

HAVEN OF REST MINISTRIES, INC.

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

HAVEN OF REST MINISTRIES, INC.
ANDERSON, SOUTH CAROLINA

SEPTEMBER 30, 2025

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Phillips CPAs and Advisors

Independent Auditor's Report

To the Board of Directors
Haven of Rest Ministries, Inc.
Anderson, South Carolina

Opinion

We have audited the accompanying financial statements of Haven of Rest Ministries, Inc. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Haven of Rest Ministries, Inc. as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Haven of Rest Ministries, Inc. and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

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

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 Haven of Rest Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Haven of Rest Ministries, Inc.
May 10, 2026

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.

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, internal omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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, 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 Haven of Rest Ministries, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Haven of Rest Ministries, Inc.'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.

Phillips CPAs and Advisors

Greenville, South Carolina
May 10, 2026

HAVEN OF REST MINISTRIES, INC.

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 590,240
Investments	1,607,916
Pledges receivable	10,475
Prepaid expenses	141,054
Thrift store inventory	<u>1,020,985</u>
Total current assets	<u>3,370,670</u>

NONCURRENT ASSETS

Fixed assets, net of accumulated depreciation of \$1,875,658 at September 30, 2025	<u>973,781</u>
Total noncurrent assets	<u>973,781</u>
Total assets	<u>\$ 4,344,451</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 121,818
Accrued payroll and related liabilities	38,439
Compensated absences	<u>33,321</u>
Total current liabilities	<u>193,578</u>
Total liabilities	<u>193,578</u>

NET ASSETS

Without donor restrictions	
Investment in property, plant and equipment	973,781
Undesignated	<u>3,177,092</u>
Total net assets	<u>4,150,873</u>
Total liabilities and net assets	<u>\$ 4,344,451</u>

*The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.*

HAVEN OF REST MINISTRIES, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

REVENUES, GAINS AND SUPPORT

Thrift store, salvage and other sales	\$ 1,260,552
In-kind donations, including resale items	2,524,931
Contributions and grants	1,848,148
Program service revenue	37,870
Interest	41,190
Unrealized Gain/(Loss)	1,373
Other	10,842

Total revenues, gains and support

5,724,906

EXPENSES

Program	
New life programs	2,413,131
Thrift stores	2,143,942
Management and general	400,140
Fundraising	267,400

Total expenses

5,224,613

CHANGE IN NET ASSETS

500,293

NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year

3,650,580

NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year

\$ 4,150,873

*The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.*

HAVEN OF REST MINISTRIES, INC

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2025

	Program Services				Support Services			Total
	New Life Programs	Thrift Stores	Total Program	Management and General	Fundraising	Support Services	Total	
Personnel and related expenses	\$ 661,770	\$ 641,570	\$ 1,303,340	\$ 21,603	\$ -	\$ 21,603	\$ 1,324,943	
Cost of Goods Sold	-	1,123,962	1,123,962	-	-	-	1,123,962	
Contributed goods	1,264,762	-	1,264,762	-	-	-	1,264,762	
Occupancy	191,443	154,093	345,536	32,315	-	32,315	377,851	
Vehicle/travel	69,977	21,037	91,014	4,426	-	4,426	95,440	
Direct fundraising	36,514	-	36,514	-	185,860	185,860	222,374	
Equipment rental and maintenance	19,640	12,464	32,104	7,730	-	7,730	39,834	
Food	22,895	11	22,906	813	-	813	23,719	
Professional services	-	-	-	107,160	-	107,160	107,160	
Advertising/marketing	-	-	-	1,165	-	1,165	1,165	
Office	1,548	26	1,574	-	7,545	7,545	9,119	
Other	28,588	88,537	117,125	93,563	-	93,563	210,688	
Total	2,297,137	2,041,700	4,338,837	268,775	193,405	462,180	4,801,017	
Allocations	81,204	86,617	167,821	121,721	73,019	194,740	362,561	
Depreciation	34,790	15,625	50,415	9,644	976	10,620	61,035	
Total Expenses	\$ 2,413,131	\$ 2,143,942	\$ 4,557,073	\$ 400,140	\$ 267,400	\$ 667,540	\$ 5,224,613	

HAVEN OF REST MINISTRIES, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 500,293
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	61,035
(Increase) decrease in current assets	
Pledges receivable	3,275
Other receivable	7,708
Prepaid expense	(4,637)
Inventory	(136,206)
Increase (decrease) in current liabilities	
Accounts payable	16,613
Accrued payroll and related liabilities	8,396
Compensated absences	(1,891)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>454,586</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments, net	(1,131,619)
Purchase of property, plant and equipment	<u>(116,654)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,248,273)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(793,687)
CASH AND CASH EQUIVALENTS, beginning of period	<u>1,383,927</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 590,240</u>

*The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.*

HAVEN OF REST MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2025

NOTE 1 – NATURE OF BUSINESS AND ACCOUNTING POLICIES

Nature of Business

Haven of Rest Ministries, Inc. (the “Ministry”) was established as a not-for-profit corporation pursuant to the laws and regulations of the State of South Carolina on August 27, 1960, to provide faith-based programming, food and shelter to those experiencing life dominating addictions along with trappings in Anderson, South Carolina. The Ministry now includes two in-house ministry areas:

New Life Programs – The programs are a men’s ministry with a Christian two-phase discipleship program for men with life dominating problems such as alcohol and drug addiction; and a women’s ministry with a similar long-term Christian discipleship program for women with life-dominating issues.

Thrift Stores – The Ministry operates six thrift stores in Anderson County, South Carolina. The stores receive donated goods from individuals and corporations for resale to the general public. Operation of the thrift stores is the Ministry’s largest business activity by revenue with sales of \$1,260,552 in the fiscal year ended September 30, 2025.

General and administrative activities include the functions necessary to provide support to the Ministry’s program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

The Ministry generates the majority of its revenues from contributions from individuals and churches as well as donations of items for resale.

Income Taxes

The Ministry has obtained exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization which is not a private foundation as well as an eleemosynary corporation recognized in South Carolina. Accordingly, only unrelated business income, as defined by Section 513 of the Code, is subject to federal income tax.

The Ministry’s policy is to record a liability for any tax position taken that is beneficial to the Ministry when it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Ministry’s income tax filings are subject to audit by various taxing authorities. Management believes that there were no such positions as of September 30, 2025, and, accordingly, no liability has been accrued.

Basis of Accounting

The Ministry prepares its financial statements on the accrual basis of accounting. Consequently, revenues are recognized when earned rather than when cash is received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

All cash in bank accounts and short-term investments with a maturity of three months or less are considered cash and cash equivalents.

Pledges Receivable

Pledge receivables of \$10,475 are pledges to the Ministry at September 30, 2025.

Allowance for Uncollectible Accounts

Management does not believe an allowance for uncollectible amounts for receivables is necessary given the nature and amount of the receivables. Any uncollectible amounts would not be significant.

Net Assets

The Ministry has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, as it relates to net asset classification and liquidity disclosure. This requires the Organization to report donor contributions as with donor restriction support or without donor restriction support, in accordance with donor stipulations.

Net assets without donor restrictions represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net assets with donor restrictions are those net assets whose use has been limited by donors to specified purposes or to later periods of time.

Donations

The Ministry reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Ministry has elected to record contributions whose restrictions are met in the same year the contribution is received as revenues without restriction.

Unconditional promises to give are recorded as revenues and accounts receivable at fair value when the promise is made. Contributions receivable are recorded as current assets when they are expected to be collected within one year and are recorded at net realizable value.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Ministry. The Ministry did not receive any donated services which met the definition for recognition in these financial statements but it regularly uses volunteers to assist in providing services to clients in each of its programs, as well as fundraising activities, which services did not meet the definition for recognition and have not been recognized in these financial statements. The value of such services not recognized has not been estimated.

Investments

The Ministry's investments consist of certificates of deposit and US government securities which are measured at fair value. Certificates of deposit with maturity dates greater than one year from the financial statements date, if any, are reported as non-current assets in the Statement of Financial Position.

The Ministry reports investment income and gains and losses on investments as increases or decreases in net assets without restriction unless a donor or law restricts their use. The Ministry has elected to report investment income whose restrictions are met in the same year the amount is earned as revenues without restriction.

Resale Inventory

Resale inventory consists of clothing, furniture and bric-a-brac. Inventory is recorded at the lower of cost or market (resale price). Resale inventory according to management and the Board as of September 30, 2025 is \$1,020,985.

Land, Building and Equipment

Land, building and equipment purchased are recorded at cost. Donations of land, building and equipment to the Ministry are recorded at fair value at the time of the gift.

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

The Ministry recognizes the cost of using up future economic benefit of service potential of long-lived tangible assets. Such cost is recorded as depreciation expense in these financial statements.

Acquisitions of land, buildings and equipment in excess of \$1,000 are capitalized and carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings - 39 years
Furniture and equipment - 5-7 years
Land improvements - 15 years
Vehicles - 5 years

Sales and Cost of Goods Sold

Sales at the thrift stores and sales of scrap and other items are recorded at the point of sale. The cost of goods sold for the thrift stores and other sales has been presented as expenses in the current year's presentation.

Program Service Revenue

Program service revenue is generated in the New Life Programs from program graduates residing in transition housing and living at the Ministry's facilities. Upon program completion participants living in the Ministry's facilities remit a housing reimbursement to help defray the cost of room and board. They also reimburse the Ministry for transportation while in the work phase and transition housing. These revenues are recognized when cash is received which approximates the timing of when it's earned, and any difference is not expected to materially differ from U.S. Generally Accepted Accounting Principles (GAAP).

Compensated Absences

Employees of the Ministry are entitled to be paid for unused vacation leave and accrued vacation leave on a calendar year basis, depending on job classification, length of service and other factors. The Ministry accrues a liability for vacation at fiscal year-end.

Functional Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Functional Expenses.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of content of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 – CONCENTRATION OF RISK

At September 30, 2025, all cash in banks and certificates of deposit are not fully insured by the Federal Deposit Insurance Corporation (FDIC). The balance in one of the Ministry's bank accounts occasionally exceeds the FDIC insured limit of \$250,000. Management regularly monitors the cash balances and takes appropriate steps to mitigate the risk.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FUNDS

The Ministry's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, are as follows:

Cash and cash equivalents	\$	590,240
Investments		1,607,916
Pledges receivable		10,475
	\$	<u>2,208,631</u>

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

NOTE 4 – FIXED ASSETS

Fixed assets consisted of the following at September 30, 2025:

Land	\$	68,500
Buildings		1,710,802
Equipment and furniture		353,543
Vehicles		286,720
Leasehold improvements		418,624
Works in progress		11,250
Total property, plant and equipment		2,849,439
Less: accumulated depreciation		(1,875,658)
	\$	<u>973,781</u>

Depreciation expense of \$61,035 has been recorded in the financial statements for the year ended September 30, 2025.

NOTE 5 – INVESTMENTS

Investments of the Ministry are recorded at fair value as determined by quoted market prices. The fair values and respective cost basis of investments at September 30, 2025 are as follows:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
CD and Money Market	\$ 1,607,916	\$ 1,606,488	\$ 1,428
	<u>\$ 1,607,916</u>	<u>\$ 1,606,488</u>	<u>\$ 1,428</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair value measurements should be based on assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Investments: valued based on information provided by external investment managers or comparison to quoted market values.

Fair values of assets measured on a recurring basis at September 30, 2025 were as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-term investments				
CD and Money Market	\$ 1,607,916	\$ 1,607,916	\$ -	\$ -
Total Investments	<u>\$ 1,607,916</u>	<u>\$ 1,607,916</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 – LINE OF CREDIT

The Ministry has a \$100,000 unsecured line of credit with a bank with a maturity date of November 29, 2024, with interest at 6.75%. Payments of interest are due monthly with the final payment of the unpaid principal due at maturity. The balance on the line of credit was \$0 at September 30, 2025.

No interest expense was incurred during the year ended September 30, 2025.

NOTE 8 – COMMITMENTS

The Ministry leases retail space for its thrift stores in various locations throughout northwestern South Carolina under operating leases. Some of the leases are cancelable with written notice to the lessor and some leases have been continued from previous terms without formal written agreement. The remaining leases are generally renewable for additional terms. The Ministry also rents certain business equipment, primarily credit card processing machines, under operating leases. The minimum required annual lease payments are not significant at September 30, 2025. Material operating leases are either month-to-month or cancellable at the option of the lessee or lessor.

Rent expense reported in these financial statements totaled \$41,987 for the year ended September 30, 2025.

The Ministry receives housing reimbursements from its New Life Program graduates for temporary transitional housing. The Ministry received \$37,870 in housing reimbursements reported as program service revenue for the fiscal year ended September 30, 2025.

NOTE 9 – DEFINED CONTRIBUTION PLAN

The Ministry’s retirement plan matches employees’ contributions 100% up to 6% of the employee’s yearly income. Employer contributions to the plan during the year ended September 30, 2025 totaled \$39,418.

NOTE 10– SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued. Events after the date of the auditor's report have not been evaluated to determine whether a change in the financial statements would be required.