	37,134	189,747
Professional fees				
Management	46,467	37,417	13,181	97,065
Legal	-	5,913	-	5,913
Accounting	29,495	5,521	8,248	43,264
Consulting	11,605	-	-	11,605
Advertising and marketing	7,255	-	34,874	42,129
Office	49,964	13,442	28,493	91,899
Information technology	50,273	8,195	22,980	81,448
Occupancy	254,057	6,117	12,233	272,407
Travel and transportation	9,015	283	393	9,691
Conferences	17,539	4,889	6,106	28,534
Depreciation	46,961	1,687	4,780	53,428
Insurance	18,942	6,223	5,412	30,577
Inkind	280,767	-	-	280,767
Client flexible funding	684,977	-	-	684,977
Total expenses	<u>\$ 3,044,207</u>	<u>\$ 366,101</u>	<u>\$ 600,134</u>	<u>\$ 4,010,442</u>

## Coburn Place Safehaven II, Inc.

### Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

	2022	2021
<b>Reconciliation of Changes in Net Assets to Net Cash Provided By Operating Activities</b>		
Change in net assets	\$ (679,435)	\$ 1,157,953
<b>Adjustments to Reconciliation of Changes in Net Assets to Net Cash Provided By Operating Activities</b>		
Depreciation expense	66,885	53,428
Loss on investment in Coburn Place, LP	50	182
(Gain) loss on investments	614,353	(304,280)
Decrease (increase) in accounts receivable	7,791	2,209
Decrease (increase) in grants receivable	(87,582)	411,568
Decrease (increase) in prepaid expenses	21,698	(50,989)
Increase (decrease) in accounts payable	735	16,862
Increase (decrease) in accrued payroll	1,207	11,559
Increase (decrease) in deferred revenue	271,326	1,088,750
Increase (decrease) in lease payable	211,240	211,240
<b>Net Cash Provided By Operating Activities</b>	428,268	2,598,482
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets	(14,463)	(175,224)
Purchase of investments	(357,044)	(2,650,762)
Sold investments	1,300,000	1,094,500
Advances from (payments to) related parties	(955,544)	(373,780)
Increase in accrued interest receivable	(19,959)	(23,367)
Payments received on notes receivable	206,980	200,607
Payments on development fee receivable	61,388	62,722
<b>Net Cash Provided By (Used In) Investing Activities</b>	221,358	(1,865,304)
<b>Cash Flow from Financing Activities</b>		
INHP loan payments	-	(375,354)
<b>Net Cash Used In Financing Activities</b>	-	(375,354)
<b>Net Increase in Cash and Cash Equivalents</b>	649,626	357,824
<b>Cash and Cash Equivalents, Beginning of Year</b>	718,095	360,271
<b>Cash and Cash Equivalents, End of Year</b>	\$ 1,367,721	\$ 718,095

# Coburn Place Safehaven II, Inc.

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## Notes to Financial Statements For the Years Ended December 31, 2022 and 2021

### Note 1 – Nature of Activities

Coburn Place Safehaven II, Inc. (Safehaven) was formed as an Indiana not-for-profit organization on January 8, 2003 and is organized and shall be operated exclusively for charitable purposes, which include support and performance of certain charitable functions relating to adult victims of intimate partner and their kids.

Mission Statement - Working together, we offer compassionate support and safe housing choices for survivors of domestic violence and their children.

Vision Statement - We illuminate a path forward to restore hope and promote healing.

Values - Safehaven values are:

**Open-Hearted Communication** - We show up with authenticity by listening intentionally, sharing openly, and thinking the best of each other. We:

- Start with kindness
- Lean into difficult conversations
- Provide and receive feedback gracefully
- Ask for help and support
- Show up with curiosity by asking good questions
- Emphasize listening
- Avoid gossip, passive-aggression and pot stirring

**Everyone is Welcome, Everyone Belongs** -We believe this is a place for everyone – and that our diverse community makes us stronger. We:

- Are actively inclusive
- Are committed to learning and growing
- Understand and are aware of our biases
- See people holistically
- Uplift different voices and perspectives
- Treat others how they would like to be treated with dignity, compassion and kindness

**One Connected Team** -We understand that to achieve our mission, we need to work together as one team. We:

- Work hard to be on the same page
- Actively breakdown silos because we are interconnected; communicate early and often
- Believe the sum is greater than the parts
- Are accountable for our own role
- Give respectful and generous interpretation to others' words and actions

**Think Differently** -We cultivate a place where people are empowered to bring forth and execute new ideas that move us forward to a better future. We:

- Are ready and excited to innovate
- Are resourceful, tapping into various perspectives and strengths
- Monitor and manage our capacity
- Begin with a strengths-based approach
- Listen with an open-mind
- See mistakes as learning opportunities to further the mission

# Coburn Place Safehaven II, Inc.

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## Note 1 – Nature of Activities (continued)

### Fundraising

Safehaven has two major fundraising events in July – Lemonade Stand and Spiked Lemonade Stand. Lemonade Stand is a largely online two-week fundraising campaign to raise money for the Children's Services program – primarily for back-to-school shoes, clothes, uniforms and supplies. It wraps up with an in-person Lemonade Stand run by the children in the program and several other in-person stands in the community. Spiked Lemonade Stand takes place the following evening at a local distillery. It features live entertainment, food trucks, vendors and lemonade-inspired specialty cocktails. Last year, it drew more than 500 people.

Safehaven also runs a robust corporate and individual engagement program, providing opportunities for volunteerism, in-kind, and financial support. The organization also solicits donations through direct mail and social media campaigns. The majority of the funds raised come from public grants, followed by private foundation grants

### Background

Since opening in 1996, Coburn Place has provided housing, support services, outreach and advocacy to adult and child survivors of domestic violence. From 1996, Coburn Place has provided transitional housing and support services in 35 on-site apartment units after a need was recognized in the community for safe, long-term housing options for survivors. While on-site transitional housing remains Coburn Place's flagship program, support services and programs designed to promote safety, housing and economic stability, mental and physical wellness, and healing and well-being are offered to survivors. In 2016, Coburn Place started housing survivors in the community through the Rapid Rehousing Program. Survivors living off-site are offered the same advocacy and programming as survivors living on-site. Programming includes Coburn Academy – which offers multiweek classes about financial planning, renting, employment and more - along with individual and family therapy, support groups, fitness classes, art therapy, cooking and other programs asked for by survivors. In 2019, Coburn Place implemented advocate teams focusing on well-being and housing resources for adults to compliment advocacy provided to children in the program. In 2022, Coburn Place hired a health program manager to ramp up support for survivor healing by encouraging them to take care of their physical and mental health.

### Organization History

Safehaven was owned by Coburn Place Associates II, LP, until May 20, 2008. A portion of the debt used to acquire Safehaven by Coburn Place Associates II, LP was payable to Safehaven. The debt agreement provided Safehaven the option to purchase Coburn Place from Coburn Place Associates II, LP on or before July 15, 2008. Safehaven exercised its option to purchase Coburn Place for a purchase price equivalent to the outstanding debt secured by Coburn Place (including the debt payable to Safehaven) that was owed by Coburn Place Associates II, LP as of May 20, 2008. Debt assumed by Safehaven, payable to the City of Indianapolis was forgiven on May 21, 2008, and June 19, 2008. On May 22, 2008, Safehaven sold Coburn Place to Coburn Place 20/20 L.P. The purchase price paid by Coburn Place 20/20 L.P. was entirely financed with a note payable to Safehaven and was released on May 1, 2009.

On the same date, Coburn Place 20/20 L.P. transferred Coburn Place to Coburn Place, LP, an Indiana limited partnership. The purchase price paid by Coburn Place, LP was entirely financed with a note payable to Safehaven.

Coburn Place, LP was awarded Low-Income Housing Tax Credits pursuant to Section 42 of the Internal Revenue Code as enacted by the Tax Reform Act of 1986 on qualified low-income units. Generally, the low-income housing tax credit is computed as a percent of the qualified basis of the property and is allowed annually during a period of 10 years commencing with the year the rehabilitation expenditures are placed into service. Safehaven executed a development agreement and served as developer in the acquisition and substantial rehabilitation of Safehaven. On December 31, 2022, the Limited Partnership was dissolved. A final discounted equity payment was made from the investor to be placed in escrow until January 1st 2024. As of January 1st 2024 that equity payment will become the property of Coburn Place SafeHaven and the funds will be able to be disbursed in any way the Coburn Place Team/Board deems necessary.

# Coburn Place Safehaven II, Inc.

## Note 2 – Significant Accounting Policies

### Accounting Method

Safehaven's financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the report amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the report of revenues and expenses.

### Subsequent Events

Safehaven evaluated subsequent events through September 8, 2023, which is the date the financial statements were available to be issued. This evaluation determined that there are no subsequent events that necessitated further disclosure in and/or adjustments to the accompanying financial statements.

### Cash and Cash Equivalents

For the purpose of the statements of cash flows, Safehaven considers all highly liquid instruments with a maturity of three months or less to be considered cash and cash equivalents. The carrying amount of cash approximates fair value due to the type of investments and the maturity dates. Cash consists of checking and savings accounts. There are no cash equivalents. Donor restrictions-cash are funds held by Safehaven for future specific purposes.

### Accounts Receivable

Accounts receivable are stated at the amount Safehaven's management expects to collect from outstanding balances. The allowance for doubtful accounts as of December 31, 2022 and 2021 is \$0 and \$0, respectively, due to subsequent collection on account receivables.

### Grants Receivable

Safehaven records grants receivable for services provided during the year but has not received payment. Safehaven does not establish an allowance for doubtful accounts and does not use the reserve method for recognizing bad debt. Bad debt is treated as direct write-offs in the period Safehaven determines that collection is not probable. No allowance is necessary due the grants receivable being received subsequent to year end.

### Fixed Assets

Safehaven's fixed assets are stated at cost and depreciated overestimated useful lives using the straight-line method. Expenditures for improvements and major renewals are capitalized. When property or equipment is sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income.

### Deferred Revenue

Safehaven's deferred revenue is revenue received for a particular purpose before those services are performed. When associated expenses are incurred, the deferred revenue is released into revenue. Should Safehaven not fulfill the stipulations, the entire amount would be due back. Deferred revenue consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Real estate expansion	\$ 120,000	\$ 120,000
Building improvements	106,845	1,204,750
Development capacity	1,600,000	0
COVID 19 emergency relief efforts	0	230,769
Total	<u>\$1,826,845</u>	<u>\$1,555,519</u>

# Coburn Place Safehaven II, Inc.

## Note 2 – Significant Accounting Policies (continued)

### Net Assets

The financial statements are prepared in accordance with Financial Statements of Not-for-Profit Organizations. This requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are classified as either without or with donor restrictions. The following class of net assets and a brief description is as follows:

*Net Assets Without Donor Restrictions* – These amounts are not subject to usage restrictions based on donor-imposed requirements and include general assets and liabilities of Safehaven. These amounts also include previously restricted assets where restrictions are met or expire. The net assets without donor restrictions may be used freely at the direction of management to support Safehaven's purpose and operations.

*Net Assets With Donor Restrictions* – These amounts are subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by management's actions. Certain assets may be restricted in perpetuity. When a restriction expires, the amount is reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### Contributions

Contributions received are recorded as with and without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recorded when the unconditional promise to give is made. Safehaven reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

### Grants and Contracts Revenue

Safehaven receives grants and contract revenue from federal, state, and local entities (oversight agencies) to carry out certain program activities. These grants and contracts are received under an oversight agency that require Safehaven to submit records of service provided on a periodic basis. Revenues under these contracts are recognized as services that are provided. Grant expenditures are subject to audit and acceptance by the oversight agencies and, as a result of such audits, adjustments could be required.

### Allocation of Functional Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, personnel and staffing costs are allocated among the programs and supporting services which benefit from those costs based on estimates of time and effort spent on the related activities.

### Advertising Expense

Safehaven expenses advertising costs as they incur. For the years ended December 31, 2022 and 2021, advertising expenses are \$17,536 and \$42,129, respectively.

### Income Taxes

Safehaven is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is made in the financial statements. Safehaven is classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

## Coburn Place Safehaven II, Inc.

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### Note 2 – Significant Accounting Policies (continued)

#### Income Taxes (continued)

Generally accepted accounting principles in the United States require Safehaven to examine its tax positions for uncertain positions. Safehaven is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. Safehaven's policy is to recognize penalties and interest as incurred in its statements of activities as a component of operating expenses, and total \$0 for the years ended December 31, 2022 and 2021.

Safehaven's federal and state income tax returns are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

#### Reclassification

Certain accounts in the 2021 financial statements were reclassified for comparative purposes to conform with the presentation in the 2022 financial statements. Total assets, liabilities, net assets, and changes in net assets are unchanged due to these reclassifications.

### Note 3 – Investments and Fair Value

Safehaven adopted the provisions of Fair Value Measurements (Fair Value) for measurement of investments that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair Value is defined as the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest earned is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sales of investments are determined using the specific-identification method. Realized and unrealized gains and losses on investments are included in the statement of activities.

Fair Value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Safehaven has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Safehaven did not have any level 2 or 3 investments for the years ended December 31, 2022 and 2021. A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

- Short-term financial instruments – The fair value of short-term financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximates their carrying value due to the short-term nature of these instruments. Safehaven's investments primarily consist of money market funds, bonds, and stocks and mutual funds. The investments are carried at fair value on quoted prices in active markets (all Level 1 measurements) and traded in active exchange markets, such as the New York Stock Exchange.



## Coburn Place Safehaven II, Inc.

### Note 3 – Investments and Fair Value (continued)

Safehaven's investments consist of the following as of December 31, 2022 and 2021:

	<b>December 31, 2022</b>		
	Costs or Original Donated Value	Market Value	Unrealized Gain (loss)
Money Market Funds	\$ 2,033,186	\$ 2,033,186	\$ 0
Bonds	1,094,521	992,968	(101,553)
Stocks and Mutual Funds	<u>2,029,579</u>	<u>2,045,680</u>	<u>16,101</u>
	<u>\$ 5,157,286</u>	<u>\$ 5,071,834</u>	<u>\$ (85,452)</u>
	<b>December 31, 2021</b>		
	Costs or Original Donated Value	Market Value	Unrealized Gain (loss)
Money Market Funds	\$ 4,029,300	\$ 4,029,300	\$ 0
Bonds	830,778	835,476	4,698
Stocks and Mutual Funds	<u>1,282,682</u>	<u>1,764,367</u>	<u>481,685</u>
	<u>\$ 6,172,760</u>	<u>\$ 6,629,143</u>	<u>\$ 486,383</u>

Included in gains (losses) on investments on the statements of activities and changes net assets are the following gains and losses for the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Realized Gain (Loss)	\$ (896)	\$ 68,260
Unrealized Gain (Loss)	(579,582)	267,692
Endowment fees	(33,875)	(31,672)
Investment Gain (Loss) in Coburn Place, LP	<u>(50)</u>	<u>(182)</u>
	<u>\$ (614,403)</u>	<u>\$ 304,098</u>

### Note 4 – Indianapolis Neighborhood Housing Partnership, Inc.

Indianapolis Neighborhood Housing Partnership, Inc. (INHP) provided organizations with a bridge loan to assist with funding due to Governmental Agencies' delay in processing reimbursements for certain claims due to COVID-19. Safehaven received a \$554,607 bridge loan on June 9, 2020, which is due on June 9, 2021 and bears no interest. As Safehaven receives these specific funds, Safehaven repays INHP. During the years ended December 31, 2022 and 2021, Safehaven repaid \$0 and \$375,354, respectively. Safehaven paid this loan off during the year ended December 31, 2021.

### Note 5 – Net Assets With Donor Restrictions

Safehaven has the following net assets with donor restrictions as of December 31, 2022 and 2021:

#### Neighborhood Assistance Program

Safehaven entered into a Neighborhood Assistance Program Agreement with the Indiana Housing and Community Development Authority (IHCDA).

- During the year ended December 31, 2021, Safehaven was awarded \$11,100 from IHCDA. Safehaven received \$22,200 in cash donations, and in turn awarded tax credits to the donors in the amount of \$11,100. During the year ended December 31, 2021, allowable costs of \$11,100 were incurred by Safehaven, and \$22,200 was classified as with donor restrictions and released from the restriction.
- During the year ended December 31, 2022, Safehaven was awarded \$8,322 from IHCDA. Safehaven received \$16,644 in cash donations, and in turn awarded tax credits to the donors in the amount of \$8,322. During the year ended December 31, 2022, allowable costs of \$8,322 were incurred by Safehaven, and \$16,644 was classified as with donor restrictions and released from the restriction.

## Coburn Place Safehaven II, Inc.

### Note 5 – Net Assets With Donor Restrictions (continued)

#### Individual Development Account Program

Safehaven accepted individual donations to be used to match funds deposited into individual development accounts by the residents. In prior years, Safehaven received donations, all, which were classified as with donor restrictions. During the years ended December 31, 2022 and 2021, no allowable costs were incurred by Safehaven and the remaining balances are \$21,952 and \$21,952, respectively.

#### Support for Endowment and Development Capacity

Safehaven received an endowment and development capacity grant for \$2,500,000 for the grant period of December 2018 through December 2021. The endowment portion (\$2,000,000) was recognized as restricted revenue in accordance with the agreement. The development capacity portion (\$500,000) is considered deferred revenue and will be released as restricted revenue to match the corresponding expenses. Should Safehaven violate the development capacity portion, these funds are to be repaid to the grantor.

During 2021, Safehaven received an endowment for \$1,000,000 which is recognized as restricted revenue in accordance with the agreement

The net asset with donor restrictions includes assets related to donor-imposed restrictions that have not been met, whether for a specified purpose or for later periods of time, or after specified dates. These net assets with donor restrictions are comprised of the following at December 31<sup>st</sup>:

	<b>2022</b>	<b>2021</b>
Subject for specific purpose		
Individual development account program	\$ 21,952	\$ 21,952
Endowment subject to spending policies		
General operations		
CICF	15,000	15,000
Other	3,000,000	3,000,000
Interest and market change	<u>207,468</u>	<u>616,236</u>
Total endowment subject to spending policies	<u>3,222,468</u>	<u>3,631,236</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 3,244,420</u>	 <u>\$ 3,653,188</u>

Net assets that were released from donor restrictions by satisfying the purpose or time restrictions specified by the donors is as follows at December 31<sup>st</sup>:

	<b>2022</b>	<b>2021</b>
Subject for specific purpose		
Neighborhood assistance program and individuals	\$1,120,106	\$ 19,316
Private grants	230,769	366,000
Endowment earnings	<u>0</u>	<u>194,500</u>
Total Net Assets With Donor Restrictions Released From Restrictions	 <u>\$1,350,875</u>	 <u>\$ 579,816</u>

## Coburn Place Safehaven II, Inc.

### Note 5 – Net Assets With Donor Restrictions (continued)

Safehaven has three endowment funds.

- Central Indiana Community Foundation, Inc. holds endowment funds on behalf of Safehaven. The endowment funds consist of those without donor restrictions (donations from various individuals) and those permanently restricted. On April 17, 2001, Martin Luther King Community Development Corporation (MLKCDC) entered into an agreement designated as the Marjorie R. Baxter Endowment Fund with Central Indiana Community Foundation, Inc. On December 31, 2003, MLKCDC transferred and assigned to Safehaven all rights and interest in the endowment fund. The primary purpose of the Marjorie R. Baxter Endowment Fund shall be to provide support for Safehaven to carry out its role and mission. The historic dollar value of the fund in the amount of \$15,000 may not be committed, granted, or expended. The Board of Directors monitors the distribution of the fund to ensure it is used exclusively for charitable or other exempt purposes.
- During the year ended December 31, 2018, Safehaven received endowment funds worth \$2,000,000 (historic dollar value), which are subject to spending policies. Safehaven will invest and make withdrawals from the grant fund in a manner consistent with applicable laws governing donor-designated endowments. Even if such laws permit withdrawals that would cause the fair market value of the grant fund to drop or remain below the historic dollar value of the grant, Safehaven agrees that it will preserve and replenish the historic dollar value of the grant. Each year on the valuation date (May 31<sup>st</sup>):
  - 1) If the endowment fund is less than the historic dollar value of the grant, Safehaven is allowed 2% of the endowment fund balance during the next fiscal year. This maximum spending limit shall continue until the grant funds balance exceeds the historic dollar value of the grant.
  - 2) If the endowment fund balance is greater than the historic dollar value of the grant, Safehaven may spend any percentage or amount of the endowment fund as is consistent with its prudent spending policies for donor-designated endowments and applicable law; provided, however, that if such spending would cause the endowment fund balance as calculated on that valuation date to fall below the historic dollar value of the grant, then spending for Safehaven's next fiscal year shall be limited to the greater of (i) the excess of the endowment fund balance on that valuation date over the historic dollar value of the grant or (ii) 2% of the endowment fund balance on that valuation date.
- During the year ended December 31, 2021, Safehaven received endowment funds worth \$1,000,000 (historic dollar value), which are subject to spending policies. Safehaven will invest and make withdrawals from the grant fund in a manner consistent with applicable laws governing donor-designated endowments. Even if such laws permit withdrawals that would cause the fair market value of the grant fund to drop or remain below the historic dollar value of the grant, Safehaven agrees that it will preserve and replenish the historic dollar value of the grant. Each year on the valuation date (May 31<sup>st</sup>):

From time to time, endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Safehaven is spending from underwater endowments in accordance with prudent measures required under law with discussions with the investment advisor and donor.

## Coburn Place Safehaven II, Inc.

### Note 6 - Related Party Transactions

Safehaven acquired the limited partner interest in Coburn Place, LP on December 31, 2022 and owns 100% of Coburn Place, LP. Safehaven elected to show related party transactions consistently for financial statement presentation and for amounts to reconcile back into Coburn Place, LP's financial statements. Consolidated results will be presented in 2023 financial statements.

During the years ended December 31, 2022 and 2021, Safehaven has the following related party transactions with Coburn Place, LP:

	<b>2022</b>	<b>2021</b>
<u>Operating advances</u>		
Safehaven advanced funds to Coburn Place, LP for operating purposes. As of December 31, 2022 and 2021, due from related party is:	<u>\$ 3,211,826</u>	<u>\$ 2,256,282</u>
<u>Notes receivable</u>		
Note receivable from Coburn Place, LP. Payments are based on the cascade provisions in Coburn Place, LP's partnership agreement. The note has an interest rate of 4.25% per annum, until May 2049, secured by a mortgage on all property and equipment. The note receivable was \$2,650,000 in May 2009. During the years ended December 31, 2022 and 2021, interest income was \$21,326 and \$30,141, respectively.	\$ 475,470	\$ 682,450
Note receivable from Coburn Place, LP. Payments are based on the cash cascade provisions in Coburn Place, LP's partnership agreement and secondary to the note payable in the amount of \$2,650,000. The note payable has an interest rate of 4.25% per annum, until May 2049, secured by a mortgage on all property and equipment. The note receivable was \$300,000 in May 2009. During the years ended December 31, 2022 and 2021, interest income was \$12,900 and \$12,954, respectively.	<u>300,000</u>	<u>300,000</u>
Total notes receivable at December 31 <sup>st</sup>	<u>\$ 775,470</u>	<u>\$ 982,450</u>
<u>Accrued interest summary</u>		
\$2,650,000 Note payable	\$ 214,709	\$ 203,710
\$300,000 Note payable	<u>112,669</u>	<u>103,682</u>
Total accrued interest receivable at December 31 <sup>st</sup>	<u>\$ 327,378</u>	<u>\$ 307,419</u>
<u>Development fee</u>		
In accordance with the Development Agreement dated April 30, 2009 with Coburn Place, LP, Safehaven is to be paid \$1,320,000 for its services in connection with the rehabilitation. The development fee is deemed earned in proportion to the percent of completion of the construction project. The development fee does not accrue interest and all unpaid developer fees were due and payable on December 31, 2019, the 10 <sup>th</sup> anniversary of the construction completion date of December 31, 2009. Subsequent to year end, this amount was paid in full.		
Total development fee receivable at December 31 <sup>st</sup>	<u>\$ 202,476</u>	<u>\$ 263,864</u>

## Coburn Place Safehaven II, Inc.

### Note 6 – Related Party Transactions (continued)

	<b>2022</b>	<b>2021</b>
<u>Investment in Coburn Place, LP</u>		
Safehaven has a 1% general partner interest in Coburn Place, LP and uses the equity method of accounting. In accordance with accounting principles generally accepted in the United States of America, the investment is accounted for using the equity method of accounting. Under the equity method, the investment is recorded at cost and subsequently increased or decreased by Safehaven’s share of income or loss. During the years ended December 31, 2022 and 2021, Safehaven’s share of loss is \$50 and \$182, respectively.		
Total investment in Coburn Place, LP at December 31 <sup>st</sup>	<u>\$ 864,534</u>	<u>\$ 864,584</u>

#### Rental subsidy agreement

Safehaven entered into a Rental Subsidy Agreement with Coburn Place, LP in order to provide temporary housing and other services to victims of domestic abuse and their families. In consideration for allowing Safehaven to run their programs at Coburn Place, LP, Safehaven agrees to pay an annual rent subsidy. The rent subsidy was \$150,161 in 2013 increasing by 2% in each subsequent year. This agreement expires on April 24, 2049. Safehaven elected not to implement the lease standard as this rental subsidy agreement will be discontinued in 2023.

The following is a summary of minimum future lease payments under the terms of the agreement:

2023	\$ 183,045
2024	186,706
2025	190,440
2026	194,249
2027	198,134
Thereafter	<u>5,312,831</u>
	<u>\$ 6,265,405</u>

In accordance with the provisions of the Accounting for Leases topic of Accounting Standards Codification (ASC) 840, Safehaven recognizes rental expenses on a straight-line basis over the terms of the leases. As a result of this treatment, Safehaven recorded a payable, which represents lease expenses recognized in excess of lease payments contractually due. During the years ended December 31, 2022 and 2021, Safehaven’s rental subsidy expenses are \$211,240 and \$211,240, respectively and included in occupancy expenses on the statement of functional expenses.

As of December 31, 2022 and 2021, lease payable and deferred lease portion amount to the following:

	<b>2022</b>	<b>2021</b>
Lease payable portion	\$ 1,563,932	\$ 1,384,476
Deferred lease portion	<u>702,754</u>	<u>670,970</u>
Total operating advances owed at December 31 <sup>st</sup>	<u>\$ 2,266,686</u>	<u>\$ 2,055,446</u>

### Note 7 – Accounting Service Agreement

Safehaven entered into an accounting service agreement with Foster Results, Inc., an unrelated entity. The service agreement allows for a fee for monthly bookkeeping, consulting, and additional services rendered. Accounting service fees are \$26,736 and \$25,310, respectively, for the years ended December 31, 2022 and 2021. This accounting service agreement ended on September 30, 2022.

# Coburn Place Safehaven II, Inc.

## Note 8 – Retirement Plan

Safehaven established a 401(k)-retirement plan in 2014. The plan is administered and monitored by Axiom. Employees that are over 21 years old and have one year of service are eligible for enrollment in the next quarter. Employees are eligible to make a payroll deduction of a selected percentage or amount not to exceed the Internal Revenue Service limits. Safehaven matches employees' contributions based on a discretionary percentage uniformly applied to all participants. The employees' match is on a vesting schedule of six years. Safehaven contributed a total of \$33,435 and \$22,299 during the years ended December 31, 2022 and 2021, respectively.

## Note 9 – Contingencies and Concentrations

### Contingencies in Government Awards

Financial awards from federal, state, and local entities are subject to financial and compliance audits. Such audits could result in claims against Safehaven for disallowed costs or noncompliance with grantor restrictions. No provision was made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

### Concentrations in Credit Risk

Safehaven maintains cash balances in financial institutions. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The total uninsured balances in these accounts as of December 31, 2022 and 2021 are \$1,154,810 and \$491,073, respectively.

### Concentrations in Major Contributors and Governmental Agencies

Safehaven received a significant portion of total revenue from a few contributors and governmental agencies. For the year ended December 31, 2022, no entity made up over 10% of total revenue. For the year ended December 31, 2021, one entity made up over 20% of total revenue.

## Note 10 – Liquidity

Safehaven's liquidity measurements consist of the following quantitative and qualitative measurements:

Quantitative measurement - Safehaven's resources available for general use within one year at December 31, 2022 and 2021 are:

	<u>2022</u>	<u>2021</u>
Financial assets (current assets)	\$ 1,886,506	\$ 1,178,787
Not available within one year (prepaid expenses)	(40,979)	(62,677)
Less restricted cash	(141,952)	(141,952)
Total financial assets at year end	<u>1,703,575</u>	<u>974,158</u>
Less current obligations and portions of deferred revenue	(1,842,619)	(418,601)
Financial assets available for general use within one year	<u>\$ (139,044)</u>	<u>\$ 555,557</u>

Qualitative measurement - Safehaven received a significant amount of its support through contributions and grants. Because these contributions and grants require resources to be used in a particular manner or in a future period, Safehaven must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. In the course of business, management structures Safehaven's financial assets to be available as its general expenditures, liabilities, and other obligations come due, and endeavors to maintain cash balances equal to approximately three to six months of annual operating expenses. Safehaven has investments without donor restrictions to cover operating shortfalls if needed. Restricted cash consists of \$120,000 real estate expansion and \$21,952 in individual development account programs.

## Coburn Place Safehaven II, Inc.

### Note 11 – In-kind Contributions

Effective January 1, 2022, Safehaven adopted ASU No. 2020-07 *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The amendments in this update are required to be applied retrospectively to each prior reporting period presented. Safehaven applied the provisions of this ASU to the December 31, 2022 and 2021 financial statements. There was no material impact to the financial statements.

In-kind contributions included in the statements of activities and change in net assets are comprised of the following for the years ended December 31<sup>st</sup>:

<u>Non-Financial Asset</u>	<u>2022</u>	<u>2021</u>	<u>Program Benefited</u>	<u>Donor Restriction</u>
Furniture, clothing housewares and supplies	<u>\$278,669</u>	<u>\$280,767</u>	General programs	None

The fair values of contributed non-financial assets are recorded as reported by donors. If a fair value for contributed non-financial assets is not provided by the donor, Safehaven makes a reasonable effort to quantify the value of the contribution.

Additionally, volunteers donate a significant amount of time to Safehaven's programs at an undetermined fair value. These services are not reflected in the financial statements in accordance with U.S. GAAP.

## **Single Audit Section**



## Coburn Place Safehaven II, Inc.

### Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

Program Title	Assistance Listing Number	Funds Expended	Subrecipient Payment
U.S. Department of Housing and Urban Development Pass Thru from City of Indianapolis Emergency Solutions Grant Program	14.231	\$ 130,712	\$ 0
U.S. Department of Housing and Urban Development Pass Thru from City of Indianapolis Department of Metropolitan Development Continuum of Care Program	14.267	488,828	0
U.S. Department of Justice Pass Thru from Indiana Criminal Justice Institute Crime Victim Assistance Program	16.575	401,567	0
U.S. Department of Health and Human Services Pass Thru from Indiana Criminal Justice Institute Family Violence Prevention and Services / Domestic Violence Shelter and Support Services Program	93.671	<u>70,359</u> <u>\$ 1,091,466</u>	<u>0</u> <u>\$ 0</u>

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal granting activity of Coburn Place Safehaven II, Inc. (Safehaven) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

#### Note 2 - De Minimis

Safehaven elected to not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance for Federal Awards.



## Donovan CPAs

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Governmental Auditing Standards***

To the Board of Directors  
Coburn Place Safehaven II, Inc.  
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Coburn Place Safehaven II, Inc. (Safehaven), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2023.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Safehaven's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Safehaven's internal control. Accordingly, we do not express an opinion on the effectiveness of Safehaven's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Safehaven's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **Finding 2022-01** that we consider to be material weaknesses.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Safehaven's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items **Finding 2022-01**.

**Safehaven's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Safehaven's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Safehaven response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Safehaven's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Safehaven's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "DONOVAN". The letters are slightly slanted and connected, with a large, stylized 'D'.

Donovan CPAs  
Indianapolis, Indiana

September 8, 2023



## Donovan CPAs

### Independent Auditor's Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by The Uniform Guidance

To the Board of Directors  
Coburn Place Safehaven II, Inc.  
Indianapolis, Indiana

#### Report on Compliance for Each Major Federal Program Opinion on Each Major Federal Program

We have audited Coburn Place Safehaven II, Inc. (Safehaven)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Safehaven's major federal programs for the year ended December 31, 2022. Safehaven's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Safehaven complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Safehaven and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Safehaven's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Safehaven's federal programs.

#### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Safehaven's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Safehaven's compliance with the requirements of each major federal program as a whole.

### **Auditor's Responsibilities for the Audit of Compliance (continued)**

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Safehaven's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Safehaven's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Safehaven's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Donovan CPAs  
Indianapolis, Indiana  
September 8, 2023

# Coburn Place Safehaven II, Inc.

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

### I. Summary of Independent Accountant's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Going concern explanatory paragraph included? Yes    No   X  

Internal control over financial reporting:

- ❖ Material weakness(es) identified? Yes   X   No
- ❖ Significant deficiencies identified? Yes    No   X

Noncompliance material to financial statements noted? Yes    No   X  

#### Federal Awards

Type of auditor's report issued on compliance with major programs: Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Does the auditee qualify as low-risk auditee? Yes   X   No   

Internal control over major programs:

- ❖ Material weakness(es) identified? Yes    No   X
- ❖ Significant deficiencies identified? Yes    No   X

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the *Uniformed Guidance*? Yes    No   X  

Identification of major program(s) tested:

<u>Assistance Listing Number(s)</u>	<u>Name of federal program</u>
14.267	Continuum of Care Program

### II. Financial Statements Findings

There are financial statements findings as seen in the schedule of findings and questioned costs.

### III. Federal Award Findings and Questioned Costs

There are no federal award findings as seen in the schedule of findings and questioned costs.

# Coburn Place Safehaven II, Inc.

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## Schedule of Findings and Questioned Costs (continued) For the Year Ended December 31, 2022

### **Finding 2022-001 – Financial Reporting and Material Adjustments**

Statement of Condition: Coburn Place Safehaven II, Inc. (Safehaven) does not have an internal control system designed to provide for the preparation of the financial statements being audited which include the accompanying footnotes, as required by U.S. generally accepted accounting principles (GAAP). In conjunction with completion of our audit, we were requested to draft the financial statements with accompanying notes to the financial statements and make material adjustments.

Criteria: A properly designed system of internal control over financial reporting includes the 1) preparation of accrual based financial statements with accompanying notes to the financial statements and 2) various statement of financial position amounts being supported with detailed schedules and reconciled on a periodic basis. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with GAAP.

Cause: Internal controls over financial reporting were not operating effectively to prepare accrual based financial statements with accompanying notes and detect material adjustments in the financial statements. Various statement of financial position amounts were not reconciled or monitored on a periodic basis and supported by schedules or other documentation.

Effect: This control deficiency could result in misstatements to the financial statements as well as required information being omitted from the financial statements. Furthermore, it is possible that new standards may not be adopted and applied timely to the interim financial statements. Material audit adjusting entries were proposed and recorded by management to properly reflect Safehaven's activities in the financial statements.

Recommendation: We recommend that management 1) continue reviewing operating procedures in order to obtain the maximum internal control over financial reporting possible under the circumstances to enable staff to draft the financial statements internally and 2) review and strengthen the internal controls over its financial reporting processes to ensure revenue is being recognized when earned and expenses are recognized when incurred. Also, various statement of financial position amounts should be reconciled and monitored on a periodic basis and supported by schedules or other documentation.

Reporting Views of Responsible Officials: Management agrees with the finding and took significant measures throughout 2022 and 2023 to establish new procedures, technology, and staff roles to mitigate any future risk of necessary material adjustments.

2022 was a transformational year for Coburn Place's financial operations as the organization emerged from the stressors of COVID-19 and the Great Resignation,; both were cataclysmic events coinciding with a handful of years that saw the organization's budget triple, both in public dollars and in major gifts from individuals. The need to focus on enhancing internal controls was exacerbated by a complete turnover in organizational leadership and the necessary existence of a second organizational entity and budget, the LP, which separately tracked revenues and expenses related to the upkeep and operation of the Coburn Place building. After an assessment, new Senior Leadership and the Board finance committee found a deeply complicated budget and finance approach that failed to provide current and actionable data for decision-making and in-the-minute tracking. It was clear the organization had outgrown outsourcing key finance functions to an outside party. Change was needed.

Two finance positions on the Operations team were upgraded from light management of outside bookkeeping to a full Director of Finance and Business Support Manager role. This team, senior leadership, and the Board further determined the organization should cease its outsourced bookkeeping contract on 9/30/2022 due to delays in processing finances, the difficulty of allocating expenses to appropriate revenues, and the urgent need for granular and accurate material information.

## Coburn Place Safehaven II, Inc.

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### Schedule of Findings and Questioned Costs (continued) For the Year Ended December 31, 2022

#### **Finding 2022-001 – Financial Reporting and Material Adjustments (continued)**

##### Reporting Views of Responsible Officials: (continued)

It was further determined that the instance of Quickbooks utilized by the outsourced bookkeeping team was inadequate to meet the demands of the agency's many public grants and best practice timecard compliance. The alternative system selected was Sage Intacct—one used by many homeless-serving organizations in Indianapolis. To prepare for the system migration, Coburn Place contracted with CLA Connect, a reputable accounting consulting firm, who helped Coburn Place significantly reduce its General Ledger codes from over 600 to around 300. Staff worked diligently to further winnow this to just over 100 GL codes before the migration.

The accounting system migration process showed additional gaps in the previous outsourced arrangement, and especially its reliance on institutional memory of past staff at Coburn Place. The Director of Finance and the Grants Compliance Manager (another new position created in 2022) worked closely with a team of grants finance experts at the Indiana Coalition Against Domestic Violence to set up Grants Accounting appropriately. At the same time, discrepancies were discovered between historic ways of accounting for revenues and new approaches to allocating expenses to grants much more directly within the reduced number of General Ledger codes. The result was that a material number of journal entry adjustments were regrettably necessary in the completion of this audit. In addition to the changes discussed here, the Coburn Place Board of Directors will approve a revised Financial Policies and Procedures before the end of 2023 that includes more details about how the organization exerts internal controls over our financial operations and the preparation of financial statements.



## **Coburn Place Safehaven II, Inc.**

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### **Schedule of Prior Year Audit Findings, Questioned Costs and Recommendations For the Year Ended December 31, 2022**

The audit disclosed no findings, questioned costs, or recommendations that are required to be reported herein under the *OMB Compliance Supplement* for the year ended December 31, 2021.

# Coburn Place Safehaven II, Inc.

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## Corrective Action Plan

Name of Auditee: Coburn Place Safehaven II, Inc.

Name of audit firm: Donovan CPAs

Period covered by the audit: January 01, 2022 - December 31, 2022

Corrective action prepared by:

Name: Rachel Scott, Coburn Place Safehaven II, Inc.

Position: President & CEO

Telephone number: (317) 923-5750

Email address: rachel@coburnplace.org

Current Finding on Schedule of Findings, Questioned Costs and Recommendations

### Finding 2022-001 – Financial Reporting and Material Adjustments

Statement of Condition: Coburn Place Safehaven II, Inc. (Safehaven) does not have an internal control system designed to provide for the preparation of the financial statements being audited which include the accompanying footnotes, as required by U.S. generally accepted accounting principles (GAAP). In conjunction with completion of our audit, we were requested to draft the financial statements and accompanying notes to the financial statements and make material adjustments.

Criteria: A properly designed system of internal control over financial reporting includes the 1) preparation of accrual based financial statements and accompanying notes to the financial statements and 2) various statement of financial position amounts being supported with detailed schedules and reconciled on a periodic basis. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with GAAP.

Reporting Views of Responsible Officials: Management agrees with the finding and took significant measures throughout 2022 and 2023 to establish new procedures, technology, and staff roles to mitigate any future risk of necessary material adjustments.

2022 was a transformational year for Coburn Place's financial operations as the organization emerged from the stressors of COVID-19 and the Great Resignation,; both were cataclysmic events coinciding with a handful of years that saw the organization's budget triple, both in public dollars and in major gifts from individuals. The need to focus on enhancing internal controls was exacerbated by a complete turnover in organizational leadership and the necessary existence of a second organizational entity and budget, the LP, which separately tracked revenues and expenses related to the upkeep and operation of the Coburn Place building. After an assessment, new Senior Leadership and the Board finance committee found a deeply complicated budget and finance approach that failed to provide current and actionable data for decision-making and in-the-minute tracking. It was clear the organization had outgrown outsourcing key finance functions to an outside party. Change was needed.

Two finance positions on the Operations team were upgraded from light management of outside bookkeeping to a full Director of Finance and Business Support Manager role. This team, senior leadership, and the Board further determined the organization should cease its outsourced bookkeeping contract on 9/30/2022 due to delays in processing finances, the difficulty of allocating expenses to appropriate revenues, and the urgent need for granular and accurate material information.

# Coburn Place Safehaven II, Inc.

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## Corrective Action Plan (continued)

### Current Finding on Schedule of Findings, Questioned Costs and Recommendations (continued)

#### **Finding 2022-001 – Financial Reporting and Material Adjustments (continued)**

##### Reporting Views of Responsible Officials: (continued)

It was further determined that the instance of Quickbooks utilized by the outsourced bookkeeping team was inadequate to meet the demands of the agency's many public grants and best practice timecard compliance. The alternative system selected was Sage Intacct—one used by many homeless-serving organizations in Indianapolis. To prepare for the system migration, Coburn Place contracted with CLA Connect, a reputable accounting consulting firm, who helped Coburn Place significantly reduce its General Ledger codes from over 600 to around 300. Staff worked diligently to further winnow this to just over 100 GL codes before the migration.

The accounting system migration process showed additional gaps in the previous outsourced arrangement, and especially its reliance on institutional memory of past staff at Coburn Place. The Director of Finance and the Grants Compliance Manager (another new position created in 2022) worked closely with a team of grants finance experts at the Indiana Coalition Against Domestic Violence to set up Grants Accounting appropriately. At the same time, discrepancies were discovered between historic ways of accounting for revenues and new approaches to allocating expenses to grants much more directly within the reduced number of General Ledger codes. The result was that a material number of journal entry adjustments were regrettably necessary in the completion of this audit. In addition to the changes discussed here, the Coburn Place Board of Directors will approve a revised Financial Policies and Procedures before the end of 2023 that includes more details about how the organization exerts internal controls over our financial operations and the preparation of financial statements.

### Status of Correction Actions on Findings Reported in Prior Audit Schedule of Findings, Questioned Costs and Recommendations

The audit disclosed no findings, questioned costs, or recommendations that are required to be reported herein and no corrective action plan is required for the year ended December 31, 2021.

# Coburn Place Safehaven II, Inc.

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## Schedule of Lead Auditor For the Years Ended December 31, 2022 and 2021

Auditor Information: Donovan CPAs  
9292 N. Meridian Street, Suite 150  
Indianapolis, IN 46260

Phone Number: (317) 844-8300

Fax Number: (317) 745-6545

Auditor Contact: David W. Lemler, CPA

Auditor Contact Title: Partner

Auditor Contact Email: [dlemler@cpadonovan.com](mailto:dlemler@cpadonovan.com)