HAVEN OF REST MINISTRIES
OF BATTLE CREEK, INC.
BATTLE CREEK, MICHIGAN

REPORT OF AUDIT
AS OF
JUNE 30, 2010 AND 2009

FOOTE and LLOYD
CERTIFIED PUBLIC ACCOUNTANTS
BATTLE CREEK, MICHIGAN

HAVEN OF REST MINISTRIES OF BATTLE CREEK, INC.

Contents

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INDEPENDENT AUDITOR'S REPORT

Haven of Rest Ministries of Battle Creek, Inc.
Battle Creek, Michigan

We have audited the accompanying Statement of Financial Position of Haven of Rest Ministries of Battle Creek, Inc. as of June 30, 2010 and 2009, and the related Statements of Activities, Financial Expenses, and Cash Flows, for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haven of Rest Ministries of Battle Creek, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Foote and Lloyd

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
July 18, 2011

HAVEN OF REST MINISTRIES OF BATTLE CREEK, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010 AND 2009

ASSETS

			2010	2009
CURRENT ASSETS				
Cash			11,144	46,346
Cash Restricted to Expansion			-	-
Grants Receivable			46,912	17,918
Accounts & Pledges Receivable (Net)			15,982	10,534
Prepaid Insurance			783	1,517
Total Current Assets			74,821	76,315
PROPERTY & EQUIPMENT	COST	ACCUMULATED DEPRECIATION		
Land	38,000	-	38,000	38,000
Buildings	3,255,724	945,186	2,310,538	2,409,379
Equipment	233,035	217,951	15,084	21,180
Vehicles	8,985	8,985	-	1,662
Net Property & Equipment	3,535,744	1,172,122	2,363,622	2,470,221
TOTAL ASSETS			2,438,443	2,546,536

LIABILITIES AND FUND BALANCE

	2010	2009
CURRENT LIABILITIES		
Accounts Payable	15,673	19,580
Accrued Payroll	28,242	28,270
Accrued Payroll Tax	2,924	2,983
Accrued Vacation Pay	29,383	21,093
Deferred Revenue	30,210	9,522
Line of Credit	-	25,000
Current Portion of Long Term Liabilities	6,000	3,733
Total Current Liabilities	112,432	110,181
LONG TERM LIABILITIES		
Note Payable - Net of Current Portion	35,521	43,295
Total Long Term Liabilities	35,521	43,295
Total Liabilities	147,953	153,476
NET ASSETS		
Designated for Fixed Assets	2,363,622	2,470,221
Unrestricted	(73,132)	(77,161)
Temporarily Restricted	-	-
Total Net Assets	2,290,490	2,393,060
TOTAL LIABILITIES AND NET ASSETS	2,438,443	2,546,536

See the Notes to Financial Statements.

HAVEN OF REST MINISTRIES OF BATTLE CREEK, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
REVENUE & SUPPORT			
Contributions - Restricted	-	78,704	78,704
Contributions - Unrestricted	338,893	-	338,893
Grants - Restricted	-	630,162	630,162
Fees	164,616	-	164,616
Events	53,835	-	53,835
Interest	-	-	-
Other Income	18,034	-	18,034
Net Assets Released from Restrictions:			
Satisfaction of Restrictions	708,866	(708,866)	-
Total Revenue & Support	1,284,244	-	1,284,244
EXPENSES			
Program	1,168,451	-	1,168,451
Administration	168,597	-	168,597
Fund Raising	49,766	-	49,766
Total Expenses	1,386,814	-	1,386,814
CHANGE IN NET ASSETS	(102,570)	-	(102,570)
NET ASSETS - BEGINNING OF YEAR	2,393,060	-	-
NET ASSETS - END OF YEAR	2,290,490	-	(102,570)

See Notes to Financial Statements.

HAVEN OF REST MINISTRIES OF BATTLE CREEK, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUE & SUPPORT			
Contributions - Restricted	-	60,295	60,295
Contributions - Unrestricted	301,941	-	301,941
Grants - Restricted	-	620,243	620,243
Fees	176,225	-	176,225
Events	50,936	-	50,936
Interest	760	-	760
Other Income	5,050	-	5,050
Net Assets Released from Restrictions:			
Satisfaction of Restrictions	758,244	(758,244)	-
Total Revenue & Support	1,293,156	(77,706)	1,215,450
EXPENSES			
Program	1,152,570	-	1,152,570
Administration	169,895	-	169,895
Fund Raising	84,513	-	84,513
Total Expenses	1,406,978	-	1,406,978
CHANGE IN NET ASSETS	(113,822)	(77,706)	(191,528)
NET ASSETS - BEGINNING OF YEAR	2,506,882	77,706	2,584,588
NET ASSETS - END OF YEAR	2,393,060	-	2,393,060

See Notes to Financial Statements.

HAVEN OF REST MINISTRIES OF BATTLE CREEK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Program Services	General Administration	Fund Raising	Total
Salaries & Wages	737,808	102,350	24,544	864,702
Payroll Taxes	53,965	7,486	1,795	63,246
Fringe Benefits	57,031	13,276	2,965	73,272
Food	23,083	-	-	23,083
Maintenance	31,200	1,415	-	32,615
Interest	102		-	102
Education & Training	1,708	675	-	2,383
Insurance	23,189	2,626	-	25,815
Office Expense	194	10,110	-	10,304
Utilities	63,929	1,540	-	65,469
Supplies	9,212	219	-	9,431
Telephone	7,148	1,519	-	8,667
Depreciation	88,625	15,755	2,220	106,600
Professional	-	3,000	-	3,000
Medical	837	-	-	837
Counseling	350	-	-	350
Rent	46,860	-	-	46,860
Property Tax	3,149	-	-	3,149
Travel	-	961	-	961
Fund Raising	-	-	11,244	11,244
Fund Raising - Events	-	-	6,998	6,998
Program Expense	18,404	-	-	18,404
Other	1,657	7,665	-	9,322
	1,168,451	168,597	49,766	1,386,814

See Notes to Financial Statements.

HAVEN OF REST MINISTRIES OF BATTLE CREEK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Program Services	General Administration	Fund Raising	Total
Salaries & Wages	732,696	102,350	52,567	887,613
Payroll Taxes	47,088	15,197	3,965	66,250
Fringe Benefits	34,567	13,276	2,965	50,808
Food	22,943	-	-	22,943
Maintenance	28,177	3,694	-	31,871
Interest	-	2,028	-	2,028
Education & Training	2,233	471	-	2,704
Insurance	23,629	2,626	-	26,255
Office Expense	617	10,380	-	10,997
Utilities	63,972	2,290	-	66,262
Supplies	15,461	392	-	15,853
Telephone	5,608	1,119	-	6,727
Depreciation	116,625	5,548	2,220	124,393
Professional	-	2,850	-	2,850
Medical	1,804	-	-	1,804
Counseling	1,450	-	-	1,450
Rent	44,310	-	-	44,310
Property Tax	2,001	-	-	2,001
Travel	-	400	-	400
Fund Raising	-	-	13,910	13,910
Fund Raising - Events	-	-	8,886	8,886
Program Expense	8,816	-	-	8,816
Other	573	7,274	-	7,847
	1,152,570	169,895	84,513	1,406,978

See Notes to Financial Statements.

HAVEN OF REST MINISTRIES OF BATTLE CREEK, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue & Support Payments Received	1,270,491	1,249,755
Cash Paid to Employees & Suppliers	(1,275,186)	(1,346,633)
Interest Received	-	760
Net Cash Provided by (Used in) Operating Activities	(4,695)	(96,118)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Property, Plant & Equipment	-	(102,312)
(Increase) Decrease in Cash Restricted for Expansion	-	85,858
Net Cash Provided by (Used in) Investing Activities	-	(16,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase(Decrease) in Debt	(30,507)	72,028
Net Increase (Decrease) in Cash	(35,202)	(40,544)
BEGINNING CASH BALANCE	46,346	86,890
ENDING CASH BALANCE	11,144	46,346
	11,144	
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH		
Change in Net Assets	(102,570)	(191,528)
ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Depreciation	106,600	124,393
(Increase) Decrease in Grants Receivable	(28,994)	1,384
(Increase) Decrease in Pledges & Accounts Receivable	(5,448)	28,337
(Increase) Decrease in Prepaids	734	5,344
Increase (Decrease) in Payables	24,984	(64,048)
TOTAL FUNDS PROVIDED (USED) BY OPERATIONS	(4,694)	(96,118)
Interest Paid and Expensed	102	2,028

See Notes to Financial Statements.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Haven of Rest Ministries of Battle Creek, Inc. (the Company) was incorporated on February 16, 1957, as an Ecclesiastical Corporation tax exempt under section 501(c)(3) of the Internal Revenue Code. Its purpose is to preach the gospel to the unreached and to feed, shelter and clothe the poor. It runs a foster care program, provides accommodations for persons who need short term care, and operates a Life Recovery Program. It receives funding from various sources including private donations, grants from governmental agencies and private organizations.

Support and Expenses. Contributions received and unconditional promises to give are measured at their fair market values and are reported as an increase in net assets. The Organization 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, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services, Goods, and Facilities. Volunteers have donated substantial time to the organization's operations during the year; however, these donated services are not reflected in the financial statements. The value of donated professional services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Property and Equipment. The Organization capitalizes all expenditures in excess of $500 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in one checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, the organization's cash balances were deposited in one bank. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

Concentrations of Credit and Market Risk. Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Organization has not experienced any losses on its cash equivalents.

NOTE 2 - CASH

For purposes of balance sheet classification, Haven of Rest Ministries of Battle Creek, Inc. considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

The Balance Sheet caption "Cash" as of June 30, 2010, is comprised of the following:

	Carrying Amount	Balance Per Bank
Cash on Hand	600	600
FDIC Insured Bank Deposits	8,782	51,690
Uninsured Bank Deposits	-	-
Total	9,382	52,290
Less: Restricted	-	-
Net Cash	$ 9,382	$ 52,290

The Balance Sheet caption "Cash" as of June 30, 2009, is comprised of the following:

	Carrying Amount	Balance Per Bank
Cash on Hand	600	600
FDIC Insured Bank Deposits	10,544	33,394
Uninsured Bank Deposits	-	-
Total	11,144	33,994
Less: Restricted	-	-
Net Cash	$ 11,144	$ 33,994

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Land, buildings, equipment and vehicles are valued at actual cost. In donated assets, an immaterial portion of total fixed assets, are valued at fair market value at date of donation.

Depreciation of buildings, equipment and vehicles is calculated using the straight-line method over the assets' estimated useful life of 5-30 years.

Changes in Fixed Assets for 2010 and 2009 consisted of Purchases in the amount of $0 and $102,312 respectively.

NOTE 4 - LOANS PAYABLE

The organization has a line of credit in the amount of $100,000. Balance at June 30, 2010, was $0. Balance at June 30, 2009, was $25,000. Interest rate is variable. Maturity date is March 1, 2011.

Minimum future payments are as follows:

2011	-
Total	$ -

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 Fair Value Measurements: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access.

Level 2 Fair Value Measurements: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS-continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

The carrying amounts of cash, receivables, and accounts payable approximate fair values due to the short-term nature of these financial instruments.

Long Term Liabiliites - The obligations under long-term debt arrangements are carried at their principal amounts which reflect the fair market values of these liabilities.

The carrying values of all the financial instruments are the same as their fair value.

The fair values of the Organization's Long Term Liabilities at June 30, are as follows:

	Level 1	Level 2	Level 3	Total 2009
Notes Payable	-	41,521	-	41,521
Total Long Term Liabilities	$ -	$ 41,521	$ -	$ 41,521

NOTE 6 – NOTES PAYABLE

The following is a summary of the long term debt transactions for the year ended June 30, 2010.

	7/1/2009	Interest	Payments	6/30/2010
Unsecured Subordinated Notes Payable	$ 47,028	$ 493	$ (6,000)	$ 41,521

This note is interest free.

Annual Principal Requirements are as follows for the years ended June 30:

2011	6,000
2012	6,000
2013	6,000
2014	6,000
2015	6,000
2016	6,000
2017	5,521
Total	$ 41,521

NOTE 7 - DSS AND SALVATION ARMY PAYMENTS

The Michigan Department of Social Services (DSS) contracts to pay the Haven of Rest Ministries of Battle Creek, Inc. $12 per day per individual fed and sheltered up to 26 persons per day subject to a maximum dollar limit. Haven of Rest Ministries of Battle Creek, Inc. contracts with the Salvation Army to cover the excess over 26 persons per day for the same rate.

NOTE 8 - FEDERAL GRANTS

The organization has received grants from HUD for its LRP and WIN Programs. A portion of these funds are federal funds. Federal Funds were less than $500,000 for the years ended June 30, 2010 and 2009, and a single audit is not required.

The HUD-WIN Grant was for about $7,000/month and the HUD-LRP grant was about $14,500/month. Both grants are currently on a year by year basis.

NOTE 9 - FEMA FUNDS AND DEFERRED REVENUE

Federal Emergency Management Agency (FEMA) funds are deposited directly into a checking account specifically set up by the Company for receipt of these funds. Funds are transferred via check to its operating checking account upon provision of a specified number of meals and/or nights of shelter. Money that has been deposited in the FEMA checking account is considered Deferred Revenue until it is transferred to the operating checking account because it is not earned until the meals or nights of shelter have been provided

NOTE 10- FEDERAL INCOME TAX

Haven of Rest Ministries of Battle Creek, Inc. is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. It was organized as a religious organization and is therefore exempt from filing Form 990. It is classified by the IRS as other than a private foundation.

NOTE 11 - RESTRICTED FUNDS

Temporarily Restricted Funds - There were no temporarily restricted funds on hand at June 30, 2010 and 2009. The balance of $77,706 in Temporarily Restricted Net Assets in 2008 was for expansion of The Haven which was performed during 2009.

Permanently Restricted Funds - There were no permanently restricted funds on hand at June 30, 2010 and June 30, 2009.

NOTE 12 - PLEDGES RECEIVABLE

The Organization has recorded pledges and accounts receivable as outlined below. Allowances and write offs are determined by management on a case by case review. Fair value is assumed to be equivalent to face value. Pledges are considered delinquent after end of project.

	2010	2009
Pledges Receivable - Less then 1 Year	12,945	9,928
Accounts Receivable	3,037	2,606
Totals	15,982	12,534
Allowance for Uncollectibles	-	(2,000)
Totals	$ 15,982	$ 10,534

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 18, 2011, the date the financial statements were available to be issued.