

The Upper Valley Haven, Inc.

Financial Statements
March 31, 2025 and 2024

Contents

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-22



Independent Auditor's Report

To the Board of Directors and Finance Committee
The Upper Valley Haven, Inc.

Opinion

We have audited the financial statements of The Upper Valley Haven, Inc. (the Organization), which comprise the statements of financial position as of March 31, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of March 31, 2025 and 2024, and the changes in its net assets, its functional expenses, 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 (GAAS). 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 GAAS 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 GAAS, 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.

Gallagher, Flynn & Company, LLP

South Burlington, Vermont

July 28, 2025

The Upper Valley Haven, Inc.

**Statements of Financial Position
March 31, 2025 and 2024**

	2025	2024
Assets		
Cash and cash equivalents	\$ 5,065,389	\$ 3,591,514
Pledges receivable, current portion	679,743	132,995
Grants and other receivables	540,444	427,360
Inventory	56,988	52,452
Prepaid expenses and other assets	56,068	53,874
Total current assets	6,398,632	4,258,195
Pledges receivable, less current portion	484,701	5,000
Investments	5,367,645	5,050,765
Property and equipment	5,251,646	4,082,055
Right-of-use asset, finance lease	87,032	108,683
Total assets	\$ 17,589,656	\$ 13,504,698
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 123,971	\$ 197,830
Accrued expenses	175,548	174,459
Funds held on behalf of others	28,777	58,831
Unearned revenues	20,818	20,818
Current maturities of finance lease liability	19,169	17,183
Total current liabilities	368,283	469,121
Finance lease liability, less current maturities	79,298	99,610
Total liabilities	447,581	568,731
Net assets:		
Without donor restrictions:		
Available for general operations	7,775,441	8,663,848
Board-designated	3,467,733	1,885,220
Total without donor restrictions	11,243,174	10,549,068
With donor restrictions:		
Time or purpose	4,604,623	1,092,621
Perpetual	1,294,278	1,294,278
Total with donor restrictions	5,898,901	2,386,899
Total net assets	17,142,075	12,935,967
Total liabilities and net assets	\$ 17,589,656	\$ 13,504,698

The accompanying notes are an integral part of these statements.

The Upper Valley Haven, Inc.

**Statement of Activities
Year Ended March 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Support:			
Contributions	\$ 2,556,937	\$ 1,304,502	\$ 3,861,439
Contributions of nonfinancial assets	1,222,272	-	1,222,272
Grants	1,498,478	-	1,498,478
Investment return allocated to support operations	71,194	77,126	148,320
Net assets released from restrictions	1,080,671	(1,080,671)	-
Total operating revenues	6,429,552	300,957	6,730,509
Expenses:			
Program expenses:			
Food service	1,976,517	-	1,976,517
Service coordination	1,346,849	-	1,346,849
Shelter services	1,109,402	-	1,109,402
Children's program	241,710	-	241,710
Volunteer services	84,738	-	84,738
Total program expenses	4,759,216	-	4,759,216
Supporting expenses:			
General administration	1,049,896	-	1,049,896
Fundraising and development	612,322	-	612,322
Total supporting expenses	1,662,218	-	1,662,218
Total expenses	6,421,434	-	6,421,434
Increase in net assets from operations	8,118	300,957	309,075
Nonoperating activities:			
Contributions	-	2,052,849	2,052,849
Contributions of investment securities	-	1,524,091	1,524,091
Net assets released from restrictions	423,919	(423,919)	-
Other income	103,028	-	103,028
Total gain on investments, net of amounts allocated to support operations	159,041	58,024	217,065
Increase in net assets from nonoperating activities	685,988	3,211,045	3,897,033
Increase in net assets	694,106	3,512,002	4,206,108
Net assets, beginning of year	10,549,068	2,386,899	12,935,967
Net assets, end of year	\$ 11,243,174	\$ 5,898,901	\$ 17,142,075

The accompanying notes are an integral part of these statements.

The Upper Valley Haven, Inc.

**Statement of Activities
Year Ended March 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Support:			
Contributions	\$ 4,573,045	\$ 745,343	\$ 5,318,388
Contributions of nonfinancial assets	1,292,880	-	1,292,880
Grants	1,322,699	-	1,322,699
Investment return allocated to support operations	72,441	77,224	149,665
Net assets released from restrictions	869,175	(869,175)	-
Total operating revenues	8,130,240	(46,608)	8,083,632
Expenses:			
Program expenses:			
Food service	2,183,696	-	2,183,696
Service coordination	1,314,953	-	1,314,953
Shelter services	938,210	-	938,210
Children's program	240,704	-	240,704
Volunteer services	89,238	-	89,238
Total program expenses	4,766,801	-	4,766,801
Supporting expenses:			
General administration	957,646	-	957,646
Fundraising and development	570,584	-	570,584
Total supporting expenses	1,528,230	-	1,528,230
Total expenses	6,295,031	-	6,295,031
Increase (decrease) in net assets from operations	1,835,209	(46,608)	1,788,601
Nonoperating activities:			
Net assets released from restrictions	40,331	(40,331)	-
Other income	61,502	-	61,502
Total gain on investments, net of amounts allocated to support operations	398,292	173,530	571,822
Increase in net assets from nonoperating activities	500,125	133,199	633,324
Increase in net assets	2,335,334	86,591	2,421,925
Net assets, beginning of year	8,213,734	2,300,308	10,514,042
Net assets, end of year	\$ 10,549,068	\$ 2,386,899	\$ 12,935,967

The Upper Valley Haven, Inc.

**Statement of Functional Expenses
Year Ended March 31, 2025**

	Program Expenses						Supporting Expenses			Total Expenses
	Food Service	Service Coordination	Shelter Services	Children's Program	Volunteer Services	Total Program	General Administration	Fundraising and Development	Total Supporting	
Salaries and wages	\$ 277,417	\$ 611,442	\$ 578,663	\$ 123,278	\$ 64,919	\$ 1,655,719	\$ 528,915	\$ 287,161	\$ 816,076	\$ 2,471,795
Payroll taxes	21,405	49,167	47,158	9,470	5,141	132,341	40,353	21,076	61,429	193,770
Employee benefits	71,234	76,973	120,933	26,746	9,367	305,253	81,355	49,819	131,174	436,427
Total personnel	370,056	737,582	746,754	159,494	79,427	2,093,313	650,623	358,056	1,008,679	3,101,992
Food and commodities:										
In-kind	1,103,762	-	-	-	-	1,103,762	-	-	-	1,103,762
Purchased	374,754	13,052	17,076	3,849	-	408,731	278	13	291	409,022
Direct assistance	894	485,380	8,722	-	-	494,996	100	-	100	495,096
Professional services	16,629	11,928	24,198	18,560	-	71,315	203,906	67,108	271,014	342,329
Depreciation and amortization	29,625	42,638	138,305	18,718	2,911	232,197	28,222	9,384	37,606	269,803
Occupancy	35,176	32,288	117,404	22,365	1,750	208,983	27,503	5,644	33,147	242,130
Other expenses	34,595	11,581	27,855	13,355	76	87,462	58,550	73,542	132,092	219,554
Information technology	1,200	3,176	650	-	-	5,026	65,635	24,015	89,650	94,676
Office expenses	55	66	417	87	-	625	9,514	72,710	82,224	82,849
Insurance	9,771	9,158	28,021	5,282	574	52,806	5,565	1,850	7,415	60,221
Total	\$ 1,976,517	\$ 1,346,849	\$ 1,109,402	\$ 241,710	\$ 84,738	\$ 4,759,216	\$ 1,049,896	\$ 612,322	\$ 1,662,218	\$ 6,421,434

The accompanying notes are an integral part of these statements.

The Upper Valley Haven, Inc.

Statement of Functional Expenses Year Ended March 31, 2024

	Program Expenses						Supporting Expenses			Total Expenses
	Food Service	Service Coordination	Shelter Services	Children's Program	Volunteer Services	Total Program	General Administration	Fundraising and Development	Total Supporting	
Salaries and wages	\$ 318,233	\$ 583,683	\$ 508,774	\$ 129,364	\$ 66,682	\$ 1,606,736	\$ 470,079	\$ 289,488	\$ 759,567	\$ 2,366,303
Payroll taxes	23,703	44,369	37,356	9,444	5,115	119,987	35,523	21,888	57,411	177,398
Employee benefits	62,138	106,963	112,811	32,772	15,075	329,759	64,868	46,571	111,439	441,198
Total personnel	404,074	735,015	658,941	171,580	86,872	2,056,482	570,470	357,947	928,417	2,984,899
Food and commodities:										
In-kind	1,269,725	-	-	-	-	1,269,725	-	-	-	1,269,725
Purchased	344,061	3,729	15,601	4,356	15	367,762	333	-	333	368,095
Direct assistance	1,065	470,417	11,138	-	-	482,620	1,374	-	1,374	483,994
Professional services	25,266	8,781	5,411	13,782	-	53,240	182,598	48,631	231,229	284,469
Depreciation and amortization	23,770	34,212	110,974	15,019	1,080	185,055	24,905	6,526	31,431	216,486
Occupancy	59,285	21,970	76,361	14,715	600	172,931	24,329	3,627	27,956	200,887
Other expenses	47,253	31,400	32,953	16,095	336	128,037	78,236	44,459	122,695	250,732
Information technology	1,200	-	-	-	-	1,200	59,543	18,066	77,609	78,809
Office expenses	528	716	255	71	84	1,654	10,063	89,809	99,872	101,526
Insurance	7,469	8,713	26,576	5,086	251	48,095	5,795	1,519	7,314	55,409
Total	\$ 2,183,696	\$ 1,314,953	\$ 938,210	\$ 240,704	\$ 89,238	\$ 4,766,801	\$ 957,646	\$ 570,584	\$ 1,528,230	\$ 6,295,031

The accompanying notes are an integral part of these statements.

The Upper Valley Haven, Inc.

Statements of Cash Flows
Years Ended March 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase in net assets	\$ 4,206,108	\$ 2,421,925
Noncash items included in increase in net assets:		
Depreciation and amortization	269,803	216,486
Total investment return	(365,385)	(721,487)
Contributions of investment securities	(1,598,199)	(115,240)
Contributions of nonfinancial assets	(1,222,272)	(1,292,880)
Program expenses - in-kind	1,103,762	1,269,725
Loss on disposal of property and equipment	27,145	-
Cash contributions for long-term purposes	(1,089,140)	-
Changes in assets and liabilities:		
Receivables	(1,139,533)	126,614
Inventory	113,974	29,924
Prepaid expenses and other assets	(2,194)	6,624
Accounts payable	(73,859)	123,372
Accrued expenses	1,089	18,776
Funds held on behalf of others	(30,054)	33,720
Net cash provided by operating activities	201,245	2,117,559
Cash flows from investing activities:		
Purchases of investments	(101,616)	-
Withdrawals from investments	1,748,320	-
Purchases of property and equipment	(1,444,888)	(717,665)
Net cash provided by (used in) investing activities	201,816	(717,665)
Cash flows from financing activities:		
Cash contributions restricted for long-term purposes	1,089,140	-
Principal payments on finance lease liability	(18,326)	(13,940)
Net cash provided by (used in) financing activities	1,070,814	(13,940)
Net increase in cash and cash equivalents	1,473,875	1,385,954
Cash and cash equivalents, beginning of year	3,591,514	2,205,560
Cash and cash equivalents, end of year	\$ 5,065,389	\$ 3,591,514

The accompanying notes are an integral part of these statements.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 1. Operations

The Upper Valley Haven, Inc. (the Organization) was incorporated in 1980 under the laws of the State of Vermont as a nonprofit corporation. The Organization is located in White River Junction, Vermont, serving the Upper Valley of Vermont and New Hampshire. Its primary purpose is to assist those who are experiencing poverty to be free from hunger, to be securely housed, and to pursue a self-directed life. The Organization employs many programs to achieve this purpose, including the Food Shelf, community food programs, adult and family shelters, supportive housing, community outreach, case management, and children's after-school and summer camp programs.

Note 2. Summary of Significant Accounting Policies

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of accounting: The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors (the Board) and include Board-designated funds that may be expended with the approval of the Board.

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 that the funds be maintained in perpetuity. Net assets restricted for use in funding property and equipment assets are released from restriction when the related assets are placed in service.

Revenue recognition:

Contribution and grant revenues: Contributions consist of public support from individuals, private organizations, foundations and other tax-exempt organizations. Grants primarily consist of amounts awarded by the State of Vermont to support specific services.

The Organization recognizes contributions received, including certain grants, in accordance with Accounting Standards Codification 958-605, *Revenue Recognition*. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional contributions with donor restrictions that are used in the manner specified by the donor in the same year that the contribution is received are recognized as contributions with donor restrictions and are reclassified as net assets released from restrictions in the same year. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Investments (financial assets) contributed to the Organization are recognized as contribution revenue at their fair value on the date received.

Conditional contributions received, including grants and promises to give, are not recorded until the conditions are substantially met, which, for grants, is generally as reimbursable costs are incurred or, for promises to give, as other conditions as defined by the donor are satisfied. As of March 31, 2025, the Organization has received conditional pledges toward the funding of a new shelter of approximately \$5,000,000 (see Note 11). Additionally, the Organization has been informed of conditional pledges in unprobated wills with donor-estimated total values of approximately \$3,300,000 as of the date of their notification.

Contributions of cash, promises to give, or securities that must be used to acquire or construct real property or equipment, and real property or equipment donated with specific restrictions regarding their use, are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the related acquired, constructed, or donated assets are placed in service.

Contributed nonfinancial assets: Substantially all of the Organization's gifts in kind (nonfinancial assets) consist of donated commodities for redistribution.

The Organization recognizes as contribution revenue the fair value of donated commodities (including food and other household goods received for redistribution) over which it has control as public support without donor restrictions and, shortly thereafter, as an expense when distributed. The Organization values donated goods using an industry-recognized benchmark, a product valuation study performed by Feeding America. Information regarding commodities received and distributed is as follows for the years ended March 31:

	2025	2024
Estimated pounds received	565,000	654,000
Estimated pounds distributed	562,000	658,000
Approximate average wholesale value of one pound, per Feeding America	\$ 1.97	\$ 1.93
Estimated value of pounds received	\$ 1,112,000	\$ 1,263,000
Estimated value of pounds distributed	\$ 1,104,000	\$ 1,270,000

Nonspecialized contributed services are not recognized in the financial statements, in accordance with GAAP. Contributions of qualified services are recorded as revenues at fair value in the period received. Contributed services must either create or enhance nonfinancial assets of the Organization and require a specialized skill that the Organization would otherwise need to purchase in order to be recognized and recorded in the financial statements. Revenues recognized in connection with contributed services were not significant in 2025 or 2024.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances related to long-term investments are accounted for as investments.

Pledges, grants and other receivables: Receivables that are expected to be collected within one year are recorded at the net realizable value. Receivables that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows, if material.

At March 31, 2025 and 2024, pledges receivable of approximately \$680,000 and \$133,000, respectively, are due within one year and approximately \$485,000 and \$5,000, respectively, are due after one year. Grants and other receivables consist primarily of grants receivable at March 31, 2025 and 2024, all of which are due within one year, of approximately \$540,000 and \$427,000, respectively, including approximately \$0 and \$240,000, respectively, of unbilled grant receivable for which the Organization had already expended the funds. The estimated discount on pledges receivable after one year is immaterial.

The Organization maintains allowances for uncollectible receivables for estimated losses resulting from the inability to make required payments. Management considers individual circumstances when determining the collectability of receivables. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to operations and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Allowances for uncollectible receivables are not significant at March 31, 2025 or 2024.

Inventory: Donated inventory is valued at the approximate average wholesale value of one pound, which was \$1.97 and \$1.93 at March 31, 2025 and 2024, respectively. Purchased inventory is stated at the lower of cost or net realizable value.

Investments: Investments are recorded at fair value, with changes in fair value included in the change in net assets.

The Financial Accounting Standards Board's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands the disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or observable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported at fair value. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The fair values of common stocks and exchange-traded funds are based on quoted market rates for identical assets.

Property and equipment: Purchased property and equipment are recorded at cost; donations of property and equipment are recorded as contribution revenues at their estimated fair value.

The Organization depreciates these assets on a straight-line basis over their estimated useful lives, which are generally as follows:

Buildings	39 years
Building improvements	10-20 years
Equipment, furniture and fixtures	5-10 years
Website and vehicles	5 years

Leases: The Organization determines if an arrangement is a lease or contains a lease and assesses lease classification at its inception. Lease classification is re-evaluated upon the occurrence of certain events requiring a lease modification. The Organization has elected to account for lease and non-lease components separately.

Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of fixed lease payments over the lease terms, subject to remeasurement in the event of modification. Right-of-use assets also include any lease payments made to the lessor at or before the commencement or modification date and initial direct costs less lease incentives received. The lease term commences on the date the lessor makes the asset available to the Organization and includes any renewal periods the Organization is reasonably certain to exercise. The Organization has elected to (1) apply the risk-free discount rate for leases in which there is no implicit rate and (2) not recognize short-term leases (with terms of one year or less) as lease liabilities and right-of-use assets; related expenses are recognized on a straight-line basis over the lease term.

For finance leases, right-of-use assets are amortized on a straight-line basis over the lesser of the useful life of the leased asset or the lease term. Interest on finance lease liabilities is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. The Organization does not have any material operating leases.

Impairment of long-lived assets: Long-lived assets, such as property and equipment and right-of-use assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Endowment: The Organization's endowment consists of four individual funds, which were established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Organization is subject to the State Uniform Prudent Management of Institutional Funds Act (SUPMIFA) and, therefore, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time-restricted until the Board appropriates such amounts for expenditure. Certain of those net assets are also subject to purpose restrictions that must be met before reclassifying to net assets without donor restrictions. The Board has interpreted SUPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to a donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the fund and (b) any accumulations to the fund that are required to be made in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
3. Other resources of the Organization;
4. The investment policies of the Organization; and
5. Where appropriate, alternatives to spending from the institutional fund and the possible effects of those alternatives.

Underwater endowment funds: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SUPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies may occur from unfavorable market fluctuations that occur after the receipt of contributions of investments with donor restrictions. Deficiencies of this nature would be reported as net assets with donor restrictions. There are no underwater endowments as of March 31, 2025 or 2024, nor were there any appropriations from underwater funds during the years then ended.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment and other investment funds to create a diversified portfolio of growth- and income-producing investments consistent with the needs and circumstances of the Organization. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for one or more donor-specified periods, as well as Board-designated funds. The investment goal of the portfolio is to exceed the average annual return of the Lipper Balanced Funds Index over a three- to five-year time frame.

Strategies employed for achieving objectives: To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a weighted ratio on equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objective relates to the spending policy: As permitted by individual fund restrictions (if any) and operative legal restrictions, the long-term investment fund may provide to the operating fund of the Organization an ongoing contribution of up to 4.5% of assets per year as determined by the market value as of the last business day of the preceding calendar year. The spending percentage is applied to the three-year average of the December market value. The Organization's investment objective for short-term investment funds is to maintain principal stability, with income to be earned consistent with this objective; the investment objective for long-term investments is to produce a total rate of return over time sufficient to provide for the reasonable spending needs of the Organization while also seeking to protect the purchasing power of the assets after inflation.

Funds held on behalf of others: The Organization acts as a fiscal agent for other nonprofit organizations. Amounts received from these organizations increase the liabilities and approved disbursements reduce the liabilities, and neither are recognized as revenues or expenses of the Organization.

Functional expenses and allocation of shared costs: The costs of providing programs and activities have been summarized on a functional basis. Expenses are charged to program and supporting services based on direct expenses incurred and allocations of common costs. Common costs are allocated based upon related utilization. Depreciation, occupancy and insurance expenses are allocated based on square footage allocation to functional areas. Salaries, payroll taxes and employee benefits are allocated based upon budgeted employee time incurred by functional area. Substantially all other expenses are directly identifiable to a specific function and, therefore, are charged directly to each functional expense category.

Income taxes: The Organization is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purposes would be subject to taxation as unrelated business income, if applicable. Accordingly, the Organization has not provided for income taxes in these financial statements.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Each year, management considers whether any material tax position that the Organization has taken is more likely than not to be sustained upon examination by the applicable tax authority. Management believes that any positions that the Organization has taken are supported by substantial authority and, therefore, do not need to be measured or disclosed in the financial statements. Tax returns for the most recent three years are subject to examination by tax authorities.

Measure of operations: The statements of activities report all changes in net assets, including those related to programs, supporting activities, and nonoperating activities. Nonoperating activities are limited to contributions, investment returns, and other resources, including those that are Board-designated or restricted by donors for long-term investment, and the related releases of those designations and restrictions.

Reclassifications: The Organization changed its presentation of in-kind contribution revenues and expenses in the statements of cash flows. Consequently, certain elements in the statement of cash flows for 2024 were reclassified for comparative purposes.

Use of estimates: In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Evaluation of subsequent events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 28, 2025, the date the financial statements were available to be issued.

Note 3. Availability and Liquidity

The following reflects the Organization's approximated financial assets that are available to meet general expenditure needs within one year as of March 31:

	2025	2024
Cash and cash equivalents	\$ 5,065,000	\$ 3,592,000
Pledges and grants receivable due within one year	1,359,000	555,000
	6,424,000	4,147,000
Less those unavailable for general expenditures within one year due to:		
Restrictions by donors with time or purpose restrictions	(3,044,000)	(271,000)
	\$ 3,380,000	\$ 3,876,000

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 3. Availability and Liquidity (continued)

As part of its liquidity management process, the Organization structures its financial assets to be available as general and program expenditures, liabilities, and other obligations become due. The Organization's investments include management-directed funds and Board-designated funds that are not subject to donor restrictions. Should an unforeseen need arise, the Organization could draw on approximately \$3,468,000 of Board-designated funds with Board approval.

Note 4. Uncertainties, Risks and Concentrations

Major donor: In 2025 and 2024, the Organization received a substantial portion of its revenues from one donor. Total contributions from this donor were approximately 15% and 14% of total revenues, respectively, excluding investment returns and other income. At March 31, 2025 and 2024, there are no amounts outstanding from this donor.

Concentrations of credit risk: Financial instruments that potentially subject the Organization to concentrations of credit and market risks consist principally of cash and cash equivalents and investments. In 2024, the Organization opened an insured cash sweep account for its operating bank account. The investment accounts at Charles Schwab are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC). At times, the investment balances may be in excess of the SIPC limit. In addition to SIPC insurance, Charles Schwab also carries excess liability insurance for up to \$600 million in assets. Management believes that the Organization is not exposed to any significant credit risk on cash and cash equivalents or investments.

Note 5. Investments

The Organization manages its investments through an investment manager in accordance with its investment policy. The Organization has determined that invested cash balances are intended for the purpose of investment and not for operations; therefore, invested cash is included in investments. Furthermore, in presenting the statements of cash flows, the Organization considers transfers into and from the investment portfolio to be cash transactions as additional investments and withdrawals from investments, respectively. Within the investments, net proceeds from sales of investments approximated \$2,152,000 in 2025 and \$295,000 in 2024 and purchases of investments approximated \$2,024,000 in 2025 and \$648,000 in 2024.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 5. Investments (continued)

A summary of the Organization's investments at fair value (all Level 1) are as follows at March 31:

	2025	2024
Cash and cash equivalents	\$ 692,027	\$ 1,002,409
Common stocks - domestic	-	25,535
Exchange-traded funds:		
Common stocks - domestic	3,065,457	2,787,963
Common stocks - international	225,959	217,564
Corporate bonds - domestic, international and U.S. government	1,384,202	1,017,294
	\$ 5,367,645	\$ 5,050,765

The following tables summarize the composition of investment returns and their classifications in the statements of activities for the years ended March 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 85,849	\$ 42,388	\$ 128,237
Net realized and unrealized gains	144,386	92,762	237,148
Total gain on investments	230,235	135,150	365,385
Amounts allocated to operations	71,194	77,126	148,320
Total gain on investments - nonoperating	\$ 159,041	\$ 58,024	\$ 217,065

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 75,650	\$ 40,653	\$ 116,303
Net realized and unrealized gains	395,083	210,101	605,184
Total gain on investments	470,733	250,754	721,487
Amounts allocated to operations	72,441	77,224	149,665
Total gain on investments - nonoperating	\$ 398,292	\$ 173,530	\$ 571,822

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 6. Property and Equipment

Property and equipment consist of the following at March 31:

	2025	2024
Land	\$ 453,490	\$ 453,490
Buildings and improvements	5,800,650	4,811,232
Furniture and fixtures	64,417	104,335
Equipment	144,970	357,573
Website	59,091	59,091
Vehicles	185,206	180,077
Construction in progress	845,211	481,405
	<u>7,553,035</u>	<u>6,447,203</u>
Less accumulated depreciation and amortization	<u>2,301,389</u>	<u>2,365,148</u>
	<u>\$ 5,251,646</u>	<u>\$ 4,082,055</u>

Construction in progress at March 31, 2025 primarily consists of costs incurred and capitalized for the 608 North Main Street Emergency Shelter and Resource Center project (see Note 11). Construction in progress at March 31, 2024 primarily consisted of the renovation of the current Food Shelf and advance costs for the new shelter (see Note 11).

Note 7. Finance Lease

In 2023, the Organization entered into a lease agreement for the use of a truck to transport food donations. The lease commenced in January 2023 and will end in June 2029. The finance lease liability was recognized using the implicit rate in the lease.

The components of finance lease cost are as follows for the years ended March 31:

	2025	2024
Amortization of right-of-use asset	\$ 21,651	\$ 20,478
Interest on lease liability	10,419	14,805
	<u>\$ 32,070</u>	<u>\$ 35,283</u>

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 7. Finance Lease (continued)

As of March 31, 2025, future lease payments required for the lease included in the measurement of the lease liability are as follows:

Years ending March 31:	
2026	\$ 28,745
2027	28,745
2028	28,745
2029	28,745
2030	7,185
Total minimum lease payments	<u>122,165</u>
Less amount representing interest	<u>23,698</u>
Present value of lease payments	<u>98,467</u>
Less current maturities of finance lease liability	<u>19,169</u>
Total finance lease liability, less current maturities	<u><u>\$ 79,298</u></u>

Additional lease disclosures are as follows as of March 31:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term (years)	4.2	5.2
Weighted-average discount rate	11.00%	11.00%

Note 8. Related-Party Transactions

Contributions from Board members approximated \$276,000 in 2025 and \$91,000 in 2024. Pledges receivable from Board members are not significant at March 31, 2025 or 2024.

Note 9. Retirement Plan

The Organization sponsors a defined contribution retirement plan in the form of a tax-sheltered annuity pursuant to Section 403(b) of the Internal Revenue Code, whereby employees may contribute a portion of their pay. Under the terms of the plan, the Organization makes a matching contribution of up to 3% of employees' compensation to match elective employee contributions for eligible employees. Contributions to the plan were approximately \$43,000 in 2025 and \$42,000 in 2024.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 10. Net Assets

A portion of the Organization's net assets without donor restrictions has been designated by the Board as a quasi-endowment, the earnings of which are to be used to support operations. In addition, the non-endowment Board-designated funds known as the Sustainable Haven Fund 2 (SHF2) totaled \$266,900 as of March 31, 2024. In August 2025, the Board approved to release those funds for their intended purpose, leaving \$0 in SHF2 as of March 31, 2025.

Net assets with donor restrictions consist of the following at March 31:

	2025	2024
Endowment funds - donor-restricted:		
Amounts required to be held in perpetuity:		
Capital improvements, operations and food	\$ 997,778	\$ 997,778
Food services	126,000	126,000
General operations	170,500	170,500
	<u>1,294,278</u>	<u>1,294,278</u>
Accumulated unexpended earnings, subject to donor restrictions and spending policy for the following purposes:		
Capital improvements, operations and food	321,067	277,457
Food services	66,229	60,572
General operations	101,635	92,878
	<u>488,931</u>	<u>430,907</u>
Total endowment funds - donor-restricted	<u>1,783,209</u>	<u>1,725,185</u>
Net assets restricted by donors for use for the following purposes:		
Capital campaign: Shelter Expansion and Resource Center	3,491,940	-
New shelter operations	250,230	-
Time-restricted for future uses	195,732	87,298
Food Shelf renovations	-	270,500
General Fund	-	43,419
Other specified programs	177,790	260,497
	<u>4,115,692</u>	<u>661,714</u>
Total net assets with donor restrictions	<u>\$ 5,898,901</u>	<u>\$ 2,386,899</u>

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 10. Net Assets (continued)

Changes in endowment-related net assets are as follows for the years ended March 31, 2025 and 2024:

	Board- Designated:		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, March 31, 2023	\$ 1,455,541	\$ 1,551,655	\$ 3,007,196
Total gain on investments	235,220	250,754	485,974
Appropriation of endowment assets for expenditure	(72,441)	(77,224)	(149,665)
Balance, March 31, 2024	1,618,320	1,725,185	3,343,505
Total gain on investments	96,989	135,150	232,139
Designation of unrestricted net assets by Board	1,823,618	-	1,823,618
Appropriation of endowment assets for expenditure	(71,194)	(77,126)	(148,320)
Balance, March 31, 2025	\$ 3,467,733	\$ 1,783,209	\$ 5,250,942

Note 11. Shelter Expansion and Capital Campaign

In 2023, the Board approved a plan to construct a new emergency shelter facility to meet the community's growing demands for interim housing, which consists of a 20-bed emergency shelter and resource center (the Project) in Hartford, Vermont. As a result, the Organization entered into a capital campaign to raise funding and began the process to obtain land, permits, and contracts for the construction of the facility. The Organization incurred \$148,000 of pre-development costs on the Project as of March 31, 2024.

In December 2024, the Organization purchased land for \$361,000 and commenced its permitting and design process. In March 2025, the Organization signed an agreement to begin Phase 1 of construction on the Project, which includes certain purchase commitments of \$698,000 for site work, preparatory to building construction. In June 2025, the Organization signed an agreement to begin Phase 2 of construction on the Project, which includes certain purchase commitments of \$5,300,000. The total budgeted costs were \$7,723,018. At March 31, 2025, construction in progress on the Project is \$845,000. The Organization broke ground on construction in May 2025.

In 2025, the Organization commenced its 608 North Main Street Emergency Shelter and Resource Center capital campaign. The campaign's primary goal is to raise approximately \$10,000,000 in order to fund construction of the facility and two years of operational activity at the shelter. As of March 31, 2025, the Organization had raised approximately \$8,742,000 of total unconditional and conditional funding for the project, of which \$3,742,000 has been recognized as revenue through March 31, 2025 (see Note 10).

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 11. Shelter Expansion and Capital Campaign (continued)

Unrecognized funding includes approximately \$5,000,000 of conditional contributions, of which \$1,500,000 are from a conditional promise to give requiring construction to be underway before funding is provided, approximately \$1,500,000 are grant awards for the reimbursement of qualifying costs from the Vermont Housing and Conservation Board, and approximately \$2,000,000 are federal grant awards for the reimbursement of qualifying costs from the U.S. Department of Agriculture.

Note 12. Commitments and Contingencies

Grants and contracts require the fulfillment of certain conditions, as set forth in the agreements. Failure to fulfill the conditions could result in the return of the funds to grantors. Management deems this contingency remote since, by accepting the awards and their terms, the Organization has accommodated the objectives of the provisions of the grants.

The Organization signed an agreement to begin Phase 1 of construction on the emergency shelter project, which includes certain purchase commitments (see Note 11).