Financial Statements and
Independent Auditor's Report

Childhaven, Inc.

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Childhaven, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Childhaven, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Childhaven, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and our report dated May 13, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The summary of revenues, support and expenses by program on pages 22 through 23 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 on pages 22 through 23 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 June 30, 2020, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
June 30, 2020

Financial Statements

Childhaven, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With summarized financial information as of June 30, 2018)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,378,648	$ 1,278,092
Accounts receivable		
Fees for services, net	641,944	596,097
Other	3,304	1,494
Prepaid expenses and other	23,146	5,167
Total current assets	2,047,042	1,880,850
Land, building and equipment, net	255,627	224,362
Total assets	$ 2,302,669	$ 2,105,212
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 122,799	$ 155,297
Accrued payroll and employee benefits	127,937	101,838
Total current liabilities	250,736	257,135
Net assets		
Without donor restrictions		
Net investment in land, buildings and equipment	255,627	224,362
Undesignated	1,796,306	1,623,715
Total net assets without donor restrictions	2,051,933	1,848,077
Total liabilities and net assets	$ 2,302,669	$ 2,105,212

The accompanying notes are an integral part of this statement.

Childhaven, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019
(With summarized financial information for the year ended June 30, 2018)

	Without donor restrictions	
	2019	2018
Revenues and support		
Fees for services		
State of New Mexico	$ 856,647	$ 869,640
Medicaid	1,015,989	665,766
Contracts and other	1,286,250	1,047,232
Total fees for services	3,158,886	2,582,638
Public support - contributions		
Individuals and foundations	96,395	70,769
Community organizations	94,034	109,086
Total public support - contributions	190,429	179,855
In-kind contributions	172,866	158,743
Other revenue	135,980	140,200
Total revenues and support	3,658,161	3,061,436
Expenses		
Program services		
Emergency shelter	998,560	959,589
Foster care	852,865	642,118
Children's advocacy center	1,117,823	890,516
CASA	301,866	261,246
Total program services	3,271,114	2,753,469
Supporting services		
Administration	183,191	186,434
Total expenses	3,454,305	2,939,903
CHANGE IN NET ASSETS	203,856	121,533
Net assets, beginning of year	1,848,077	1,726,544
Net assets, end of year	$ 2,051,933	$ 1,848,077

The accompanying notes are an integral part of this statement.

Childhaven, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019
(With summarized financial information for the year ended June 30, 2018)

	Program Services			
	Emergency shelter	Foster care	Children's Advocacy Center	CASA
Expenses				
Personnel services	$ 719,880	$ 313,741	$ 681,475	$161,298
Professional services	2,067	2,067	7,579	1,378
Contract expense	780	433,588	159,681	-
Education, training and recreation	5,258	7,053	12,479	2,280
Occupancy and equipment	40,627	14,281	58,582	17,838
Office expenses	28,448	51,596	103,716	21,899
Supplies and food	41,234	5,448	6,554	5,296
Other	11,526	7,362	50,841	6,280
Insurance	19,806	14,701	19,238	3,813
In-kind contributions	94,772	-	-	78,094
Depreciation	34,162	3,028	17,678	3,690
Total expenses	$ 998,560	$ 852,865	$1,117,823	$301,866

The accompanying notes are an integral part of this statement.

Administration	Total 2019	2018
$ 136,055	$ 2,012,449	$ 1,747,411
1,101	14,192	17,309
-	594,049	483,802
54	27,124	25,614
20,630	151,958	140,407
15,887	221,546	157,660
882	59,414	46,357
2,384	78,393	57,248
3,901	61,459	52,993
-	172,866	154,897
2,297	60,855	56,205
$ 183,191	$ 3,454,305	$ 2,939,903

The accompanying notes are an integral part of this statement.

Childhaven, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2019
(With summarized financial information for the year ended June 30, 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 203,856	$ 121,533
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	60,855	56,205
Gain on disposal of land, buildings and equipment	(1,750)	-
In-kind contributions	-	(3,846)
Change in assets and liabilities		
Increase in accounts receivable	(47,657)	(213,466)
(Increase) decrease in prepaid expenses and other	(17,979)	3,242
Decrease in accounts payable	(47,752)	(65,873)
Increase in accrued payroll and employee benefits	26,099	12,122
Net cash provided by (used in) operating activities	175,672	(90,083)
Cash flows from investing activities		
Purchase of land, building, and equipment	(76,866)	(45,767)
Proceeds from disposal of land, building and equipment	1,750	-
Net cash provided by (used in) investing activities	(75,116)	(45,767)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	100,556	(135,850)
Cash and cash equivalents, beginning of year	1,278,092	1,413,942
Cash and cash equivalents, end of year	$ 1,378,648	$ 1,278,092
Noncash investing activities		
Fixed asset additions in accounts payable	$ 15,254	$ -
In-kind contributions of fixed assets	$ -	$ 3,846

The accompanying notes are an integral part of this statement.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This description of Childhaven, Inc.'s (the Organization) nature of activities and summary of significant accounting policies is presented to assist in understanding the Organization's financial statements.

1. *Summary of Business Activities*

   The Organization was incorporated under the laws of the State of New Mexico in 1968 for the purpose of advocating and providing for the safety and security of children and their families. The Organization's revenue comes primarily from the State of New Mexico and Medicaid for services provided.

2. *Description of Services Provided*

   The major program services or supports and functional activities directly provided or purchased by the Organization are:

   Program Services

   Emergency Shelter provides shelter, food, clothing, medical and mental health attention, educational assistance, and transportation for youth from birth through 17 years of age who are abused, neglected, abandoned or runaway.

   Foster Care provides for the care of children who have been removed from their home for an extended period of time and ensures their safety and well-being. Treatment Foster Care offers family-based treatment for children with severe emotional and/or behavioral disorders that require a higher level of care.

   Children's Advocacy Center provides comprehensive services for children and their families who are alleged victims of sexual and/or severe physical abuse in a multi-disciplinary approach to investigation. Services provided include forensic interviews, therapy and assessments, parent education, family advocacy, and case coordination. The multi-disciplinary team includes law enforcement, child protective services, prosecution, medical, and mental health providers who work jointly on these child abuse cases. The chapter supports member programs across the state with achieving accreditation through National Children's Alliance to maximize funding and assure adherence to program standards.

   CASA (Court Appointed Special Advocates) program uses trained community volunteers to advocate for the best interests of abused, neglected, and abandoned children involved in the court system.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Supporting Services

Administration includes those activities necessary for planning, coordination and overall direction of the organization, financial administration, general board activities and other related activities indispensable to the Organization's corporate existence.

3. *Basis of Accounting*

Financial statements of the Organization have been prepared on the accrual basis, whereby revenues are recorded when services are performed and expenses are recognized when incurred.

4. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

5. *Subsequent Events*

The Organization has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through June 30, 2020, the date on which the financial statements were issued. Other than the transactions disclosed in Note E and Note J, the Organization did not identify any events or transactions that would have a material impact on the financial statements.

6. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers cash to be cash on hand and cash on deposit, subject to immediate withdrawal, and considers cash equivalents to be certificates of deposit with an original maturity of three months or less. The Organization maintains its cash balances in several financial institutions, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. *Accounts Receivable*

Accounts receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Organization determines its allowance for uncollectible receivables by considering a number of factors, including the length of time accounts receivable are past due and the Organization's previous collection history. The Organization writes off accounts receivable when they become uncollectible. Payments subsequently received on such receivables, if any, are recorded as other revenue.

8. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets and estimated fair value, at date of receipt, for donated property. Any asset purchased for more than $2,000 that has a life expectancy of more than two years is capitalized. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

	Years
Leasehold improvements	5–20
Furniture and fixtures	5–10
Computers and equipment	5–7
Vehicles	5

9. *Accounting for Contributions*

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as increase in net assets without donor restrictions.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. *In-kind Contributions*

Contributions of property, materials and personal services are recorded as in-kind contributions and are recorded at estimated fair value at the date of receipt. The amount recorded for these contributions (other than contributions of land, building and equipment) is also included as program expenses to properly reflect the total cost of the particular program.

11. *Income Taxes*

The Organization is operated as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization recognizes tax liabilities when, despite the Organization's belief that its tax return positions are supportable, the Organization believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Organization has concluded there is no tax liability or benefit required to be recorded as of June 30, 2019. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2016.

12. *Functional Allocation of Expenses*

The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated to program and management and general based on estimates of number of employees per department, time and effort, square footage of the office and other methods.

13. *Prior Year Summarized Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2018 from which the summarized information was derived.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. *Recent Accounting Pronouncements*

In August 2016, the FASB issued ASU No. 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit organization's liquidity, financial performance and cash flows. For the year ended June 30, 2019, the Organization has implemented ASU No. 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented and no adjustments were needed to the financial statements.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (US GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Changes to the lessor accounting model include: (a) synchronizing key aspects of the model with the new revenue recognition guidance, such as basing whether a lease is similar to a sale or whether control of the underlying asset has transferred to the lessee and (b) prospectively eliminating the specialized accounting for leveraged leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The Organization is in the process of evaluating the impact of this new guidance.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. *Recent Accounting Pronouncements (Continued)*

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update clarify the guidance regarding the classification of operating, investing and financing activities for certain types of cash receipts and payments. The amendments in this update are effective for the annual periods, and the interim periods within those years, beginning after December 15, 2018, and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Organization is evaluating the impact of adoption, if any, to the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Organization is in the process of evaluating the impact of this new guidance.

In June 2018, the FASB issued ASU No. 2018-08 *Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve the scope and the accounting guidance for contributions received and contributions made. The ASU will be effective for all entities that have issued, or is a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource recipient, for fiscal years beginning after December 15, 2018. The ASU will be effective for all entities that have not issued or is a conduit bond obligor for securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource provider, for fiscal years beginning after December 15, 2019. The Organization is in the process of evaluating the impact of this new guidance.

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 1,378,648
Accounts receivable	645,248
	$ 2,032,896

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE C – ACCOUNTS RECEIVABLE

Amounts receivable from fees for services are as follows at June 30, 2019:

Fees for service	
State of New Mexico	$ 98,027
Medicaid	330,887
Contracts and other, net of allowance of $53,321	213,030
	$ 641,944

NOTE D – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2019:

Leasehold improvements	$ 345,778
Furniture and fixtures	69,753
Computers and equipment	272,436
Vehicles	135,885
	823,852
Less accumulated depreciation and amortization	581,355
	242,497
Construction in progress	13,130
	$ 255,627

Depreciation expense was $60,855 for the year ended June 30, 2019.

NOTE E – LEASES

The Organization leases office space and equipment under operating leases. The leases expire on various dates through fiscal year 2025. In January 2020, the Organization entered into a lease agreement for commercial building space. The lease will expire in December 31, 2020 and the total payment for this space will be $9,000.

Future minimum rental payments for all noncancelable operating leases at June 30, 2019, are as follows:

Year ending June 30,	
2020	$ 17,025
2021	11,235
2022	11,235
2023	10,935
2024	2,445
Thereafter	532
	$ 53,407

Rental expense under these operating leases was $89,802 for the year ended June 30, 2019.

NOTE F – RELATED PARTY

The Organization and the Childhaven Foundation, Inc. (the Foundation) are considered related parties as the Board of Directors for the Foundation is comprised of four at-large community members and two members that are also members of the Organization's Board of Directors. The Foundation's purpose is to promote and support child welfare and care for at-risk youth and to provide funding to the Organization and other organizations that work to support and care for at-risk youth in the community. The Organization does not control the Foundation; therefore, consolidation of the two entities is not required.

The Organization charges the Foundation for administrative functions and participates in fundraising activities on behalf of the Foundation. For the year ended June 30, 2019, the Foundation paid the Organization $44,400 for the administrative functions.

The Organization leases office space from the Foundation on a month to month basis. For the year ended June 30, 2019, the Organization paid the Foundation $65,700 for rent.

For the year ended June 30, 2019, the Organization received $7,100 in contributions from the Foundation.

For the year ended June 30, 2019, the Organization received $1,920 in rent from the Foundation.

NOTE G – IN-KIND RENT CONTRIBUTIONS

The Organization has entered into a lease agreement with the City of Farmington, New Mexico (the City) for the use of a building owned by the City. The lease provides for an eight-year term beginning June 1, 2000, and is renewable at the end of the initial term for two additional eight-year terms. Per the lease, no rent is paid to the City provided the Organization uses the space for its charitable purposes. If the City terminates the lease prior to the end of the three eight-year terms, the City is obligated to reimburse the Organization for its residual improvements. For the year ended June 30, 2019, the Organization has determined that the annual fair market rental value is $85,000.

NOTE H – RETIREMENT PLAN

The Organization implemented a defined contribution plan for the benefit of its employees. All employees who are reasonably expected to receive at least $5,000 in compensation for the calendar year are eligible and are fully and immediately vested in all employee and employer contributions. In the current year, the Organization made a discretionary matching contribution to participants who contributed to the Plan. For the year ended June 30, 2019, retirement plan expense was $13,019.

NOTE I – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries and wages which are allocated based on what is recorded per the approved time sheet or board approved budget. Rent, utilities, and maintenance costs are allocated by square footage per department. Telephone and computer expenses are allocated on the basis of number of employees per department. Depreciation expenses is allocated based on expected use of the fixed asset per department.

NOTE J – SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, customers, economies, and financial markets globally. This outbreak could adversely affect the Organization’s ability to provide services, and reduce funding sources available. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the organization’s activities or results of operations, financial condition, or liquidity, at this time.

NOTE J – SUBSEQUENT EVENTS (CONTINUED)

In April 2020, the Organization obtained a Paycheck Protection Program (PPP) unsecured loan for $372,900 which matures on April 24, 2022. The loan is intended to cover qualifying expenses which include qualifying payroll and occupancy costs. Under the CARES Act, the Organization must submit a Loan Forgiveness Application and meet various criteria as defined in the Paycheck Protection Flexibility Act. If criteria are not met for forgiveness, the loan will incur an interest rate of 1%.

Supplementary Information

Childhaven, Inc.
SUMMARY OF REVENUES, SUPPORT AND EXPENSES BY PROGRAM
Year ended June 30, 2019
(With summarized financial information for the year ended June 30, 2018)

	Program Services			
	Emergency shelter	Foster care	Children's Advocacy Center	CASA
Revenues and support				
Fees for services				
State of New Mexico	$ 639,150	$ 30,950	$ 186,547	$ -
Medicaid	860	888,154	126,975	-
Contracts and other	308,369	109,030	667,726	210,897
Total fees for services	948,379	1,028,134	981,248	210,897
Public support - contributions				
Individuals and foundations	27,010	60	-	6,006
Community organizations	31,812	-	17,508	9,756
Total public support - contributions	58,822	60	17,508	15,762
In-kind contributions	85,000	-	-	78,094
Other revenue	53,867	-	34,935	-
Total revenues and support	$ 1,146,068	$ 1,028,194	$ 1,033,691	$ 304,753
Expenses				
Salaries	$ 632,880	$ 268,046	$ 581,565	$ 142,768
Payroll taxes	59,160	24,813	53,592	13,143
Employee benefits	27,840	20,882	46,318	5,387
Total personnel services	719,880	313,741	681,475	161,298
Advertising	2,042	1,480	4,328	41
Accounting and legal	2,067	2,067	7,579	1,378
Contract expense	780	433,588	159,681	-
Education and recreation	2,397	200	-	-
Training	2,861	6,853	12,479	2,280
Rent	828	7,308	42,878	11,700
Utilities	26,607	4,288	7,596	2,108
Repairs and maintenance	13,192	2,685	8,108	4,030
Office expense	20,807	48,198	96,904	20,048
Supplies and food	41,234	5,448	6,554	5,296
Telephone	7,641	3,398	6,812	1,851
Insurance	19,806	14,701	19,238	3,813
Travel & transportation	9,484	5,882	46,513	6,239
In-kind contributions				
Contributed volunteer services	-	-	-	67,604
Rent	85,000	-	-	-
Supplies	9,772	-	-	10,490
Expenses before depreciation and amortization	964,398	849,837	1,100,145	298,176
Depreciation and amortization	34,162	3,028	17,678	3,690
Total expenses	$ 998,560	$ 852,865	$ 1,117,823	$ 301,866

Administration	Total 2019	Total 2018
$ -	$ 856,647	$ 869,640
-	1,015,989	665,766
-	1,296,022	1,047,232
-	3,168,658	2,582,638
63,319	96,395	70,769
34,958	94,034	109,086
98,277	190,429	179,855
-	163,094	158,743
47,178	135,980	140,200
$ 145,455	$ 3,658,161	$ 3,061,436
$ 110,800	$ 1,736,059	$ 1,487,820
10,270	160,978	141,800
14,985	115,412	117,791
136,055	2,012,449	1,747,411
1,422	9,313	3,078
1,101	14,192	17,309
-	594,049	483,802
-	2,597	4,753
54	24,527	20,861
13,878	76,592	74,474
2,941	43,540	40,514
3,811	31,826	25,419
14,585	200,542	139,085
882	59,414	46,357
1,302	21,004	18,575
3,901	61,459	52,993
962	69,080	54,170
-	67,604	55,364
-	85,000	85,000
-	20,262	14,533
180,894	3,393,450	2,883,698
2,297	60,855	56,205
$ 183,191	$ 3,454,305	$ 2,939,903

LTJ LLC
Certified Public Accountants

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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 *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Childhaven, Inc.

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 Childhaven, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, 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 June 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the entity'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
June 30, 2020