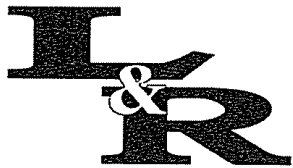


HAVEN HOUSE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4-5
STATEMENTS OF FUNCTIONAL EXPENSES	6-7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9-13



Layton & Richardson, P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Haven House
East Lansing, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

Report on the Financial Statements

We have audited the accompanying financial statements of Haven House (a nonprofit organization) which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Haven House as of September 30, 2016 and 2015, 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.

A handwritten signature in dark ink that reads "Layton & Richardson, P.C." in a cursive, flowing script.

Certified Public Accountants

East Lansing, Michigan
December 28, 2016

HAVEN HOUSE
STATEMENTS OF FINANCIAL POSITION

ASSETS

SEPTEMBER 30,

2016

2015

CURRENT ASSETS

Cash and cash equivalents	\$ 480,275	\$ 411,066
Receivables - grants	22,250	39,535
Prepaid expenses	3,289	4,087

TOTAL CURRENT ASSETS

505,814

454,688

PROPERTY AND EQUIPMENT

Building and improvements	479,572	473,032
Office equipment	48,767	51,001

528,339

524,033

Less: accumulated depreciation

360,406

354,921

NET PROPERTY AND EQUIPMENT

167,933

169,112

TOTAL ASSETS

\$ 673,747

\$ 623,800

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,312	\$ 1,479
Accrued payroll	13,569	12,203

TOTAL CURRENT LIABILITIES

17,881

13,682

NET ASSETS

Unrestricted	652,366	599,989
Temporarily restricted	3,500	10,129

TOTAL NET ASSETS

655,866

610,118

TOTAL LIABILITIES AND NET ASSETS

\$ 673,747

\$ 623,800

See accompanying notes to financial statements.

HAVEN HOUSE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
UNRESTRICTED NET ASSETS			
PUBLIC SUPPORT, GRANTS, AND REVENUE			
Pubic Support			
Received directly			
Individuals	\$ 98,169	\$	\$ 98,169
Businesses	29,636		29,636
Churches and service groups	16,939		16,939
Fundraising	237,808		237,808
Received indirectly			
Foundations	64,594		64,594
Total Public Support	447,146		447,146
Grants - Government			
City of East Lansing - Community Development Block Grant	33,712		33,712
City of Lansing - HUD			
City of Lansing - Housing Resource		31,147	31,147
Ingham County		14,000	14,000
Michigan State Housing Development Authority - Emergency Shelter		36,877	36,877
Salvation Army - Family Independence Agency	105,144		105,144
Federal Emergency Management Agency			
Net assets released from restrictions	88,653	(88,653)	
Total Grants - Government	227,509	(6,629)	220,880
Other Revenue			
Reimbursements	2,146		2,146
Interest income	706		706
Total Other Revenue	2,852		2,852
TOTAL PUBLIC SUPPORT, GRANTS, AND REVENUE	677,507	(6,629)	670,878
EXPENSES			
Program services			
General shelter	\$ 460,087	\$	\$ 460,087
Supporting services	89,888		89,888
Fund raising	75,155		75,155
TOTAL EXPENSES	625,130		625,130
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	52,377	(6,629)	45,748
NET ASSETS, OCTOBER 1	599,989	10,129	610,118
NET ASSETS, SEPTEMBER 30	\$ 652,366	\$ 3,500	\$ 655,866

See accompanying notes to financial statements.

2015		
UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
\$ 51,831	\$	\$ 51,831
9,903		9,903
11,422		11,422
197,792		197,792
53,179		53,179
324,127		324,127
36,210		36,210
	27,646	27,646
	54,359	54,359
	13,000	13,000
	30,280	30,280
100,692		100,692
126,999	(126,999)	
263,901	(1,714)	262,187
574		574
574		574
588,602	(1,714)	586,888
\$ 432,659	\$	\$ 432,659
84,476		84,476
69,987		69,987
587,122		587,122
1,480	(1,714)	(234)
598,509	11,843	610,352
\$ 599,989	\$ 10,129	\$ 610,118

HAVEN HOUSE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016			
	GENERAL SHELTER	PROGRAM SERVICES SUPPORTING SERVICES	FUND RAISING	TOTAL
Office supplies	\$ 3,022	\$	\$	\$ 3,022
Advertising				
Technology	1,898			1,898
Shipping				
Office equipment	1,199			1,199
Printing				
Postage	723	723	8,106	9,552
Professional fees		5,728		5,728
Insurance	8,303			8,303
Newsletter		8,898		8,898
Homeless children				
Gas	2,073			2,073
Electricity	7,264			7,264
Water and sewage	4,020			4,020
Telephone	3,267	67		3,334
Rubbish	892			892
Food and household supplies	8,266			8,266
Housing assistance	21,260			21,260
Guest medical and dental	120			120
Transportation	5,589			5,589
Maintenance and repairs	14,295			14,295
Subscriptions	206			206
Other guest expenses	7			7
MESC	1,716	353	282	2,351
Workers' compensation	5,544	1,139	912	7,595
Salaries	273,745	56,249	44,999	374,993
FICA	20,317	4,175	3,340	27,830
Staff health insurance	47,542	9,769	7,815	65,126
Pension	273	56	45	374
Staff training	1,287			1,287
Events			9,657	9,657
Bank charges		2,732		2,732
Foundations				
Depreciation	17,997			17,997
Staff volunteer expense	2,928			2,928
Sales tax				
Family assistance	68			68
Bad debt expense	5,076			5,076
Miscellaneous	1,190			1,190
TOTAL	\$ 460,087	\$ 89,888	\$ 75,155	\$ 625,130

See accompanying notes to financial statements.

2015

GENERAL SHELTER	PROGRAM SERVICES SUPPORTING SERVICES	FUND RAISING	TOTAL
\$ 2,323	\$	\$	\$ 2,323
2,047			2,047
1,050			1,050
112			112
631	631	6,877	8,139
	6,811		6,811
8,646			8,646
	6,208		6,208
2,711			2,711
7,607			7,607
4,019			4,019
2,479	51		2,530
1,135			1,135
8,142			8,142
33,848			33,848
6,877			6,877
12,451			12,451
278			278
52			52
5,800	1,275	130	7,205
262,364	57,666	47,272	367,302
19,460	4,277	3,506	27,243
23,118	5,081	4,165	32,364
287	63	6	356
416			416
		8,031	8,031
	2,408		2,408
18,091			18,091
1,880			1,880
18	5		23
6,290			6,290
527			527
<u>\$ 432,659</u>	<u>\$ 84,476</u>	<u>\$ 69,987</u>	<u>\$ 587,122</u>

HAVEN HOUSE
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED SEPTEMBER 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 45,748	\$ (234)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	17,997	18,091
(Increase) decrease in assets		
Receivables	17,285	(10,653)
Prepaid expenses	798	(1,856)
Increase (decrease) in liabilities		
Accounts payable	2,833	(2,066)
Accrued payroll	1,366	3,232
	<u>86,027</u>	<u>6,514</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(16,818)</u>	<u>(3,509)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,209	3,005
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>411,066</u>	<u>408,061</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u><u>\$ 480,275</u></u>	<u><u>\$ 411,066</u></u>

See accompanying notes to financial statements.

HAVEN HOUSE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1: BACKGROUND

Haven House provides emergency housing and support services for single and two-parent families with children. Haven House helps families who are homeless prepare for permanent housing by developing and promoting self-sufficiency, stability and financial responsibility.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

Haven House is a voluntary health and welfare organization and properly records its financial transactions on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

Haven House considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Building and improvements and office equipment are stated at cost. Building and improvements are depreciated over 5-20 year useful lives using the straight-line method. Office equipment is depreciated over 5-10 year useful lives using the straight-line method. Maintenance and repairs, including replacement of minor items, are expensed as incurred, and major additions to property and equipment are capitalized. It is the Organization's policy to capitalize expenditures on these items in excess of \$500.

Estimates

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

Advertising

Haven House expenses all advertising costs as incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

HAVEN HOUSE

NOTES TO FINANCIAL STATEMENTS - Continued

SEPTEMBER 30, 2016 AND 2015

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Concluded

Financial Statement Presentation - Concluded

- Unrestricted net assets represent the resources available for use in carrying on the operations of the Organization. The unrestricted portion is under the discretionary control of the Board of Directors, and it is against this fund that all expenditures for current operations are charged.
- Temporarily restricted net assets represent contributions and other income that has been received, but is temporarily restricted for future activities.
- Permanently restricted net assets represent donor and board stipulated instruments that are to be maintained, with only the income from the instruments expended.

In addition, the Organization presents a statement of cash flows. The Organization does not use fund accounting.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Date of Management's Review

Subsequent events have been evaluated through December 28, 2016, which is the date the financial statements were available to be issued.

NOTE 3: **INCOME TAXES**

Haven House is a not-for-profit corporation and is exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Contributions to Haven House are tax deductible within the limitations prescribed by the Internal Revenue Code.

Haven House evaluates all significant tax positions under a more likely than not threshold as required by U.S. generally accepted accounting principles. As of September 30, 2016, Haven House does not believe that it has taken any tax positions, that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. Haven House's income tax returns are subject to examination by the appropriate taxing jurisdictions. At September 30 2016, Haven House's federal tax returns generally remain open for the last three years.

HAVEN HOUSE

NOTES TO FINANCIAL STATEMENTS - Continued

SEPTEMBER 30, 2016 AND 2015

NOTE 4: COMMITMENTS AND CONTINGENCIES

Haven House receives a substantial amount of its support from independent funding sources. A significant reduction in the level of this support could have an effect on Haven House's ability to continue its program.

NOTE 5: DONATED MATERIALS AND SERVICES

No amounts have been reflected in the statements for donated materials and services since no objective basis is available to measure the value of such materials and services.

NOTE 6: CASH AND CASH EQUIVALENTS

The cash and cash equivalents consist of the following funds:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
SEPTEMBER 30, 2016			
First Merit Bank			
Operating fund	\$ 103,737	\$ 106,450	\$ 106,450
Capital expenditure fund	363,681	363,681	130,671
Petty cash fund	1,060	1,182	1,182
Capital campaign			
Direct deposit	11,697	11,697	11,697
Petty cash	<u>100</u>	<u> </u>	<u> </u>
	<u>\$ 480,275</u>	<u>\$ 483,010</u>	<u>\$ 250,000</u>
SEPTEMBER 30, 2015			
First Merit Bank			
Operating fund	\$ 103,382	\$ 103,553	\$ 103,553
Capital expenditure fund	288,224	288,224	146,447
Petty cash fund	1,459	1,459	
Capital campaign	5,894	5,894	
Direct deposit	12,007	12,007	
Petty cash	<u>100</u>	<u>100</u>	<u> </u>
	<u>\$ 411,066</u>	<u>\$ 411,237</u>	<u>\$ 250,000</u>

HAVEN HOUSE

NOTES TO FINANCIAL STATEMENTS - Continued

SEPTEMBER 30, 2016 AND 2015

NOTE 7: GRANTS RECEIVABLE

Grants receivable as of September 30 were as follows:

	2016	2015
City of Lansing	\$ 5,530	\$ 5,175
City of East Lansing	7,444	7,756
Salvation Army	8,112	23,952
MSHDA	<u>1,164</u>	<u>2,652</u>
TOTAL	<u>\$ 22,250</u>	<u>\$ 39,535</u>

NOTE 8: PROPERTY AND EQUIPMENT

A summary of property and equipment and depreciation follows:

	OCTOBER 1, 2015	ADDITIONS	DELETIONS	SEPTEMBER 30, 2016
Building and improvements	\$ 473,032	\$ 16,818	\$ 10,278	\$ 479,572
Office equipment	<u>51,001</u>	<u> </u>	<u>2,234</u>	<u>48,767</u>
	524,033	16,818	12,512	528,339
Less: accumulated depreciation	<u>354,921</u>	<u>17,997</u>	<u>12,512</u>	<u>360,406</u>
	<u>\$ 169,112</u>	<u>\$ (1,179)</u>	<u>\$ </u>	<u>\$ 167,933</u>
	OCTOBER 1, 2014	ADDITIONS	DELETIONS	SEPTEMBER 30, 2015
Building and improvements	\$ 473,032	\$	\$	\$ 473,032
Office equipment	<u>49,806</u>	<u>3,506</u>	<u>2,311</u>	<u>51,001</u>
	522,838	3,506	2,311	524,033
Less: accumulated depreciation	<u>339,141</u>	<u>18,091</u>	<u>2,311</u>	<u>354,921</u>
	<u>\$ 183,697</u>	<u>\$ (14,585)</u>	<u>\$ </u>	<u>\$ 169,112</u>

Depreciation expense for the years ended September 30, 2016 and 2015 was \$17,997 and \$18,091 , respectively.

HAVEN HOUSE

NOTES TO FINANCIAL STATEMENTS - Concluded

SEPTEMBER 30, 2016 AND 2015

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent the net book value of assets which have been solicited or contributed for a particular use and not expended in the same accounting period.

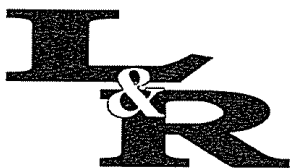
	MSHDA	CITY OF LANSING	INGHAM COUNTY	CAPITAL CAMPAIGN	TOTAL
Temporarily restricted 10/1/15	\$	\$ 985	\$ 3,250	\$ 5,894	\$ 10,129
Grant support	36,877	31,147	14,000		82,024
Net assets released from restrictions	(36,877)	(32,132)	(13,750)	(5,894)	(88,653)
Balance at 9/30/16	\$	\$	\$ 3,500	\$	\$ 3,500
Temporarily restricted 10/1/14	\$	\$	\$ 3,250	\$ 8,593	\$ 11,843
Grant support	30,280	82,005	13,000		125,285
Net assets released from restrictions	(30,280)	(81,020)	(13,000)	(2,699)	(126,999)
Balance at 9/30/15	\$	\$ 985	\$ 3,250	\$ 5,894	\$ 10,129

The Ingham County restriction of \$3,500 is for meals for individuals and families.

NOTE 10: ENDOWMENT FUND

In 2012, the Organization entered into an agreement with the Capital Region Community Foundation. Haven House granted variance power to the Capital Region Community Foundation. The funds were for the purpose of an endowment fund for Haven House. If extraordinary circumstances occur, distributions may be made to Haven House as deemed appropriate by the Board of the Capital Region Community Foundation.

The Capital Region Community Foundation holds the endowment fund and has established policies regarding the amounts that may become available for distribution to Haven House. The policy calls for a distribution of 5% of the value of the fund, calculated on a 12-quarter rolling average, each year. Of that amount, 1% goes to the Foundation for investment fees and the remaining 4% is available for distribution to Haven House. Haven House may elect each year to receive the annual distribution or reinvest those earnings into the fund. For the years ended September 30, 2016 and 2015, Haven House received no distribution from the Endowment Fund. The balance in the fund as of September 30, 2016 and 2015 was \$34,208 and \$31,267, respectively.



Layton & Richardson, P.C.

Certified Public Accountants

LETTER OF COMMENTS AND RECOMMENDATIONS

Board Members
Haven House
East Lansing, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

In planning and performing our audit of the financial statements of Haven House, as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Haven House' internal control over financial reporting (internal control) as a basis for designing auditing 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously communicated to you about the Organization's internal control in our letter dated December 28, 2016. This letter does not affect our report dated December 28, 2016, on the financial statements of Haven House.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Haven House's personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Haven House, and others within the Organization, and is not intended to be, and should not be, used by anyone other than those specified parties.

Certified Public Accountants

East Lansing, Michigan
December 28, 2016

MEMORANDUM

PRIOR YEAR RECOMMENDATIONS

ACCRUAL BASIS OF ACCOUNTING

Although the year end audited financial statements are prepared on the accrual basis, Haven House maintains its books on a cash basis. We realize the cash basis method of accounting is easy to administer and understand. However, recording transactions on an accrual basis is in accordance with generally accepted accounting principles and provides more meaningful financial information. We suggest that the accrual method of accounting be implemented for recording all transactions into the general ledger.

Current year status: This recommendation has not been implemented. Management response: Steps are being taken to convert from cash basis to accrual basis.

CASH RECEIPTS: COMPARING DEPOSITS WITH DONOR DATABASE

It was noted during our audit process that although lists are currently made of all cash receipts when the mail is opened, the lists are never compared to what is actually deposited in the bank. We recommend someone who is separate from the cash receipts function compare and reconcile deposit slips to the donor database to ensure all the receipts were deposited intact and on a timely basis. By establishing this procedure, Haven House will be able to more accurately track all incoming funds and strengthen its system of internal controls over cash receipts. **Current year status: This recommendation has not been implemented. Management response: Steps are being taken to implement this recommendation.**

REVIEW AND APPROVAL OF NONSTANDARD JOURNAL ENTRIES

We recommend that the Executive Director review and approve all nonstandard journal entries and initial the support for the entries to document their approval. This process would improve controls over adjustments to the general ledger. **Current year status: This recommendation has not been implemented. Management response: Steps are being taken to implement this recommendation.**

1099-MISC FILING

As a general rule, you must issue a Form 1099-MISC to each person, including individual, partnership, Limited Liability Company, Limited Partnership or Estate to whom you have paid at least \$600 in rents, services (including parts and materials), prizes and awards, or other income payments. In the past, the organization has not met the requirements to file 1099-MISC, however, we recommend that the rules for filing 1099-MISC are reviewed yearly and any required 1099's are issued in a timely manner. **Current year status: This recommendation has been implemented.**

CURRENT YEAR RECOMMENDATIONS

SUPPORT FOR JOURNAL ENTRIES

We noted that certain journal entries selected for testing were not supported by adequate documentation. We were able to satisfy ourselves that such entries were appropriate upon review of collaborating evidence. However, we strongly suggest all journal entries always be supported by appropriate documentation. Good documentation serves as an important accounting record and facilitates future review as well as provides additional insight for others to verify and confirm past journal entries.



Layton & Richardson, P.C.

Certified Public Accountants

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

To the Board of Directors
Haven House
East Lansing, Michigan

We have audited the financial statements of Haven House for the year ended September 30, 2015, and have issued our report thereon dated December 28, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 26, 2016. Professional standards also require that we communicate the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Haven House are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allocation of expenses to grants and programs is based on time spent by staff and others, and by the relationship of direct expenses to the grant's program. We evaluated the key factors and assumptions used to develop the allocations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation expense is based on industry standards. We evaluated key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected resulted from audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 28, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Executive Director of Haven House and is not intended to be, and should not be, used by anyone other than these specified parties.



Certified Public Accountants