A Safe Haven Foundation
(An Illinois not-for-profit corporation)

Consolidated Financial Statements
and Independent Auditor's Report

June 30, 2023 and 2022

A SAFE HAVEN FOUNDATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
A Safe Haven Foundation

Opinion

We have audited the accompanying consolidated financial statements of A Safe Haven Foundation (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 the 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Organization'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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Organization'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 the Organization'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 for the year ended June 30, 2023, including the 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 (Uniform Guidance), 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 schedule of expenditures of federal awards for the year ended June 30, 2023 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 May 10, 2024, 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 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.

FGMK, LLC

Bannockburn, Illinois
May 10, 2024

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	$ 616,308	$ 3,502,276
Restricted cash	5,174,027	4,351,761
Contributions receivable-net	353,738	377,621
Contracts receivable-net	2,887,230	3,754,890
Due from related parties	1,198,954	222,283
Prepaid expenses	228,021	230,357
Total current assets	10,458,278	12,439,188
Property and equipment		
Land	5,115,462	4,966,507
Buildings and improvements	68,197,193	64,605,641
Furniture, fixtures, and equipment	5,068,383	7,566,442
Automobiles	663,750	1,203,633
Computer software	5,600	5,600
Construction in progress	166,806	-
	79,217,194	78,347,823
Less: Accumulated depreciation and amortization	(23,090,807)	(20,488,053)
Net property and equipment	56,126,387	57,859,770
Other assets		
Lease receivable	205,618	290,636
Other assets	294,171	282,919
Interest rate swap	274,598	-
Right-of-use assets	401,714	-
Lease commissions	124,545	124,545
Less: Accumulated amortization	(177,501)	(149,975)
	1,123,145	548,125
Investment in partnerships	1,753,518	1,753,558
Total other assets	2,876,663	2,301,683
Total assets	$ 69,461,328	$ 72,600,641

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Lines of credit	$ 1,182,000	$ 900,000
Current portion of long-term debt	9,051,891	9,507,262
Current portion of finance/capital leases	114,795	88,925
Accounts payable and accrued expenses	4,537,610	4,193,016
Accrued interest	52,392	45,818
Current portion of deferred grant revenue	707,229	696,972
Deferred revenue	232,092	312,232
Other current liabilities	977,146	433,787
Retainage payable	607,617	2,097,097
Due to related parties	5,970,915	3,460,883
Total current liabilities	23,433,687	21,735,992
Long-term liabilities		
Long-term debt, net of current portion	14,559,956	14,977,739
Finance/capital leases, net of current portion	302,369	320,798
Interest rate swap	-	46,515
Deferred grant revenue, net of current portion	9,318,328	10,026,775
Total long-term liabilities	24,180,653	25,371,827
Total liabilities	47,614,340	47,107,819
Net Assets - Without donor restrictions		
Controlling interest	15,724,436	16,411,801
Noncontrolling interest	4,828,412	7,793,905
Total net assets - without donor restrictions	20,552,848	24,205,706
Net Assets - With donor restrictions		
Controlling interest	1,294,140	1,287,116
Total net assets	21,846,988	25,492,822
Total liabilities and net assets	$ 69,461,328	$ 72,600,641

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Government grants	$ 6,215,642	$ -	$ 6,215,642	$ 10,606,754	$ -	$ 10,606,754
Government contracts	532,706	-	532,706	534,254	-	534,254
Social enterprise revenue	4,219,526	-	4,219,526	6,349,011	-	6,349,011
Lease income	5,084,682	-	5,084,682	4,247,027	-	4,247,027
Tax incremental fund revenue	-	-	-	56,888	-	56,888
Contributions of cash and other financial assets	1,102,769	440,500	1,543,269	1,302,443	525,000	1,827,443
Contributions of nonfinancial assets	1,544,073		1,544,073	2,187,896		2,187,896
Gain on disposal of assets	-	-	-	12,286	-	12,286
Other revenue	111,075	-	111,075	79,994	-	79,994
Net assets released from restrictions	433,476	(433,476)	-	1,401,991	(1,401,991)	-
Total support and revenue	19,243,949	7,024	19,250,973	26,778,544	(876,991)	25,901,553
Operating expenses						
Program services	22,041,200	-	22,041,200	26,436,502	-	26,436,502
Management and general	2,920,775	-	2,920,775	2,636,224	-	2,636,224
Fundraising	642,531	-	642,531	733,165	-	733,165
Total operating expenses	25,604,506	-	25,604,506	29,805,891	-	29,805,891
Nonoperating activities						
Paycheck protection program loan and interest forgiveness	-	-	-	1,030,141	-	1,030,141
Change in fair value of interest rate swap	321,113	-	321,113	825,660	-	825,660
Total nonoperating activities	321,113	-	321,113	1,855,801	-	1,855,801
Change in net assets before noncontrolling interest	(6,039,444)	7,024	(6,032,420)	(1,171,546)	(876,991)	(2,048,537)
Change in net assets attributable to noncontrolling interest	2,965,493	-	2,965,493	2,937,992	-	2,937,992
Change in net assets attributable to controlling interest	(3,073,951)	7,024	(3,066,927)	1,766,446	(876,991)	889,455
Controlling interest net assets - Beginning of year	16,411,801	1,287,116	17,698,917	14,645,355	2,164,107	16,809,462
Contributions	2,386,586	-	2,386,586	-	-	-
Controlling interest net assets - End of year	$ 15,724,436	$ 1,294,140	$ 17,018,576	$ 16,411,801	$ 1,287,116	$ 17,698,917
Noncontrolling interest net assets - Beginning of year	$ 7,793,905	$ -	$ 7,793,905	$ 10,731,897	$ -	$ 10,731,897
Change in net assets attributable to noncontrolling interest	(2,965,493)	-	(2,965,493)	(2,937,992)	-	(2,937,992)
Noncontrolling interest net assets - End of year	$ 4,828,412	$ -	$ 4,828,412	$ 7,793,905	$ -	$ 7,793,905
Total net assets - End of year	$ 20,552,848	$ 1,294,140	$ 21,846,988	$ 24,205,706	$ 1,287,116	$ 25,492,822

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023							
	Program Expenses							
	Health Initiatives	Education	Residential	Social Enterprise	Supportive Services	Workforce Development	Real Estate Operations	Total
Salaries and related expenses	$ -	$ 302,958	$ 1,826,185	$ 2,958,350	$ 1,577,976	$ 483,002	$ 795,059	$ 7,943,530
Interest	-	-	-	16,086	-	-	694,170	710,256
Program food clothing and personal maintenance	111,400	19,123	1,220,788	10,918	515,225	247,612	36,015	2,161,081
Utilities, supplies and maintenance	-	26,957	1,270,595	704,261	18,021	25,373	1,514,694	3,559,901
General insurance	-	3,558	49,735	96,994	756	1,112	159,414	311,569
Professional fees / contract services	18,632	44,798	356,594	431,888	390,631	100,747	699,150	2,042,440
Office expenses	228	15,769	48,245	25,188	86,868	23,221	33,012	232,531
In-Kind expense	-	-	1,448,073	-	-	-	-	1,448,073
Miscellaneous	-	-	182,857	2,940	9,600	2	496,611	692,010
Real estate tax expense	-	-	-	79,580	9,815	-	91,528	180,923
Catering and event planning	-	-	-	-	-	-	-	-
Telephone	-	1,554	8,000	7,591	20,286	89	38,021	75,541
Postage/printing	-	88	601	194	55	-	241	1,179
Transportation and travel	-	1,467	31,260	163,523	24,684	643	3,946	225,523
Total expenses before depreciation and amortization	130,260	416,272	6,442,933	4,497,513	2,653,917	881,801	4,561,861	19,584,557
Depreciation	713	-	-	96,763	-	-	2,328,716	2,426,192
Amortization	-	-	-	-	-	-	30,451	30,451
	$ 130,973	$ 416,272	$ 6,442,933	$ 4,594,276	$ 2,653,917	$ 881,801	$ 6,921,028	$ 22,041,200

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			
	Management Expenses			
	Management and General	Fundraising	Total	Total
Salaries and related expenses	$ 1,300,652	$ 396,732	$ 1,697,384	$ 9,640,914
Interest	477,210	-	477,210	1,187,466
Program food clothing and personal maintenance	3,263	-	3,263	2,164,344
Utilities, supplies and maintenance	7,255	-	7,255	3,567,156
General insurance	93,696	-	93,696	405,265
Professional fees / contract services	242,414	103,274	345,688	2,388,128
Office expenses	302,554	32,632	335,186	567,717
In-Kind expense	-	96,000	96,000	1,544,073
Miscellaneous	6,074	2,001	8,075	700,085
Real estate tax expense	27,078	-	27,078	208,001
Catering and event planning	-	6,706	6,706	6,706
Telephone	10,824	2,352	13,176	88,717
Postage/printing	10,655	1,490	12,145	13,324
Transportation and travel	21,954	1,344	23,298	248,821
Total expenses before depreciation and amortization	2,503,629	642,531	3,146,160	22,730,717
Depreciation	405,696	-	405,696	2,831,888
Amortization	11,450	-	11,450	41,901
	$ 2,920,775	$ 642,531	$ 3,563,306	$ 25,604,506

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2022							
	Program Expenses							
	Health Initiatives	Education	Residential	Social Enterprise	Supportive Services	Workforce Development	Real Estate Operations	Total
Salaries and related expenses	$ 38,146	$ 391,504	$ 2,079,476	$ 5,844,009	$ 1,799,207	$ 118,984	$ 510,118	$ 10,781,444
Interest	-	-	-	12,580	-	-	592,894	605,474
Program food clothing and personal maintenance	161,780	65,641	1,763,993	12,709	465,687	35,650	24,945	2,530,405
Utilities, supplies and maintenance	-	14,955	1,554,092	645,634	11,961	7,086	1,085,849	3,319,577
General insurance	-	3,420	41,997	85,115	400	1,024	97,129	229,085
Professional fees / contract services	30,174	76,716	1,001,625	662,546	398,098	17,019	363,397	2,549,575
Office expenses	200	9,234	52,153	15,602	140,547	8,037	130,157	355,930
In-Kind expense	-	-	1,967,446	-	-	-	-	1,967,446
Miscellaneous	-	-	132,104	-	9,765	-	510,639	652,508
Real estate tax expense	-	-	-	34,125	9,946	-	258,114	302,185
Catering and event planning	-	-	-	-	-	-	-	-
Telephone	-	289	9,784	11,134	19,267	48	31,079	71,601
Postage/printing	-	-	69	11	126	-	384	590
Transportation and travel	-	-	34,511	174,291	29,228	-	3,005	241,035
Total expenses before depreciation and amortization	230,300	561,759	8,637,250	7,497,756	2,884,232	187,848	3,607,710	23,606,855
Depreciation	713	-	377	82,912	-	-	2,628,497	2,712,499
Amortization	-	-	-	-	-	-	117,148	117,148
	$ 231,013	$ 561,759	$ 8,637,627	$ 7,580,668	$ 2,884,232	$ 187,848	$ 6,353,355	$ 26,436,502

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2022			
	Management Expenses			
	Management and General	Fundraising	Total	Total
Salaries and related expenses	$ 1,232,468	$ 321,852	$ 1,554,320	$ 12,335,764
Interest	411,105	-	411,105	1,016,579
Program food clothing and personal maintenance	4,445	58	4,503	2,534,908
Utilities, supplies and maintenance	6,600	3	6,603	3,326,180
General insurance	95,085	-	95,085	324,170
Professional fees / contract services	166,601	94,311	260,912	2,810,487
Office expenses	300,682	51,510	352,192	708,122
In-Kind expense	-	220,450	220,450	2,187,896
Miscellaneous	9,239	2,283	11,522	664,030
Real estate tax expense	10,905	-	10,905	313,090
Catering and event planning	-	32,057	32,057	32,057
Telephone	11,379	3,190	14,569	86,170
Postage/printing	11,637	810	12,447	13,037
Transportation and travel	18,225	6,641	24,866	265,901
Total expenses before depreciation and amortization	2,278,371	733,165	3,011,536	26,618,391
Depreciation	346,464	-	346,464	3,058,963
Amortization	11,389	-	11,389	128,537
	$ 2,636,224	$ 733,165	$ 3,369,389	$ 29,805,891

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Change in net assets attributable to controlling interest	$(3,066,927)	$ 889,455
Adjustments to reconcile change in net assets attributable to controlling interest to net cash used in operating activities		
Change in net assets attributable to noncontrolling interest	(2,965,493)	(2,937,992)
Loss from investment in partnerships	40	58,104
Change in fair value of interest rate swaps	(321,113)	(825,660)
Gain from debt forgiveness	-	(1,030,141)
Gain from assets available for sale	-	(12,286)
Depreciation and amortization	2,831,888	3,187,500
Amortization of debt issuance costs	-	276,694
Change in allowance for doubtful accounts	(34,044)	(7,486)
Changes in operating assets and liabilities:		
Contributions and contracts receivable	925,587	(599,429)
Prepaid expenses	2,336	(11,826)
Deferred rent assets	85,018	(126,056)
Other assets	16,274	(129,119)
Accounts payable and accrued expenses	(297,131)	(2,736,260)
Accrued interest	6,574	(338)
Retainage payable	(1,489,480)	85,392
Other liabilities	543,359	302,249
Deferred revenue	(778,330)	119,468
Net cash used in operating activities	(4,541,442)	(3,497,731)
Cash flow from investing activities		
Purchases of property and equipment	(858,494)	(3,220,150)
Proceeds from sale of investments	-	7,135,201
Net cash (used in) provided by investing activities	(858,494)	3,915,051
Cash flows from financing activities		
Net change in due to/from related parties	1,533,361	1,461,928
Net change in lines of credit	282,000	550,000
Proceeds from long-term debt	1,264,134	4,801,556
Principal payments on long-term debt	(2,137,288)	(7,521,426)
Principal payments on finance/capital leases	7,441	257,179
Contributions received	2,386,586	-
Net cash provided by (used in) financing activities	3,336,234	(450,763)
Net change in cash, cash equivalents, and restricted cash	(2,063,702)	(33,443)
Cash, cash equivalents, and restricted cash - Beginning of year	7,854,037	7,887,480
Cash, cash equivalents, and restricted cash - End of year	$ 5,790,335	$ 7,854,037
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid by Organization	$ 1,180,892	$ 740,223
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Non-cash purchases of property and equipment	$ 641,725	$ 1,817,889

The accompanying notes are an integral part of these statements.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<u>Note 1 – Organization and Program Description</u>

A Safe Haven Foundation ("ASHF") was formed on April 26, 2001 as a not-for-profit corporation under the laws of the State of Illinois to provide job placement, rehabilitation services, and shelter to the people of the City of Chicago ("City") that are in need. In 2012, the Foundation added to its mission other activities to create and promote long-term housing for those in need.

On September 30, 2009, ASHF signed a management agreement with the Chicago Christian Industrial League ("CCIL"), an unrelated party at that time, to act as Manager and to oversee CCIL's programs and facilities. This agreement charged ASHF with the establishment of a long-term strategic plan and efficient operation of CCIL's business plan. On March 24, 2010, ASHF entered into a Strategic Alliance/Transfer Agreement ("Strategic Alliance") with CCIL to provide for an alignment of revenue contracts, oversight of fundraising efforts, oversight of the human resources function, and to work with service providers and other vendor relationships to carry out the strategic joint mission of ASHF and CCIL. Concurrent with the Strategic Alliance, CCIL assigned its interest in the 2750 W Roosevelt Building and related debt, and certain identified homeless service contracts with the City, to ASHF. The Strategic Alliance also provided an option of transferring future responsibility from CCIL to ASHF for any contractual responsibility when it becomes mutually beneficial to both organizations to do so. Additional program and contracts were subsequently transferred to ASHF.

In 2012, ASHF became the single member of an Illinois Limited Liability Company known as KMA Holdings V, LLC ("KMA V"). KMA V is a limited partner in real estate development projects (Note 3) for low-income housing where ASHF will provide case management and supportive services to certain residents of the housing development once construction and leasing are complete.

In 2013, two of ASHF's board members became the majority board members for a 501(c)(3) organization known as Harborquest, Inc. Harborquest, Inc. owns a single member L3C known as Civic Staffing ("CS") which provides a temporary employment labor force for clients that are in the need of such low-cost alternatives to permanent hiring. Collectively the organizations are referred to as Harborquest ("HQ"). The organizations began working together in a collaborative way to provide employment training services to the current customer base of CS and to fulfill the separate workforce development contracts of ASHF.

In December 2013, ASHF's and CCIL's Boards of Directors approved a transaction that would combine the remaining business interests of CCIL into ASHF. CCIL owns two single member LLCs known as 600 S Wabash Commercial ("Commercial") and 600 S Wabash LLC ("LLC"). The LLC is the .01% general partner of 600 S Wabash LP ("LP'). Commercial owns six spaces of commercial space on the ground floor of the building. The LP owns a 169-unit residential structure which sits on the upper floors of the same building at 600 S Wabash. Under the above-mentioned management agreement and a CCIL board resolution, ASHF gained full management control of the CCIL operations.

In 2014, ASHF became the single member of an Illinois Limited Liability Company, KMA Holdings VIII, LLC ("KMA VIII"). The entity was formed with the intent to develop real estate on several parcels of land in Melrose Park, Illinois. In 2016, KMA VIII admitted a minority partner to help with those development efforts. KMA VIII decided to utilize low-income housing tax credits and to seek a limited partner to bring significant equity to the project. Therefore, in anticipation of that transaction, it formed a joint venture, Melrose Park Veterans Housing, LP ("MPVH"). The financing closed on October 21, 2015, with a $2,396,563 initial equity injection by the limited partner, the National Equity Fund ("NEF"), and construction of the project began in earnest. In July 2016, the construction was completed, and the building began leasing units. Melrose Park was fully leased in May 2017.

In 2017, ASHF became the single member of an Illinois Limited Liability Company, ASH IV, LLC ("ASH IV"). The entity was formed with the intent to renovate real estate in Chicago, Illinois. ASH IV is a minority partner in Celadon-KMA GP I, which is the general partner in WP School Redevelopment Limited Partnership. The limited partner in this development is Enterprise Community Partner ("Enterprise"). This facility is able to provide 60 affordable housing units for seniors and was completed in the summer of 2019. Lease up was completed in December 2019.

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization and Program Description (concluded)

In 2018, ASH V, LLC ("ASH V") was formed and became the single member of an Illinois Limited Partnership Company, Roosevelt Road Veteran Housing, LP ("RRVH"), also formed in 2018. The entity was formed with the intent to develop real estate in Chicago, Illinois. ASH V is the general partner along with National Equity Fund ("NEF") as the limited partner. RRVH decided to utilize low-income housing tax credits and to obtain a limited partner to bring significant equity to the project. RRVH broke ground in the spring of 2020. In January 2022, construction was substantially completed, and the building began leasing units.

In 2019, ASH VI, LLC ("ASH VI") was formed and became the single member of an Indiana Limited Liability Company, A Safe Haven Veteran Apartments, LP ("ASHVA"), which was formed in August 2019 as an Indiana Limited Liability Company. The entity was formed with the intent to develop real estate in Hobart, Indiana. ASH VI is the general partner along with Cinnaire, a Michigan investment company, as the limited partner. ASHVA decided to utilize low-income housing tax credits and to obtain a limited partner to bring significant equity to the project. In 2020, ASH Hobart, LLC ("ASH Hobart") was formed and became the single member of an Illinois Limited Liability Company, ASH VI, LLC, and admitted a minority partner to help with development efforts. ASHVA broke ground in the spring of 2020. In November 2021, construction was substantially completed, and the building began leasing units.

ASHF manages its programs and their related functional expenses under seven distinct areas of impact:

Health Initiatives – Assistance in accessing health insurance and services for populations at risk
Education – Life skills and literacy training for ASHF clients, including youth mentoring and support
Residential – Emergency and interim housing for populations at risk
Social Enterprise – Landscaping, staffing and catering services sold into multiple markets
Supportive Services – Homeless prevention interventions, substance abuse treatment and transitional housing
Workforce Development – Job skills training, transition back to work counseling and job placement support
Real Estate Operations – Rental of affordable housing and commercial space

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ASHF, KMA V, KMA VIII, HQ, MPVH, CCIL, LLC, Commercial, LP, ASH IV, ASH V, ASH VI, ASH Hobart, ASHVA and RRVH (collectively the "Organization").

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Information regarding the financial position and activities of the Organization are reported in two classes of net assets (as applicable): with donor restrictions and without donor restrictions.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets without donor restrictions: Net assets that are not subject to donor-imposed or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization. Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Allocation of Expenses

The costs of providing the various programs, fund-raising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain indirect costs have been allocated among the seven program areas, administrative and fundraising activities on the basis of management's estimates.

Management Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates and assumptions are used for, but not limited to: (1) collectability of contracts receivable, and (2) functional allocation of expenses. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

Cash and Cash Equivalents

The Organization considers all highly liquid short-term investments with original maturities of three months or less to be cash equivalents. The Organization regularly maintains cash balances, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk related to cash and cash equivalents.

Restricted Cash

Escrows are maintained for the benefit of projects of LP, MPVH, RRVH, and ASHVA. These escrowed funds are restricted as to their use based upon the applicable regulatory documents.

LP, as mentioned further under Note 7, owns real property financed by mortgages through the Illinois Housing Development Authority ("IHDA"). It is IHDA's position, under Illinois statute, that project cash surplus cannot be used to pay off the IHDA mortgages, and, upon such payoff from other funds, IHDA is entitled to any surplus cash, including reserves and escrows remaining at such time as in excess of the maximum cash return allowable to the property owners set forth in the Regulatory Agreement at such times as the loan was consummated. The potential amount to be returned upon such an event cannot be determined and, as such, no related amounts have been reflected in the accompanying consolidated financial statements. Escrows and reserves were appropriately funded as of June 30, 2023 and 2022. MPVH has four escrowed funds for operating reserves. RRVH and ASH VA are developments that began construction in 2020. As part of the construction loans, escrow accounts have been established.

Contributions Receivable

Contributions are recorded as increases in net assets with donor restrictions or increases in net assets without donor restrictions, depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restriction. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance for doubtful accounts was approximately $174,000, and $140,000 as of June 30, 2023 and 2022, respectively.

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Contracts Receivable

Contacts receivable represent amounts due for various program services provided to funding agencies and others, as well as earned revenue from social business enterprises. The allowance for doubtful accounts is determined based on historical experience and analysis of specific accounts. Uncollectible amounts are charged to bad debt expense when that determination is made. There was no allowance for doubtful accounts as of June 30, 2023 and 2022 and July 1, 2021, respectively.

Tenant Security Deposits

Regulations of IHDA require that security deposits be segregated from the general funds of LP and MPVH. Accordingly, these entities hold all security deposit funds in a separate interest-bearing account. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit is charged to bad debt expense. The security deposit is included in other current liabilities in the consolidated statements of financial position.

Property and Equipment

Property and equipment purchased are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the time of donation. Improvements are capitalized, while expenditures for ordinary maintenance and repairs are expensed as incurred. Property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no impairment charges for the years ended June 30, 2023 and 2022. For projects where ASHF is functioning as the general partner in an affordable housing construction project, construction in progress entries are made based on the certified construction draw materials which document the capitalized costs of the project completed at the end of each month.

Property and equipment are depreciated or amortized over their estimated useful lives, using the straight-line method as follows:

	Estimated Useful Lives (in Years)
Building and improvements	15-50
Furniture, fixtures, and equipment	5-20
Automobiles	5
Computer software	2-3
Tenant improvements	Lease Life

Depreciation expense totaled $2,705,208 and $3,058,963 for the years ended June 30, 2023 and 2022, respectively.

Debt Issuance Costs and Amortization

Debt issuance and financing costs consist of bond issuance costs and other fees incurred in order to obtain financing. Such amounts are amortized over the term of the related debt using the straight-line method. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Tax credit fees are amortized over 10 years using the straight-line method. The costs are presented net of long-term debt in the consolidated statements of financial position.

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Investment in Partnerships

The Organization accounts for investments in partnerships under the equity method of accounting because the Organization does not have operational and financial control. The aspects of control are reviewed annually. The equity method of accounting shows the net equity investment in the partnerships consisting of total contributions to the partnerships less distributions adjusted for the income or loss allocated to the Organization from the partnerships. The investment in partnerships is reviewed for impairment when events or changes in circumstances indicate that the carrying value of the investment is not recoverable. There were no impairment charges for the years ended June 30, 2023 and 2022.

Non-Controlling Interest in Limited Partnership

This amount represents the aggregate balance of limited partner equity interests in the non-wholly owned limited partnerships that are included in the consolidated financial statements.

Revenue from Contracts with Customers

Revenue is recognized when performance obligations under the terms of the contracts with government agencies on behalf of eligible individuals are satisfied. Revenue from contracts with customers are recognized over time and consisted of the following components for the years ended June 30, 2023 and 2022:

	2023	2022
Governmental contracts	$ 532,706	$ 534,254
Social enterprise revenue	4,219,526	6,349,011
	$ 4,752,232	$ 6,883,265

Governmental Contracts- The Organization's governmental contracts are comprised of contracts with various governmental agencies providing recovery housing arrangements and other supplemental services if needed to the enrolled participants. Revenues are recognized when the promised services were rendered in an amount that reflects the consideration (per diem rate) that Organization is entitled to receive per contracts terms with the governmental agencies.

Social Enterprise Revenue- Social enterprise revenue is comprised of contracts with various private and governmental agencies to provide landscaping, catering or temporary staffing services. Revenues are recognized when the Organization has satisfied the terms of the contract by transferring the promised services to the customer in an amount that reflects the consideration that the Organization is entitled to receive per contract terms with the customer.

Practical Expedients- The Organization has adopted certain practical expedients under ASC 606 with significant items disclosed herein. The Organization has elected to apply the portfolio approach practical expedient allowed under ASC 606 to evaluate contracts with customers that share the same revenue recognition patterns as the result of evaluating them as a group will have substantially the same result as evaluating them individually.

Disaggregation of Revenue 2023 - The Organization's revenue under governmental contracts consisted of approximately 97% of revenue from Department of Housing and Urban Development ("HUD") and 3% from others. The Organization's revenue under social enterprise revenue of approximately 90% of revenue from landscaping and 10% of temporary staffing services.

Disaggregation of Revenue 2022 - The Organization's revenue under governmental contracts consisted of approximately 95% of revenue from Department of Housing and Urban Development ("HUD") and 5% from others. The Organization's revenue under social enterprise revenue of approximately 65% of revenue from landscaping and 35% of temporary staffing services.

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Lease Income

Rental income for office/retail space is from other service providers that provide specific services that complement ASHF's homeless service programs. ASHF also leases beds to a related entity (See Note 5). Rental income is recognized as it is earned under the specific non-cancellable operating lease agreements. Rental income of CCIL and its subsidiary entities is recognized as income on the accrual basis as it is earned. Certain leases provide for tenant occupancy during periods for which no rent is due and/or increases in minimum lease payments over the terms of the leases. Rental revenue is accrued for the full period of occupancy on a straight-line basis. All leases between LP, MPVH, RRVH, and ASHVA and the tenants of the properties are considered operating leases and have terms of one year or less.

Governmental Grants

Revenue recorded as governmental grants are considered contributions. Contribution revenue is recognized as services are provided in accordance with the terms of the grants, which are primarily related to providing facilities to shelter the homeless. Grant funds received in advance of being earned are reported as deferred grant revenue. Any of the funders may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by ASHF with the terms of the grants. Management believes that the Organization is in compliance with all grants and that no amounts are due to grantors as of June 30, 2023.

Income Taxes

Not-For-Profit: The Organization's primary entities qualify as tax-exempt organizations under Section 50l(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes excluding any income not related to its tax-exempt purpose. The operations of CS are reported by HQ for tax purposes and are considered to be related to its tax-exempt purposes. No provision for income taxes has been recorded in the accompanying consolidated financial statements for the years ended June 30, 2023 and 2022, as all income is related to its tax exempt purpose. However, these entities would be liable for taxes on unrelated business income generated from unrelated trade or business activities. These entities had no unrelated trade or business activity during the years ended June 30, 2023 and 2022.

Corporations: ASH IV, ASH V, ASH VI, KMA V and KMA VIII have elected to be taxed as corporations. The Company provides for deferred income tax assets and liabilities based on the estimated future tax effects of differences between the consolidated financial statement and income tax basis of assets and liabilities based on the provision of enacted tax laws. Deferred income tax expenses or benefits are based on the charges in the asset and liability from year to year. The entities do not have a valuation allowance related to deferred income tax assets.

Limited Partnerships: No provision or benefit for income taxes has been included in these consolidated financial statements since taxable income or loss passes through to, and is reportable by, the partners individually.

Limited Liability Companies: The limited liability companies ("LLCs") are single member LLCs which are treated as disregarded entities for income tax purposes. Therefore, no provision or benefit for income taxes has been included in these consolidated financial statements since taxable income or loss passes through to, and is reportable by, the members individually.

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (concluded)

Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 60 days of general expenditures. This includes the use of a revolving Line of Credit. The following table reflects the Foundation's current consolidated unrestricted financial assets as of June 30, 2023 and 2022. The Organization has a line of credit with an available balance of $818,000 and $1,100,000 as of June 30, 2023 and 2022, respectively. The Organization has a related party that has been available as an additional source of liquidity. The operations of the Foundation averages approximately $2 million per month in expense (excluding In-Kind). The Organization is heavily depended upon revenue from grants and donations as well as various revenue-producing activities.

	2023	2022
Consolidated Current Assets		
Cash and cash equivalents	$ 616,308	$ 3,502,276
Contributions receivable-net	353,738	377,621
Contracts receivable-net	2,887,230	3,754,890
Prepaid expenses	228,021	230,357
Total current assets excluding restricted cash and related party receivables	4,085,297	7,865,144
Total current liabilities	23,433,687	21,735,992
Less: current liabilities to be paid through redevelopment program (Note 8)	8,586,170	-
Less: Due to related parties	5,970,915	3,460,883
Total current liabilities excluding related party payables	8,876,602	18,275,109
Liquidity Ratio*	0.46	0.43

*Excludes related party activities

Derivative Instruments

The Organization's interest rate swap is recognized as a liability in the accompanying consolidated statements of financial position and measured at fair value. Any change in the fair value is recognized immediately in earnings.

In order to present the interest expense at the fixed amount paid, the periodic settlement payments are recorded as interest expense and are included as operating expenses in the accompanying consolidated statement of activities. The change in the fair value of this financial instrument, net of the periodic settlement payments, has been recorded in nonoperating activities in the accompanying consolidated statements of activities. See Note 9 for further disclosures.

Recent Accounting Pronouncements

In June 2016, FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to revise the criteria for the measurement, recognition, and reporting of credit losses on financial instruments to be recognized when expected. This update is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating this standard.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3 – Fair Value Measurements

FASB ASC 820, *Fair Value Measurements*, provides the framework for measuring fair value. The 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 and 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 are described as follows:

> **Level 1 Inputs** - Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Investments included in Level 1 include listed equities.
>
> **Level 2 Inputs** - Observable market-based inputs or unobservable inputs that are corroborated by market data. Investments which are generally included in this category include less liquid and certain over-the-counter derivatives. Investments that are included in this category also include investments in commingled funds and investment partnerships such as hedge funds and open-ended real estate funds.
>
> **Level 3 Inputs** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2023 and 2022.

> **Interest Rate Swap Agreement.** The agreement is not traded on an exchange and is recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measure of volatility, and correlations of such inputs. Valuation adjustments may be made in the determination of fair value, which was obtained by an independent third-party advisor. These adjustments include amounts to reflect counterparty credit quality and liquidity risk. A schedule of potential counterparty risk was also provided by an independent third-party advisor. Management's assessment of the maximum exposure assumed the counterparty had no claims-paying ability and had not posted collateral with a third party.

The following table summarizes financial assets and liabilities according to the fair value hierarchy:.

	Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Interest rate swap agreement	$ -	$ 274,598	$ -	$ 274,598

	Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
LIABILITIES:				
Interest rate swap agreement	$ -	$ 46,515	$ -	$ 46,515

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Investment in Partnerships

In June 2012, ASHF received $400,100 of project fee rebates from the Village of East Dundee in connection with the first phase of a two-phase development project to provide low income rental housing for individuals and families. ASHF contributed this amount to KMA V. ASHF was also awarded an Affordable Housing Program ("AHP") grant of $420,000 through a Member bank of the Federal Home Loan Bank system in connection with the development which it also contributed to KMA V. KMA V used the combined funds of $820,100 to make a capital contribution to Gardiner Senior Development, LLC which is the general partner of Gardiner Senior Apartments, LP, and the owner of the first phase of a low-income housing project. KMA V has a 26% interest in the general partner and is a non-managing member. The general partner in turn made an $820,000 capital contribution to the owner. This investment is recorded in accordance with the equity method of accounting.

In July 2012, ASHF received $1,000,000 of project rebate fees from the Village of East Dundee in connection with the second phase of the above two-phase development project to provide low income rental housing for individuals and families. ASHF contributed this amount to KMA V. KMA V used the $1,000,000 to make a capital contribution to River Haven Place GP, LLC which is the general partner of River Haven Place, LP, and the owner of the second phase of a low-income housing project. KMA V has a 26% interest in the general partner and is a non-managing member. The general partner, in turn, made a $1,000,000 capital contribution to the owner. This investment is recorded in accordance with the equity method of accounting.

In July 2012, KMA V also entered into a joint venture agreement with the same investor group for an interest in Oswego Mill Street Station GP, LLC which is the general partner of Oswego Mill Street Station LP. The LP is the owner of a development project that plans to construct and rent townhomes to low income individuals and families in the Oswego, Illinois area. The general partner acts as developer for the construction and that role generates owner development fees in addition to future property cash flows. Accordingly, ASHF records its share of development fees earned through its general partnership interest. ASHF will provide social service support for a portion of the tenants in the housing development. In 2013, the two East Dundee projects finished construction and lease-up and became operational. The Oswego project was finished in December 2014 and became operational. This investment is recorded in accordance with the equity method of accounting.

In October 2015, ASHF received a donation of land parcels in Melrose Park, Illinois valued at $750,000 to be used for the Melrose Park Veterans Housing project discussed in Note 1, and was included in the net assets with donor restrictions at June 30, 2023 and 2022. Additionally, ASHF was awarded another AHP grant of $630,000 through a Member bank of the Federal Home Loan Bank system in connection with the development. ASHF contributed these to KMA VIII, and they were in turn contributed to MPVH.

Note 5 – Related-Party Transactions

The Organization transacts business with entities under the control of related parties. Due to (from) related parties are disclosed in the accompanying consolidated statements of financial position as of June 30, 2023 and 2022. The following is a summary of transactions between the Organization and related parties for the years ended June 30, 2023 and 2022:

	2023	2022
Social enterprise revenue	$ 41,000	$ 100,900
Bed-leasing revenue	$ 1,123,100	$ 1,132,900
Management fee expense	$ 1,521,900	$ 2,049,800
Property rent expense	$ 166,200	$ 166,200
Supportive service fees expense	$ 60,500	$ 80,500
Reimbursed expenses	$ 871,000	$ 799,500
Development fee expense	$ 281,000	$ 432,900

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<u>Note 6 – Deferred Grant Revenue</u>

Deferred grant revenue balances of $10,025,557 and $10,723,747 as of June 30, 2023 and 2022, respectively, are comprised of amounts from the following grants:

Affordable Housing Program grants were used to fund ASHF's partnership investments as described in Note 4 for Gardiner Senior Development, LLC ("Gardiner"), MPVH and RRVH. It consists of $137,667 and $165,667 for the Organization's investment in Gardiner as of June 30, 2023 and 2022, respectively, $346,500 and $388,500 for the Organization's investment in MPVH as of June 30, 2023 and 2022, respectively, and $750,000 for the Organization's investment in RRVH as of June 30, 2023 and 2022. The grant related to Gardiner requires that 70 units of the 80 total units of the project be leased to individuals who qualify as very low and/or low income under HUD guidelines. The grant related to MPVH requires that 18 of the 35 total units of the project be leased to individuals who qualify as very low income under HUD guidelines and 17 of the 35 total units of the project be leased to individuals who qualify as low income under HUD guidelines. ASHF is recognizing the grant revenue evenly over the 15-year compliance periods which expire in 2028 and 2032 for Gardiner and MPVH, respectively. ASHF will recognize the grant revenue for RRVH once the 15-year compliance period is over in 2035 based on the compliance requirement.

ASHF was awarded $502,000 in forgivable home funds from Lake County Economic Development Department ("LCEDD"). In October 2021, LCEDD amended the promissory note and awarded an additional $100,000. ASHF received $501,000 as of June 30, 2023 and 2022 to fund ASHF's loan to ASHVA. Based on the terms of the note, 66.67% was forgiven upon the date the project was placed into service in January 2022, and the remaining will be forgiven at maturity in 2042. $8,392 and $338,060 were recognized in 2023 and 2022, respectively, and $154,548 and $162,940 were as deferred as of June 30, 2023 and 2022, respectively.

ASHF was awarded up to $7,900,000 from Indiana Housing Community Development Authority ("IHCDA") and received $7,895,000 as of June 30, 2023 and 2022 to fund ASHF's loan to ASHVA. Upon completion of the project in January 2022, ASHF began recognizing the grant revenue over the 15-year compliance period based on the compliance requirement. $526,333 and $307,028 were recognized in 2023 and 2022, respectively, and $7,061,639 and $7,587,972 were deferred as of June 30, 2023 and 2022, respectively.

ASHF was awarded up to $4,500,000 in Tax Increment Financing (TIF) funds received from the City. ASHF received $3,000,000 as of June 30, 2023 and 2022, all of which has been recognized. ASHF is recognizing the grant revenue as specific costs are incurred.

RRVH was awarded up to $1,700,000 from Chicago Low-Income Housing Trust Fund ("CLIHTF"). ASHF received $1,700,000 as of June 30, 2023 and 2022 to support rental subsidies for RRVH. $93,465 and $31,332 were recognized in 2023 and 2022, respectively, and $1,575,203 and $1,668,668 were deferred as of June 30, 2023 and 2022, respectively. ASHF is recognizing the grant revenue as specific costs are incurred.

<u>Note 7 – Lines of Credit</u>

Busey Bank Line of Credit: On March 1, 2019, the Organization entered an operating line of credit with Busey Bank up to 80% of eligible receivables, as defined, from ASHF not to exceed $2,000,000. This line of credit was renewed in March 2021. Interest at Prime plus 1% is due monthly and the balance was $1,182,000 and $900,000 as of June 30, 2023 and 2022, respectively. The maturity date on the line of credit was March 1, 2023 with the intention to renew. The line of credit was renewed in July 2023 with a maturity date of July 28, 2025. As part of the renewal in July 2023, ASHF entered a term note of $900,000 with Busey Bank with a fixed interest rate 7.22%, with a monthly principal and interest installment of $17,915 and the remaining balance at maturing date of July 28, 2028.

The line of credit is subject to certain financial and non-financial covenants, including fixed charge coverage ratio and maximum liabilities to net assets. The Organization was not in compliance with the fixed charge coverage ratio as of and for the year ended June 30, 2023, and subsequently the lender approved a waiver.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 – Long-Term Debt

Long-term debt consisted of the following as of June 30:

	2023	2022
A construction loan with National Bank of Indiana for A Safe Haven Veterans Apartments for $3,000,000 with loan proceeds of $50,000 at closing. The loan was initiated on March 12, 2020 with a maturity date of September 12, 2022. The interest rate is the greater of 3.75% or the prime rate. The loan was paid in full in August 2022.	$ -	$ 1,683,416
A mortgage loan with Busey Bank with a beginning balance of $7,600,000. The mortgage was initiated on March 1, 2019, with a maturity date of March 1, 2029. The interest rate is equal to LIBOR plus 2.5%. This agreement also includes a swap component, as discussed in Note 9. The outstanding balance is presented net of unamortized debt issuance costs of $64,539 and $75,928 as of June 30, 2023 and 2022, respectively.	6,540,303	6,785,408
A promissory note with a life insurance company bearing an effective interest rate of 5.13%, requiring monthly payments of principal and interest in the amount of $17,766 with an initial amount of $3,000,000 and maturing January 15, 2034. The outstanding balance is presented net of unamortized debt issuance costs of $33,686 and $36,920 as of June 30, 2023 and 2022, respectively.	2,714,576	2,784,753
A first mortgage note of LP held by IHDA bearing an effective interest rate of 6.5%, requiring monthly payments of principal and interest of $11,155, maturing July 1, 2025. The note is collateralized by real estate held for lease and an assignment of rents and leases. The outstanding balance is presented net of unamortized debt issuance costs of $7,801 and $11,137 as of June 30, 2023 and 2022, respectively.	381,636	483,023
Subtotal to page 22	$ 9,636,515	$ 11,736,600

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 – Long-Term Debt (continued)

	2023	2022
Subtotal from page 21	$ 9,636,515	$ 11,736,600
A second mortgage note of LP held by IHDA, non-interest bearing, requiring monthly principal payments of $417, maturing July 1, 2025. This loan is subordinated to the first mortgage. The note is collateralized by real estate held for lease and an assignment of rents and leases.	2,579,623	2,584,623
A third mortgage note of LP held by IHDA under the Trust Fund Act, non-interest bearing, requiring monthly principal payments of $100, maturing July 1, 2025. The note is collateralized by real estate held for lease and an assignment of rents and leases.	728,300	729,500
A fourth mortgage note of LP, held by IHDA under the Financing Adjustment Factor Refunding Agreement, non-interest bearing. All outstanding principal is due at maturity, July 1, 2025. The note is collateralized by real estate held for lease and an assignment of rents and leases.	290,000	290,000
A loan issued by the City of Chicago dated March 19, 2020 to finance construction of the RRVH property that is non-interest bearing. All outstanding principal is due at maturity, paid in full on April 1, 2062. The outstanding balance is presented net of unamortized debt issuance costs of $101,825 and $131,687 as of June 30, 2023 and 2022, respectively.	328,378	298,516
A construction promissory note of RRVH issued by Bank of America dated March 19, 2020 to finance construction of the Roosevelt Road Veterans Housing property. The note bears an effective interest rate of BSBY + 1.85%, requiring accrued and unpaid interest to be paid monthly. All outstanding principal is due at maturity, which has been extended to July 15, 2024. Upon maturity, the note will be paid off through the third party funds and refinancing required to be provided within redevelopment program, including funds from City tax increment allocation bonds (“TIF bonds”), a permanent mortgage loan secured with Community Investment Corporation (“CIC”) and scheduled capital contributions from NEF.	8,586,170	7,383,019
Subtotal to page 23	$ 22,148,986	$ 23,022,258

(Continued)

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 – Long-Term Debt (concluded)

	2023	2022
Subtotal from page 22	$ 22,148,986	$ 23,022,258
A construction promissory note of MPVH issued by the County of Cook dated October 23, 2015 to finance construction of the A Safe Haven Veteran Village property. The note bears interest at an effective rate of 1.73% per annum, requiring annual payments of accrued interest only in the amount of $25,373 per year, paid in arrears, due beginning October 1, 2017 until maturity, October 16, 2055. The note is collateralized by the five land parcels in the village of Melrose Park on which the A Safe Haven Veteran Village property was constructed. The maximum loan value per the agreement is in the amount $1,466,674. The outstanding balance is presented net of unamortized debt issuance costs of $3,813 and $3,931 as of June 30, 2023 and 2022, respectively.	1,462,861	1,462,743
	23,611,847	24,485,001
Current	9,051,891	9,507,262
Long-Term	$ 14,559,956	$ 14,977,739

Future minimum payments of long-term debt were as follows as of June 30, 2023:

Year Ending June 30:	Amount
2024	$ 9,051,891
2025	494,627
2026	4,133,773
2027	411,207
2028	433,843
Thereafter	9,086,506
	$ 23,611,847

Note 9 – Interest Rate Swap

The Organization entered into an interest rate swap agreement for $7,600,000 in connection to the Busey promissory note. Under the terms of the agreement, the Organization is to pay the variable rate noted in Note 8 above and receive a fixed rate of 5.44%. The purpose of the swap is to effectively fix the variable interest rate attached to the Organization's borrowings. The swap agreement terminates on March 1, 2029. The Organization is exposed to credit loss in the event of nonperformance with the interest rate swap agreements; however, the Organization does not anticipate any nonperformance.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10 – Finance Leases

The Organization leases certain non-cancelable equipment and automobiles under agreements accounted for as finance leases with various terms extending through January 2028, and secured by the specific equipment and automobiles being leased.

The components of lease expenses were approximately as follows for the year ended June 30, 2023:

	Amount
Amortization of right-of-use asset	$ 126,678
Interest expense on lease liabilities	24,822
Total lease expense	$ 151,500

Other information related to leases were as follows for the period ended June 30, 2023:

Weighted-average remaining lease term (in years)	3.88
Weighted-average discount rate	5.85%
Right-of-use assets obtained in exchange for lease liabilities	$ 125,326
Right-of-use assets reclassified from property and equipment, net	$ 403,066
Lease liabilities reclassified from capital lease obligations	$ 409,723

Future maturities of lease liabilities under non-cancelable finance leases were as follows as of June 30, 2023:

Year Ending June 30	Amount
2024	$ 136,087
2025	119,318
2026	92,869
2027	85,565
2028	33,368
Total future minimum lease payments	467,207
Less: Amounts representing interest	50,043
Present value of minimum lease payments	417,164
Less: Current portion	114,795
	$ 302,369

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11 – Operating Leases Revenue

Commercial leases space under operating lease agreements that expire based on terms of lease agreements through May 31, 2027. The terms of the leases call for monthly payments ranging between $4,000 and $12,800. Some leases allow tenants to occupy space rent-free before opening or feature accelerating monthly rents through the lease term. ASHF recognizes income from these agreements on a straight-line basis over the term of the lease. Accordingly, ASHF has recorded deferred rent assets of approximately $206,000 and $291,000 as of June 30, 2023 and 2022, respectively. Approximate future rentals to be received under the leases currently in place as of June 30, 2023 are as follows:

Year Ending June 30:	Amount
2024	$ 656,575
2025	630,625
2026	498,278
2027	156,022
	$ 1,941,500

Note 12 – Tax Credits

LP Tax Credit. The LP has received an allocation of low-income housing tax credits from the State of Illinois totaling $10,779,710. The building of the project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"). These tax credits are contingent on its ability to maintain compliance with applicable provisions of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously claimed tax credits plus interest. In addition, such potential noncompliance could result in an adjustment to the capital contributed by the Limited Partner.

Primarily due to a fire in LP's building in 2006, the timing of the tax credits was delayed from the initial projections and therefore the value of the credits delivered to the Limited Partner was diminished. According to the terms of the partnership agreement, a Tax Credit Adjustment of $730,000 was calculated by the Limited Partner and reviewed and approved by the general partner. The Limited Partner had reduced its capital contributions by $443,893 to partially offset the difference in value. The partnership paid the difference of $286,107 of amounts withheld and the full tax credit adjustment back to the Limited Partner in October 2013 and an amendment was signed to clarify how future available cash flow would be shared going forward.

MPVH Tax Credit. MPVH has received an allocation of low-income housing tax credits from the State of Illinois totaling $9,458,480. The building of the project has qualified for and been allocated low-income housing tax credits pursuant to Section 42. These tax credits are contingent on its ability to maintain compliance with applicable provisions of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously claimed tax credits plus interest. The credit allocation will be allowed annually in the amount of $945,848 for 10 years up to 15 years if the Project remains in compliance, and dependent on unit lease-up during the two initial years of operations. MPVH began receiving a credit allocation during the year ended June 30, 2016.

Note 13 – Commitments and Guarantees

The LP has executed a regulatory agreement with IHDA which requires the operation of the low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 30 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires on December 29, 2033.

MPVH has executed a regulatory agreement with IHDA which requires the operation of the 35 unit low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 30 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires on October 23, 2035.

ASHVA has executed a regulatory agreement with the City of Hobart which requires the operation of the 75 unit low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 15 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires September 1, 2036.

RRVH has executed a regulatory agreement with City of Chicago Department of Housing which requires the operation of the 90 unit low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 30 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires on October 23, 2051.

The LP has executed a regulatory agreement with IHDA which requires the operation of the low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 30 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires on December 29, 2033.

MPVH has executed a regulatory agreement with IHDA which requires the operation of the 35 unit low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 30 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires on October 23, 2035.

ASHVA has executed a regulatory agreement with the City of Hobart which requires the operation of the 75 unit low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 15 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires September 1, 2036.

RRVH has executed a regulatory agreement with City of Chicago Department of Housing which requires the operation of the 90 unit low-and moderate-income rental housing project pursuant to Section 42 for a minimum of 30 years. The agreement provides for regulation of rental charges, restrictions on disposition of property, and the limitation of annual cash distributions to the partners. This agreement expires on October 23, 2051.

Note 14 – Partnership Profits, Losses, and Distributions

As the general partner, LLC, KMA VIII, ASH V and ASH VI have a 0.01% interest in LP, MPVH, RRVH and ASHVA, respectively, while one other limited partner has a 99.99% interest. Generally, profits and losses from the limited partnerships are allocated to their partners in accordance with their percentage interests. Cash flow, as defined by the Partnership Agreement, generally is distributable as scheduled. Profits and losses arising from the sale, refinancing, or other disposition of all or substantially all of the partnership's assets will be specifically allocated as scheduled in the respective partnership agreements. Additionally, the partnership agreements provide for other instances in which a special allocation of profits, losses and distributions may be required.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15 – Significant Contracts

ASHF has two revenue contracts to provide homeless housing and supportive services with annual revenues of approximately $1,200,000 and $1,100,000 for the years ended June 30, 2023 and 2022, respectively, that renew annually. The CHA contract renews on July 1 and the SPC contract renews on May 31. The CHA payments are received by direct deposit into the LP's operating account, and the SPC payments are received by ASHF and flow through to the LP. The HAP contracts contributed 66 percent and 68 percent of rental revenue for the years ended June 30, 2023 and 2022, respectively. The remaining revenue was received directly from the tenants.

ASHF has four HUD grants to provide transitional housing and supportive services to a variety of populations. These contracts provide for partial funding of total program costs and require a portion of the program costs, as defined, to be matched by other contracts or contributions. Revenues from these contracts were $1,006,437 and $1,016,104 for the years ended June 30, 2023 and 2022, respectively.

ASHF has contracts with the City's Department of Families and Support Services to perform supportive services for people who are formerly homeless. These contracts allow ASHF to serve an additional three populations of families and at-risk youth and provide funding for the program costs, as defined. Total revenue recognized by ASHF under these contracts was $2,339,890 and $2,218,111 for the years ended June 30, 2023 and 2022, respectively.

ASHF has a contract with the Illinois Department of Human Services to perform supportive services for people who are formerly homeless, or who are under threat of homelessness, who occupy units of affordable housing with affiliated companies. This contract provides partial funding for the program and requires a portion of the program costs, as defined, to be matched by other contracts or contributions. Revenues from this contract were $607,792 and $562,409 for the years ended June 30, 2023 and 2022, respectively.

As part of providing a comprehensive training employment program, ASHF has various contracts with the City and the Chicago Public Schools to perform landscape maintenance services throughout the City. Revenues from these contracts were $3,098,344 and $3,223,152 for the years ended June 30, 2023 and 2022, respectively.

ASHF has a management agreement whereby a related party provides management services to ASHF in the form of corporate management and property management for the Foundation's rental property. Total management fees incurred under the agreements were $1,224,187 and $1,815,082 for the years ended June 30, 2023 and 2022, respectively.

Note 16 – Employee Benefit Plan

The ASHF benefit plan provides for discretionary matching contributions, not to exceed 6% of each participant's eligible compensation per payroll period. The plan also provides for an annual profit-sharing contribution to be made at the discretion of ASHF for the benefit of all eligible employees who have worked at least 1,000 hours during the plan year. The plan is offered to those Eligible employees defined as those who are 21 years of age or older, who have completed three months or more of service, and who are not members of a union. Matching contributions of $124,731 and $113,765 were made for the years ended June 30, 2023 and 2022, respectively. No annual profit-sharing contributions were elected for either year.

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17 – Contributed Nonfinancial Assets

The contributed nonfinancial assets primarily pertained to the Organization's interim housing and veteran's support programs. The categories of contributed nonfinancial assets were as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Food items	$ 1,096,123	$ 1,630,248
Non-food items	368,637	321,264
Advertising services	46,000	217,000
Other	33,312	19,384
Total donated services and items	$ 1,544,072	$ 2,187,896

Goods in-kind received by the Organization are recorded as in-kind contribution revenue with corresponding expenses. The Organization utilized the following valuation methods during the years ended June 30, 2023 and 2022:. (1) current price located on a publicly available website if the item is a match for the website item when donated; and (2) the current average price located on a publicly available website for similar items if a group of items are donated and the items range in price depending on model, size, etc.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed services that are reported using current rates for similar services. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

Note 18 – Concentrations

One grantor accounted for approximately 14% and 24% of total support and revenue for the years ended June 30, 2023 and 2022, respectively. Two grantors accounted for approximately 62% and 61% of total contracts receivable as of June 30, 2023 and 2022, respectively.

Note 19 – Net Assets with Donor Restrictions

Net Assets with donor restrictions arise from the following types of restrictions by donors as of June 30:

	2023	2022
Purpose Restriction:		
Donated property	$ 750,000	$ 750,000
Program related	404,140	307,116
Purpose and Time Restriction:		
Program related	140,000	230,000
	$ 1,294,140	$ 1,287,116

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20 – Contingent Liabilities

ASHF is a defendant in various legal actions arising from the normal course of its operations. While it is not possible to predict accurately or determine the eventual outcome of such actions, management believes that the outcome of these proceedings will not have a material adverse effect on the financial position of the Organization, its changes in net assets, or its cash flows.

Note 21 – Subsequent Events

Management has evaluated all known subsequent events from June 30, 2023 through May 10, 2024, the date the accompanying consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

	ASHF	KMA Holdings V (KMA V)	KMA Holdings VIII (KMA VIII)	Melrose Park Veterans Housing LP (MPVH)	Harborquest (HQ)	CCIL	600 S. Wabash Commercial (Commercial)	600 S. Wabash LLC (LLC)	600 S. Wabash LP (LP)
Current Assets									
Cash and cash equivalents	$ 214,814	$ 12,201	$ 4,044	$ 44,781	$ 16,933	$ 7,399	$ 99,412	$ -	$ 119,827
Restricted cash	-	-	-	315,543	-	-	-	-	1,522,046
Contributions receivable-net	230,000	-	-	37,544	-	-	35,724	-	17,671
Contracts receivable-net	2,895,564	-	-	-	(8,334)	-	-	-	-
Due from related parties	20,542,576	-	54,268	261,914	546,976	2,292,587	891,164	2,017,057	948,829
Prepaid expenses	134,527	-	-	36,096	3,232	-	-	-	15,867
Total current assets	24,017,481	12,201	58,312	695,878	558,807	2,299,986	1,026,300	2,017,057	2,624,240
Property and equipment									
Land	1,041,407	-	-	750,100	-	-	184,800	-	1,015,200
Buildings and improvements	14,154,576	-	-	9,986,615	-	-	2,140,528	-	15,188,814
Furniture, fixtures, and equipment	786,122	-	-	1,078,599	2,425	-	-	-	547,574
Automobiles	663,750	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	5,600	-	-	-	-
Construction in progress	166,806	-	-	-	-	-	-	-	-
	16,812,661	-	-	11,815,314	8,025	-	2,325,328	-	16,751,588
Less: Accumulated depreciation and amortization	(5,628,400)	-	-	(3,760,674)	(8,025)	-	(912,356)	-	(10,205,937)
Net property and equipment	11,184,261	-	-	8,054,640	-	-	1,412,972	-	6,545,651
Other assets									
Lease receivable	-	-	-	-	-	-	205,618	-	-
Other assets	-	-	-	113,585	13,176	-	-	-	500
Interest rate swap	274,598	-	-	-	-	-	-	-	-
Right-of-use assets	401,714	-	-	-	-	-	-	-	-
Lease commissions	19,150	-	-	-	-	-	105,395	-	-
Less: Accumulated amortization	(19,150)	-	-	(53,006)	-	-	(88,920)	-	(500)
	676,312	-	-	60,579	13,176	-	222,093	-	-
Investment in partnerships	2,922,374	1,753,679	749,724	-	-	-	-	72,837	-
Total other assets	3,598,686	1,753,679	749,724	60,579	13,176	-	222,093	72,837	-
Total assets	$ 38,800,428	$ 1,765,880	$ 808,036	$ 8,811,097	$ 571,983	$ 2,299,986	$ 2,661,365	$ 2,089,894	$ 9,169,891

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

	RRVH	ASH V	ASH IV	ASH VI	ASH VA Apts	ASH Hobart	Subtotal	Eliminations	2023
Current Assets									
Cash and cash equivalents	$ 35,879	$ -	$ -	$ -	$ 61,018	$ -	$ 616,308	$ -	$ 616,308
Restricted cash	2,587,710	-	-	-	748,728	-	5,174,027	-	5,174,027
Contributions receivable-net	30,390	-	-	-	2,409	-	353,738	-	353,738
Contracts receivable-net	-	-	-	-	-	-	2,887,230	-	2,887,230
Due from related parties	1,775	-	-	-	2,625	-	27,559,771	(26,360,817)	1,198,954
Prepaid expenses	4,603	-	-	-	33,696	-	228,021	-	228,021
Total current assets	2,660,357	-	-	-	848,476	-	36,819,095	(26,360,817)	10,458,278
Property and equipment									
Land	1,823,955	-	-	-	300,000	-	5,115,462	-	5,115,462
Buildings and improvements	18,997,073	-	-	-	10,863,129	-	71,330,735	(3,133,542)	68,197,193
Furniture, fixtures, and equipment	494,430	-	-	-	2,339,429	-	5,248,579	(180,196)	5,068,383
Automobiles	-	-	-	-	-	-	663,750	-	663,750
Computer software	-	-	-	-	-	-	5,600	-	5,600
Construction in progress	-	-	-	-	-	-	166,806	-	166,806
	21,315,458	-	-	-	13,502,558	-	82,530,932	(3,313,738)	79,217,194
Less: Accumulated depreciation and amortization	(1,321,997)	-	-	-	(1,954,169)	-	(23,791,558)	700,751	(23,090,807)
Net property and equipment	19,993,461	-	-	-	11,548,389	-	58,739,374	(2,612,987)	56,126,387
Other assets									
Lease receivable	-	-	-	-	-	-	205,618	-	205,618
Other assets	122,369	-	-	-	44,541	-	294,171	-	294,171
Interest rate swap	-	-	-	-	-	-	274,598	-	274,598
Right-of-use assets	-	-	-	-	-	-	401,714	-	401,714
Lease commissions	-	-	-	-	-	-	124,545	-	124,545
Less: Accumulated amortization	(12,237)	-	-	-	(3,688)	-	(177,501)	-	(177,501)
	110,132	-	-	-	40,853	-	1,123,145	-	1,123,145
Investment in partnerships	-	(20)	(160)	391,371	-	391,371	6,281,176	(4,527,658)	1,753,518
Total other assets	110,132	(20)	(160)	391,371	40,853	391,371	7,404,321	(4,527,658)	2,876,663
Total assets	$ 22,763,950	$(20)	$(160)	$ 391,371	$ 12,437,718	$ 391,371	$ 102,962,790	$(33,501,462)	$ 69,461,328

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2023

LIABILITIES AND NET ASSETS

	ASHF	KMA Holdings V (KMA V)	KMA Holdings VIII (KMA VIII)	Melrose Park Veterans Housing LP (MPVH)	Harborquest (HQ)	CCIL	600 S. Wabash Commercial (Commercial)	600 S. Wabash LLC (LLC)	600 S. Wabash LP (LP)
Current liabilities									
Line of credit	$ 1,182,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Current portion of long-term debt	270,519	-	-	-	-	-	77,267	-	117,935
Current portion of finance/capital leases	114,795	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	1,020,789	-	-	4,620	145,347	1,500	43,733	-	211,311
Accrued interest	-	-	-	-	-	-	-	-	2,109
Current portion of deferred grant revenue	604,725	-	-	-	-	-	-	-	-
Deferred revenue	232,092	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	16,695	-	-	63,171	-	46,343
Retainage payable	-	-	-	-	-	-	-	-	-
Due to related parties	8,257,862	77	54,344	702,450	72,534	18,169	21,661	-	4,502,130
Total current liabilities	11,682,782	77	54,344	723,765	217,881	19,669	205,832	-	4,879,828
Long-term liabilities									
Long-term debt, net of current portion	6,269,784	-	-	1,462,861	-	-	2,637,309	-	3,861,624
Finance/capital leases, net of current portion	302,369	-	-	-	-	-	-	-	-
Deferred grant revenue, net of current portion	7,845,629	-	-	-	-	-	-	-	-
Total long-term liabilities	14,417,782	-	-	1,462,861	-	-	2,637,309	-	3,861,624
Total liabilities	26,100,564	77	54,344	2,186,626	217,881	19,669	2,843,141	-	8,741,452
Net Assets (Deficit)									
Controlling interest	12,699,864	1,765,803	752,615	749,711	354,102	2,280,317	(181,776)	2,089,894	103,120
Noncontrolling interest	-	-	1,077	5,874,760	-	-	-	-	325,319
Total net assets (deficit)	12,699,864	1,765,803	753,692	6,624,471	354,102	2,280,317	(181,776)	2,089,894	428,439
Total liabilities and net assets	$ 38,800,428	$ 1,765,880	$ 808,036	$ 8,811,097	$ 571,983	$ 2,299,986	$ 2,661,365	$ 2,089,894	$ 9,169,891

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2023

LIABILITIES AND NET ASSETS

	RRVH	ASH V	ASH IV	ASH VI	ASH VA Apts	ASH Hobart	Subtotal	Eliminations	2023
Current liabilities									
Line of credit	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,182,000	$ -	$ 1,182,000
Current portion of long-term debt	8,586,170	-	-	-	-	-	9,051,891	-	9,051,891
Current portion of finance/capital leases	-	-	-	-	-	-	114,795	-	114,795
Accounts payable and accrued expenses	2,322,959	-	-	-	787,351	-	4,537,610	-	4,537,610
Accrued interest	50,283	-	-	-	-	-	52,392	-	52,392
Current portion of deferred grant revenue	102,504	-	-	-	-	-	707,229	-	707,229
Deferred revenue	-	-	-	-	-	-	232,092	-	232,092
Other current liabilities	307,911	-	-	-	543,026	-	977,146	-	977,146
Retainage payable	-	-	-	-	607,617		607,617	-	607,617
Due to related parties	9,030,486	5,258	6,989	850	9,657,147	1,775	32,331,732	(26,360,817)	5,970,915
Total current liabilities	20,400,313	5,258	6,989	850	11,595,141	1,775	49,794,504	(26,360,817)	23,433,687
Long-term liabilities									
Long-term debt, net of current portion	328,378	-	-	-	-	-	14,559,956	-	14,559,956
Finance/capital leases, net of current portion	-	-	-	-	-	-	302,369	-	302,369
Deferred grant revenue, net of current portion	1,472,699	-	-	-	-	-	9,318,328	-	9,318,328
Total long-term liabilities	1,801,077	-	-	-	-	-	24,180,653	-	24,180,653
Total liabilities	22,201,390	5,258	6,989	850	11,595,141	1,775	73,975,157	(26,360,817)	47,614,340
Net Assets (Deficit)									
Controlling interest	(123)	(5,278)	(7,149)	390,521	2,778,004	389,596	24,159,221	(7,140,645)	17,018,576
Noncontrolling interest	562,683	-	-	-	(1,935,427)	-	4,828,412	-	4,828,412
Total net assets (deficit)	562,560	(5,278)	(7,149)	390,521	842,577	389,596	28,987,633	(7,140,645)	21,846,988
Total liabilities and net assets	$ 22,763,950	$(20)	$(160)	$ 391,371	$ 12,437,718	$ 391,371	$ 102,962,790	$(33,501,462)	$ 69,461,328

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	ASHF	KMA Holdings V (KMA V)	KMA Holdings VIII (KMA VIII)	Melrose Park Veterans Housing LP (MPVH)	Harborquest (HQ)	CCIL	600 S. Wabash Commercial (Commercial)	600 S. Wabash LLC (LLC)	600 S. Wabash LP (LP)
Revenue and support									
Government grants	$ 6,215,642	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Government contracts	532,706	-	-	-	-	-	-	-	-
Social enterprise revenue	3,816,924	-	-	-	2,201,338	-	-	-	-
Lease income	1,273,231	-	-	387,120	-	-	540,997	-	1,767,154
Tax incremental fund revenue	-	-	-	-	-	-	-	-	-
Contributions of cash and other financial assets	1,756,891	-	-	-	-	223,158	-	-	-
Contributions of nonfinancial assets	1,544,073	-	-	-	-	-	-	-	-
Other revenue	890,087	(40)	(20)	888	267	43,388	-	56,268	68,694
Total support and revenue	16,029,554	(40)	(20)	388,008	2,201,605	266,546	540,997	56,268	1,835,848
Operating expenses									
Program services	15,617,963	4,439	2,066	613,051	2,221,236	-	334,855	218,158	2,181,864
Management and general	2,909,557	-	-	-	4,956	231,174	-	-	-
Fundraising	642,531	-	-	-	-	-	-	-	-
Total operating expenses	19,170,051	4,439	2,066	613,051	2,226,192	231,174	334,855	218,158	2,181,864
Nonoperating activities									
Paycheck protection program loan and interest forgiveness	-	-	-	-	-	-	-	-	-
Change in fair value of interest rate swap	321,113	-	-	-	-	-	-	-	-
Total nonoperating activities	321,113	-	-	-	-	-	-	-	-
Change in net assets before noncontrolling interest	(2,819,384)	(4,479)	(2,086)	(225,043)	(24,587)	35,372	206,142	(161,890)	(346,016)
Change in net assets attributable to noncontrolling interest	-	-	626	225,020	-	-	-	-	345,981
Change in net assets attributable to controlling interest	(2,819,384)	(4,479)	(1,460)	(23)	(24,587)	35,372	206,142	(161,890)	(35)
Controlling interest net assets (deficit) - Beginning of year	15,519,248	1,770,282	754,075	749,734	378,689	2,244,945	(387,918)	2,251,784	316,314
Distributions	-	-	-	-	-	-	-	-	(213,159)
Contributions	-	-	-	-	-	-	-	-	-
Controlling interest net assets (deficit) - End of year	$ 12,699,864	$ 1,765,803	$ 752,615	$ 749,711	$ 354,102	$ 2,280,317	$(181,776)	$ 2,089,894	$ 103,120
Noncontrolling interest net assets - Beginning of year	$ -	$ -	$ 1,703	$ 6,099,780	$ -	$ -	$ -	$ -	$ 671,300
Contributions	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-
Change in net assets attributable to noncontrolling interest	-	-	(626)	(225,020)	-	-	-	-	(345,981)
Noncontrolling interest net assets - End of year	$ -	$ -	$ 1,077	$ 5,874,760	$ -	$ -	$ -	$ -	$ 325,319
Total net assets (deficit) - End of year	$ 12,699,864	$ 1,765,803	$ 753,692	$ 6,624,471	$ 354,102	$ 2,280,317	$(181,776)	$ 2,089,894	$ 428,439

See Independent Auditor's Report.

A SAFE HAVEN FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	RRVH	ASH V	ASH IV	ASH VI	ASH VA Apts	ASH Hobart	Subtotal	Eliminations	Total
Revenue and support									
Government grants	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,215,642	$ -	$ 6,215,642
Government contracts	-	-	-	-	-	-	532,706	-	532,706
Social enterprise revenue	-	-	-	-	-	-	6,018,262	(1,798,736)	4,219,526
Lease income	938,016	-	-	-	817,046	-	5,723,564	(638,882)	5,084,682
Tax incremental fund revenue	-	-	-	-	-	-	-	-	-
Contributions of cash and other financial assets	-	-	-	-	-	-	1,980,049	(436,780)	1,543,269
Contributions of nonfinancial assets	-	-	-	-	-	-	1,544,073		1,544,073
Other revenue	26,161	(120)	-	(48)	972	(48)	1,086,449	(975,374)	111,075
Total support and revenue	964,177	(120)	-	(48)	818,018	(48)	23,100,745	(3,849,772)	19,250,973
Operating expenses									
Program services	2,090,398	925	1,775	-	2,085,903	925	25,373,558	(3,332,358)	22,041,200
Management and general	-	-	-	-	-	-	3,145,687	(224,912)	2,920,775
Fundraising	-	-	-	-	-	-	642,531	-	642,531
Total operating expenses	2,090,398	925	1,775	-	2,085,903	925	29,161,776	(3,557,270)	25,604,506
Nonoperating activities									
Paycheck protection program loan and interest forgiveness	-	-	-	-	-	-	-	-	-
Change in fair value of interest rate swap	-	-	-	-	-	-	321,113	-	321,113
Total nonoperating activities	-	-	-	-	-	-	321,113	-	321,113
Change in net assets before noncontrolling interest	(1,126,221)	(1,045)	(1,775)	(48)	(1,267,885)	(973)	(5,739,918)	(292,502)	(6,032,420)
Change in net assets attributable to noncontrolling interest	1,126,108	-	-	-	1,267,758	-	2,965,493	-	2,965,493
Change in net assets attributable to controlling interest	(113)	(1,045)	(1,775)	(48)	(127)	(973)	(2,774,425)	(292,502)	(3,066,927)
Controlling interest net assets (deficit) - Beginning of year	(10)	(4,333)	(5,374)	390,569	391,545	390,569	24,760,119	(7,061,202)	17,698,917
Distributions	-	-	-	-	-	-	(213,159)	213,159	-
Contributions	-	100	-	-	2,386,586	-	2,386,686	(100)	2,386,586
Controlling interest net assets (deficit) - End of year	$(123)	$(5,278)	$(7,149)	$ 390,521	$ 2,778,004	$ 389,596	$ 24,159,221	$(7,140,645)	$ 17,018,576
Noncontrolling interest net assets - Beginning of year	$ 1,688,791	$ -	$ -	$ -	$(667,669)	$ -	$ 7,793,905	$ -	$ 7,793,905
Contributions	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-
Change in net assets attributable to noncontrolling interest	(1,126,108)	-	-	-	(1,267,758)	-	(2,965,493)	-	(2,965,493)
Noncontrolling interest net assets - End of year	$ 562,683	$ -	$ -	$ -	$(1,935,427)	$ -	$ 4,828,412	-	$ 4,828,412
Total net assets (deficit) - End of year	$ 562,560	$(5,278)	$(7,149)	$ 390,521	$ 842,577	$ 389,596	$ 28,987,633	$(7,140,645)	$ 21,846,988

A SAFE HAVEN FOUNDATION

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor Pass- Through Grantor/Program Title	Annual Contribution Contract #	Assistance Listing Number	Federal Awards Expended
U.S. Department of Housing and Urban Development			
Family Wellness Center	IL0121L5T102114	14.267	$ 350,676
Westside Housing and Independent Living	IL0236L5T102114	14.267	216,425
The Studios (1801)	IL0222L5T102114	14.267	386,858
600 South	IL0095L5T102114	14.267	32,246
600 South	IL0095L5T102215	14.267	20,232
Shelter Plus Care	IL0371L5T102113	14.267	456,474
Shelter Plus Care	IL0371L5T102214	14.267	89,910
			1,552,821
Passed-through the City of Chicago Department of Family and Support Services			
Interim Housing	174502-189512	14.231	271,935
Interim Housing	174502-233641	14.231	236,095
Interim Housing	177462-188859	14.231	1,832
			509,862
Passed-through All Chicago			
Rapid Re-Housing	174287	14.231	26,076
Rapid Re-Housing	134986	14.231	112,865
Rapid Re-Housing	188624	14.231	49,327
Shelter Diversion	168161	14.231	97,370
			285,638
			795,500
Passed-through the City of Chicago Department of Family and Support Services			
Interim Housing	174499-189126	14.218	259,497
Interim Housing	174499-231660	14.218	225,365
Transitional Job Program	177426-181661	14.218	54,410
Transitional Job Program	177426-219334	14.218	20,403
			559,675
Passed Through from the Greater Chicago Food Depository			
Community Development Block Grants (CDHS-PROD)		14.218	20,882
			580,557
Passed-through Enterprise Community Partners, Inc.			
Section 4 Capacity Building	20SG1981	14.252	27,731
Total U.S. Department of Housing and Urban Development			**2,956,609**
U.S. Department of Agriculture			
Passed Through from the Greater Chicago Food Depository			
Emergency Food Assistance Program (USDA Commodities)		10.569	429,256
Total U.S. Department of Agriculture			**429,256**
U.S. Department of Health and Human Services			
Passed-through the City of Chicago Department of Family and Support Services			
Interim Housing	174500-187219	93.569	359,389
Interim Housing	174500-233642	93.569	313,012
			672,401
Total U.S. Department of Health and Human Services			**$ 672,401**

A SAFE HAVEN FOUNDATION

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor Pass- Through Grantor/Program Title	Annual Contribution Contract #	Assistance Listing Number	Federal Awards Expended
U.S. Department of Education			
Passed Through from the Illinois Community College Board			
Adult Education and Literacy	AE-5002-23	84.002	$ 37,784
Total U.S. Department of Education			**37,784**
U.S. Department of Department of Justice			
Passed Through from Illinois Criminal Justice Information Authority			
Victims of Crime Act (VOCA)	219084	16.575	324,656
			324,656
Total U.S. Department of Department of Justice			**324,656**
U.S. Department of Department of the Treasury			
Passed Through from All Chicago			
Rapid Re-Housing	188624	21.027	200,360
Passed Through from Illinois Department of Human Services			
ARPA ADD ONS	FCSAH06311	21.027	110,000
Passed Through from Illinois Department of Commerce & Economic Opportunity			
JTED	21-417001	21.027	182,877
Passed Through from Cook County Department of Veterans Affairs			
Honor Grant		21.027	15,363
Total U.S. Department of Department of the Treasury			**508,600**
Total Federal Program Expenditures			**$ 4,929,306**

A SAFE HAVEN FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the "Schedule") of A Safe Haven Foundation ("ASHF") is presented on the same basis of accounting as ASHF's consolidated financial statements. ASHF uses the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements. Therefore, some amounts presented in the Schedule may differ from the amounts presented in, or used in the preparation of the basic consolidated financial statements.

Note 2 – Program Costs

Expenditures represent only the federally funded portions of ASHF programs. Entire program costs, including the portions funded by ASHF, may be more than shown.

Note 3 – Non-cash Awards

The amount reported for the Emergency Food Assistance Program and Community Development Block Grants on the Schedule is the value of food distributed and priced by the Greater Chicago Food Depository during the current year**.**

Note 4 – Sub-recipients

ASHF provided no awards to sub-recipients during the year ended June 30, 2023 with respect to the federal awards reported on the Schedule.

Note 5 – Non-cash Assistance from Federal Loans and Insurance

ASHF had no insurance provided under federal awards during the year ended June 30, 2023 or any federal loans or federal loan guarantees outstanding at June 30, 2023.

Note 6 – Indirect Cost Rate

ASHF did not elect to use the de minimis 10% rate for allocating indirect costs.

A SAFE HAVEN FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program	Management and General	Fundraising	Total
Salaries and related expenses	$ 6,835,369	$ 1,300,652	$ 396,732	$ 8,532,753
Interest	17,592	477,210	-	494,802
Program food clothing and personal maintenance	2,716,705	3,263	-	2,719,968
Utilities, supplies and maintenance	2,119,111	7,255	-	2,126,366
General insurance	141,395	93,696	-	235,091
Professional fees / contract services	1,219,203	233,468	103,274	1,555,945
Office expenses	197,134	302,532	32,632	532,298
In-Kind expense	1,448,073	-	96,000	1,544,073
Miscellaneous	475,279	3,824	2,001	481,104
Real estate tax expense	90,862	27,078	-	117,940
Special events	-	-	6,706	6,706
Telephone	37,251	10,824	2,352	50,427
Postage/printing	937	10,655	1,490	13,082
Transportation and travel	221,576	21,954	1,344	244,874
Total expenses before depreciation and amortization	15,520,487	2,492,411	642,531	18,655,429
Depreciation	97,476	405,696	-	503,172
Amortization	-	11,450	-	11,450
	$ 15,617,963	$ 2,909,557	$ 642,531	$ 19,170,051

The information presented above is stand alone, unconsolidated financial information of A Safe Haven Foundation.

See Independent Auditor's Report.

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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 CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
A Safe Haven Foundation

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 consolidated financial statements of A Safe Haven Foundation ("ASHF"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 10, 2024.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered ASHF'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ASHF's internal control. Accordingly, we do not express an opinion on the effectiveness of ASHF'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 consolidated 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether ASHF's consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FGMK, LLC

Bannockburn, Illinois
May 10, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
A Safe Haven Foundation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited A Safe Haven Foundation ("ASHF")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ASHF's major federal programs for the year ended June 30, 2023. ASHF'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, ASHF 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 June 30, 2023.

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 ASHF 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 ASHF'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 the ASHF'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 ASHF'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 the ASHF's compliance with the requirements of each major federal program as a whole.

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 ASHF'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 ASHF'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 ASHF'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.

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.

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.

FGMK, LLC

Bannockburn, Illinois
May 10, 2024

A SAFE HAVEN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

The type of report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ____ Yes __X__ No

Significant deficiencies identified? ____ Yes __X__ None reported

Noncompliance material to financial statements noted?
____ Yes __X__ None reported

Federal Awards

Internal control over major programs:

Material weakness (es) identified? ____ Yes __X__ No

Significant deficiencies identified? ____ Yes __X__ No

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

Any audit findings disclosed that are required to be reported in accordance with Code of Federal Regulations Section 200.516?
____ Yes __X__ No

Identification of major programs:

CFDA Number	Name of Federal Program
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: **$ 750,000**

Auditee qualified as low-risk auditee? __X__ Yes ____ No

A SAFE HAVEN FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted

Section IV – Summary of Prior Year Audit Findings

None

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INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

To the Board of Directors of
A Safe Haven Foundation

We have audited the consolidated financial statements of A Safe Haven Foundation as of and for the years ended June 30, 2023 and 2022, and our report thereon dated May 10, 2024 which expressed an unmodified opinion appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying stand alone, unconsolidated financial information of A Safe Haven Foundation presented on pages 46 to 47, which is the responsibility of management, is presented for purposes of additional analysis, as well as to comply with certain reporting requirements of the Illinois Department of Human Services, and is not a required part of the basic consolidated financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. That information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

FGMK, LLC

Bannockburn, Illinois
May 10, 2024

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR

Add a Program | Certify & Submit

	CSFA #	Program Name	$ State	$ Federal	$ Other	$ Total
View	420-27-2731	Job Training Economic Development Program (ARPA)	0	182,877	15,927	198,805
View	444-80-0658	Supportive Housing Program	497,792	0	248,055	745,847
View	444-80-2705	Supportive Housing ARPA	0	110,000	5,666	115,666
View	497-00-1177	Veterans Scratch-Off Lottery Ticket Program	86,289	0	4,757	91,046
View	546-00-1745	Victims of Crime Act (VOCA)	0	324,656	55,080	379,736
View	546-00-2378	RESTORE, REINVEST, AND RENEW (R3)	228,111	0	35,971	264,082
View	684-01-1625	Adult Education and Literacy Basic Grants - Federal and State	113,090	37,784	100,041	250,915
View	684-01-1670	Innovative Bridge and Transition Grant - State	227,294	0	17,084	244,379
		Totals:	1,152,576	4,929,306	13,088,168	19,170,051

View		Other grant programs and activities		4,273,989	10,272,043	14,546,033
View		All other costs not allocated			2,333,542	2,333,542
		Totals:	1,152,576	4,929,306	13,088,168	19,170,051

Please note the following:

- The CYEFR may be pre-populated with programs based on existing awards in the GATA system. These programs cannot be removed. If no spending occurred in a program leave the amounts at zero.
- Any grant expenditures not associated with funding received through the State of Illinois are to be entered in "Other grant programs and activities". The expenditures must be identified as federal (direct or pass-through) or other funding.
- All other expenditures not related to grants are to be entered in "All other costs not allocated".