SAFEHOUSE DENVER, INC.

Financial Statements

For The Years Ended March 31, 2018 and 2017

Together With Independent Auditors' Report

JDS professional group

certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
SafeHouse Denver, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of SafeHouse Denver, Inc. ("SafeHouse"), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SafeHouse Denver, Inc. as of March 31, 2018 and 2017, and the results of its change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

JDS Professional Group

June 21, 2018

SAFEHOUSE DENVER, INC.

Statements Of Financial Position
As Of March 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 777,883	$ 723,551
Accounts receivable	83,945	80,985
Contributions receivable	45,532	2,790
Prepaid expenses and other assets	48,835	44,206
Investments	877,616	799,571
Beneficial interest in Community First Foundation	59,334	54,651
Property and equipment, net of accumulated depreciation of $715,281 and $666,887, respectively	1,390,159	413,307
TOTAL ASSETS	$ 3,283,304	$ 2,119,061
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 115,587	$ 103,662
Capital lease	13,210	
Deferred revenue	8,217	44,150
Total Liabilities	137,014	147,812
Net Assets:		
Unrestricted -		
Designated - net property and equipment	1,376,949	413,307
Designated - board	815,362	549,353
Undesignated	750,429	816,139
Total Unrestricted	2,942,740	1,778,799
Temporarily restricted	144,216	137,799
Permanently restricted	59,334	54,651
Total Net Assets	3,146,290	1,971,249
TOTAL LIABILITIES AND NET ASSETS	$ 3,283,304	$ 2,119,061

SAFEHOUSE DENVER, INC.

Statement Of Activities
For The Year Ended March 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total
Revenue:				
Public support:				
Direct contributions	$ 813,220	$ 1,061,978	$	$ 1,875,198
Government contracts	454,821			454,821
United Way and other agencies	27,657	30,000		57,657
Special events	353,416			353,416
Direct benefit to donors	(71,932)			(71,932)
Net revenues from special events	281,484			281,484
In-kind donations	13,339			13,339
Net assets released from restrictions - Satisfaction of program and time restrictions	1,085,561	(1,085,561)		
Total Public Support	2,676,082	6,417		2,682,499
Investment income	80,658			80,658
Change in value in beneficial interest			4,683	4,683
Program fees and miscellaneous income	44,182			44,182
Total Revenue, Gains, and Support	2,800,922	6,417	4,683	2,812,022
Expenses:				
Program Services:				
Family program	441,671			441,671
Counseling and advocacy	490,414			490,414
Extended stay program	45,405			45,405
Emergency housing	209,313			209,313
Children's program	159,837			159,837
Total Program Services	1,346,640			1,346,640
Supporting Services-				
General and administrative	112,862			112,862
Fund raising	177,479			177,479
Total Supporting Services	290,341			290,341
Total Expenses	1,636,981			1,636,981
CHANGES IN NET ASSETS	1,163,941	6,417	4,683	1,175,041
Net Assets, Beginning Of Year	1,778,799	137,799	54,651	1,971,249
NET ASSETS, END OF YEAR	$ 2,942,740	$ 144,216	$ 59,334	$ 3,146,290

The accompanying notes are an integral part of the financial statements.

SAFEHOUSE DENVER, INC.

Statement Of Activities
For The Year Ended March 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Revenue:				
Public support:				
Direct contributions	$ 777,728	$ 128,251	$	$ 905,979
Government contracts	422,464			422,464
United Way and other agencies	25,492	30,000		55,492
Special events	338,172			338,172
Direct benefit to donors	(70,378)			(70,378)
Net revenues from special events	267,794			267,794
In-kind donations	10,930			10,930
Net assets released from restrictions - Satisfaction of program and time restrictions	37,849	(37,849)		
Total Public Support	1,542,257	120,402		1,662,659
Investment income	67,261			67,261
Change in value in beneficial interest			5,094	5,094
Program fees and miscellaneous income	35,744			35,744
Total Revenue, Gains, and Support	1,645,262	120,402	5,094	1,770,758
Expenses:				
Program Services:				
Family program	428,581			428,581
Counseling and advocacy	431,098			431,098
Community education	48,530			48,530
Emergency housing	199,780			199,780
Children's program	143,517			143,517
Total Program Services	1,251,506			1,251,506
Supporting Services-				
General and administrative	110,891			110,891
Fund raising	154,309			154,309
Total Supporting Services	265,200			265,200
Total Expenses	1,516,706			1,516,706
CHANGES IN NET ASSETS	128,556	120,402	5,094	254,052
Net Assets, Beginning Of Year	1,650,243	17,397	49,557	1,717,197
NET ASSETS, END OF YEAR	$ 1,778,799	$ 137,799	$ 54,651	$ 1,971,249

The accompanying notes are an integral part of the financial statements.

SAFEHOUSE DENVER, INC.

Statement Of Functional Expenses
For The Year Ended March 31, 2018

	Program Services								
	Family Program	Counseling & Advocacy	Extended Stay	Emergency Housing	Children's Program	Total Program Services	General and Administrative	Fund Raising	Total Expenses
Salaries	$ 317,399	$ 323,997	$ 21,793	$ 88,485	$ 119,957	$ 871,631	$ 77,420	$ 126,062	$ 1,075,113
Employee benefits, taxes and other employee related costs	76,305	78,814	3,239	19,386	24,237	201,981	13,488	17,446	232,915
	393,704	402,811	25,032	107,871	144,194	1,073,612	90,908	143,508	1,308,028
Occupancy	9,171	58,489	6,898	51,571	9,839	135,968	3,907	7,092	146,967
Client services and direct assistance	28,948	13,981	7	558	590	44,084	26	705	44,815
Special event expenses	667	667	297	668	667	2,966		75,693	78,659
Professional services	2,211	2,314	781	1,771	1,734	8,811	16,164	433	25,408
Office expense	3,727	7,230	2,485	3,582	1,511	18,535	1,006	17,338	36,879
Insurance	432	1,476	2,113	10,235	360	14,616	180	540	15,336
Printing and postage	264	402	74	199	199	1,138	300	2,988	4,426
Total expenses before depreciation	439,124	487,370	37,687	176,455	159,094	1,299,730	112,491	248,297	1,660,518
Depreciation and amortization	2,547	3,044	7,718	32,858	743	46,910	371	1,114	48,395
Total Expenses	441,671	490,414	45,405	209,313	159,837	1,346,640	112,862	249,411	1,708,913
Less expenses netted with revenues on Statement of Activities								(71,932)	(71,932)
Total expenses included in expense section on Statement of Activities	$ 441,671	$ 490,414	$ 45,405	$ 209,313	$ 159,837	$ 1,346,640	$ 112,862	$ 177,479	$ 1,636,981

The accompanying notes are an integral part of the financial statements.

SAFEHOUSE DENVER, INC.

Statement Of Functional Expenses
For The Year Ended March 31, 2017

	Program Services								
	Family Program	Counseling & Advocacy	Community Education	Emergency Housing	Children's Program	Total Program Services	General and Administrative	Fund Raising	Total Expenses
Salaries	$ 310,829	$ 291,232	$ 35,696	$ 79,984	$ 103,384	$ 821,125	$ 74,247	$ 104,666	$ 1,000,038
Employee benefits, taxes and other employee related costs	70,055	73,478	4,639	15,271	21,060	184,503	13,057	12,977	210,537
	380,884	364,710	40,335	95,255	124,444	1,005,628	87,304	117,643	1,210,575
Occupancy	17,811	48,010	3,681	43,317	14,206	127,025	3,502	6,539	137,066
Client services and direct assistance	26,270	7,450	814	1,141	1,412	37,087	132	26	37,245
Special event expenses								76,516	76,516
Professional services	720	720	720	908	720	3,788	18,040	8,134	29,962
Office expense	1,598	4,531	1,830	5,348	1,437	14,744	1,335	14,149	30,228
Insurance	360	1,441	540	13,511	360	16,212	181	360	16,753
Printing and postage	213	251	320	213	213	1,210	107	813	2,130
Total expenses before depreciation	427,856	427,113	48,240	159,693	142,792	1,205,694	110,601	224,180	1,540,475
Depreciation and amortization	725	3,985	290	40,087	725	45,812	290	507	46,609
Total Expenses	428,581	431,098	48,530	199,780	143,517	1,251,506	110,891	224,687	1,587,084
Less expenses netted with revenues on Statement of Activities								(70,378)	(70,378)
Total expenses included in expense section on Statement of Activities	$ 428,581	$ 431,098	$ 48,530	$ 199,780	$ 143,517	$ 1,251,506	$ 110,891	$ 154,309	$ 1,516,706

The accompanying notes are an integral part of the financial statements.

SAFEHOUSE DENVER, INC.

Statement Of Cash Flows
For The Year Ended March 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Changes in net assets	$ 1,175,041	$ 254,052
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	48,394	46,609
Realized/unrealized (gains)/losses on investments	(47,516)	(39,416)
Donated stock	(25,609)	
Changes in assets and liabilities -		
(Increase) decrease in accounts and contributions receivable	(45,702)	23,697
(Increase) in prepaid expenses and other assets	(4,629)	(3,091)
(Decrease) in deferred revenue	(35,933)	
Increase (decrease) in accounts payable and accrued expenses	11,925	(31,689)
Net cash provided by operating activities	1,075,971	250,162
Cash flows from investing activities:		
Proceeds from the sales of investments	53,130	12,858
Purchases of property and equipment	(1,009,443)	(26,120)
Purchases of investments	(62,733)	(44,700)
Net cash (used in) investing activities	(1,019,046)	(57,962)
Cash flows from financing activities:		
Proceeds from note payable	250,000	
Payments on note payable	(250,000)	
Payments on capital lease	(2,593)	
Net cash (used in) financing activities	(2,593)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,332	192,200
Cash And Cash Equivalents, Beginning Of Year	723,551	531,351
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 777,883	$ 723,551
Supplemental Cash Flow Information		
Cash paid for interest	$ 2,692	$
Noncash Investing And Financing Activities		
Acquisition of equipment with capital leases	$ 15,803	$

The accompanying notes are an integral part of the financial statements.

(1) Nature Of Organization

SafeHouse Denver, Inc. ("SafeHouse") was incorporated in the state of Colorado in 1977. Its mission is helping adults, children and youth to reclaim their right to a life free of domestic violence. SafeHouse's revenue are primarily derived from contributions, foundations and government grants. SafeHouse offers the following programs:

Emergency Housing provides temporary shelter in a secured 33-bed facility for adults and children victimized by domestic violence. During the fiscal year ending March 31, 2018, an additional room was opened which added 3 additional beds to the facility.

The Family program provides emotional support, information resources and referrals to assist women in developing safety plans and setting goals within a trauma informed shelter environment. Weekly support groups, individual advocacy and family meetings are available to residents at the shelter.

The Children's program includes personal advocacy, educational assistance, and therapeutic play and intervention groups that support children in developing safety plans, conflict resolution skills, and developing healthy relationships.

Counseling and advocacy programs offer support services to adults, youth and children outside of a shelter environment. Services include individualized advocacy/resource referral, educational and support groups, education/support services for friends and family of victims, personal advocacy and support groups for children and legal resources. The 24-Hour Crisis/Information Line offers crisis intervention, information and referral assistance.

Community Education/Speakers Bureau staff and volunteers are available to any group requesting a presentation about domestic violence including corporate training and workshops and presentations for teens on dating violence and healthy relationships. An educational newsletter is published periodically. During the year ending March 31, 2018, SafeHouse made the decision to discontinue Community Education as a standalone program. Although Community Education continues to be an important function it is no longer directly staffed. Community Education is provided by employees of the Family and Counseling and Advocacy Programs and the Development Department as part of their on-going services.

During the fiscal year ending March 31, 2018, SafeHouse purchased a six unit apartment building at a cost of $1,000,000. A new program, the Extended Stay Program ("ESP") will be housed in this building will open in summer 2018. The program will provide safe, independent housing for Emergency Housing residents who are out of acute crisis but in need of additional time to access long-term housing and other resources related to self-sufficiency. An ESP Case Manager will assist in this process. ESP residents will also have access to the full range of services from the Counseling and Advocacy program. The average length of stay will be 60 - 90 days.

Basis Of Accounting

The financial statements of SafeHouse have been prepared on the accrual basis.

Basis Of Presentation

SafeHouse is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use Of Estimates

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

Cash And Cash Equivalents

SafeHouse considers all highly liquid investments with an original maturity of three months or less that are not part of the long-term investment portfolio to be cash equivalents.

Accounts Receivable

Accounts receivable represents amounts due from the performance of services provided to other organizations, reimbursable government grants and individual pledges. SafeHouse uses the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectibility of current accounts receivable. Accounts receivable are considered to be past due based on contractual terms.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Property And Equipment

Property and equipment is stated at acquisition cost, or if contributed, at estimated fair value at the date of donation. SafeHouse capitalizes all fixed asset purchases over $500 with an estimated life of three years or more. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3-40 years.

Fair Value Measurements

SafeHouse follows *Fair Value Measurements,* which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

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

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's 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.

Certificates of deposit: The fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

Mutual funds: Valued at the published net asset value (NAV) of the shares held at the reporting date.

Corporate bonds and equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial Interest in trust: Valued as reported by the foundation holding the endowment fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while SafeHouse believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the balance sheets.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, contributions receivable, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturities of these financial instruments.

Donated Materials and Services

Donated services and materials which meet the criteria for recognition are recorded in the accompanying financial statements at fair market value as of the date of donation. During the year ended March 31, 2018, in-kind donations amounted to $13,339. Of this amount, $6,723 was for special event program and invitation design and audio visual services, $4,032 was for legal and pest control services, and $2,584 was for food. During the year ended March 31, 2017, in-kind donations amounted to $10,930. Of this amount, $812 was for minor equipment and furniture, building repairs and maintenance, $3,500 was for web and annual report design, $2,200 was for Gala program and invitation design, $2,298 was for donated services, and $2,120 was for food.

Unpaid volunteers have donated a significant number of hours assisting in SafeHouse's program services and in its fund-raising campaigns. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the requirements for recognition. However, these amounts are estimated based on rates earned by persons performing similar services as published by an association of volunteer groups and/or as determined by prevailing labor costs in the respective industry. The value of the donated services as estimated by SafeHouse approximated $161,020 and $123,494 for the years ended March 31, 2018 and 2017, respectively.

Contributions And Contributions Receivable

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of donor restrictions. Donor-restricted support, including pledges, is recorded as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

As of March 31, 2018, SafeHouse had a conditional promise to give in the amount of $100,000 which is not reflected in the financial statements based upon certain conditions which need to be met in order to receive the funding.

Unconditional contributions receivable are recognized as revenue in the period the pledge is received. Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to received in more than one year. As of March 31, 2018 and 2017, $15,532 and $2,790 are expected to be received within one year, respectively. As of March 31, 2018, $30,000 of contributions receivable is expected to be received within one to five years. Management has determined the discount to be insignificant to the financials and as such the amount has not been discounted. Conditional contributions receivable are recognized as receivables and revenue when the conditions on which they depend are substantially met. Uncollectible contributions receivable are expected to be insignificant.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Functional Allocation Of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

Subsequent Events

SafeHouse has performed an evaluation of subsequent events through June 21, 2018, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(2) Tax Exempt Status

SafeHouse has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to SafeHouse's tax-exempt purpose is subject to taxation as unrelated business income. Also, donors are entitled to a charitable deduction for their contribution to SafeHouse.

SafeHouse follows *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting and reporting for uncertainties in income tax law. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. The standard also provides guidance related to de-recognition, classification, and interest and penalties. During the years ended March 31, 2018 and 2017, SafeHouse performed an evaluation of uncertain tax positions and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

SafeHouse is no longer subject to U.S. federal tax audits on its Form 990 for years prior to 2015. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Such return contains matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, SafeHouse believes no issues would arise.

(3) Investments

The following tables presents SafeHouse's fair value hierarchy for those assets measured at fair value on a recurring basis as of March 31, 2018 and 2017, are as follows:

	Level 1	Level 2	Level 3	2018 Total
Investments:				
Beneficial interest	$	$	$ 59,334	$ 59,334
Mutual funds -				
Balanced fund	705,205			705,205
Equities -				
Financial	8,073			8,073
Communications	4,445			4,445
Real estate	3,756			3,756
Energy	2,491			2,491
Corporate bonds	94,561			94,561
Certificates of deposit	56,887			56,887
Investments under fair value hierarchy	875,418		59,334	934,752
Money market	2,198			2,198
Total investments	$ 877,616	$	$ 59,334	936,950

		Level 1		Level 2		Level 3		2017 Total
Investments:								
Beneficial interest	$		$		$	54,651	$	54,651
Mutual funds -								
Balanced fund		627,827						627,827
Equities -								
Financial		21,420						21,420
Communications		5,207						5,207
Corporate bonds		84,747						84,747
Certificates of deposit		56,726						56,726
Investments under fair value hierarchy		795,927				59,334		850,578
Money market		3,644						3,644
Total	$	799,571	$		$	54,651	$	854,222

As of March 31, 2018, the corporate bonds did not have a concentration in any sector or market.

The changes in the investments for which SafeHouse has used Level 3 inputs to determine the fair values are as follows:

Balance as of March 31, 2016	$	49,557
Distribution		(518)
Net investment income		5,612
Balance as of March 31, 2017		54,651
Distribution		(578)
Net investment income		5,261
Balance as of March 31, 2018	$	59,334

Level 3 investments consist of SafeHouse's beneficial interest in Community First Foundation. The fair value is based on the value of SafeHouse's portion of the underlying investments in the beneficial interest using valuation methods that are appropriate for those investments as determined by the Community First Foundation.

Quantitative information related to valuation inputs is not available since the value of which provided by Community First Foundation was used without adjustment. On an annual basis, SafeHouse's management evaluates the return received from the beneficial interest against the value of its portion of the beneficial interest for reasonableness as compared with current market returns. Management believes that the sensitivity in the fair value measurement of the beneficial interest is related to market fluctuations, as the investments held in the beneficial interest are primarily marketable securities.

Investment income during the years ended March 31, 2018 and 2017, consisted of the following:

	2018	2017
Interest and dividend income	$ 33,142	$ 31,251
Net gains (losses)	47,516	36,010
Total investment income	$ 80,658	$ 67,261

(4) Concentrations Of Credit Risk

SafeHouse places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. A significant portion of the funds are not insured by the FDIC or related entity. SafeHouse has significant investments in mutual funds and is therefore subject to concentrations of credit risk. Investments are monitored by a committee of board of directors and the management of SafeHouse. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment strategy is prudent for the long-term welfare of SafeHouse.

SafeHouse's cash demand deposits are held at financial institutions at which deposits are insured up to $250,000 by the FDIC. As of March 31, 2018, SafeHouse's cash demand deposits were in excess of the FDIC's insurance limit by $97,250.

(5) Property And Equipment

Property and equipment consisted of the following as of March 31, 2018 and 2017:

	2018	2017
Land	$ 215,000	$ 90,000
Building and building improvements	1,731,918	848,688
Furniture, fixtures and equipment	146,444	129,428
Software	12,078	12,078
	2,105,440	1,080,194
Less: accumulated depreciation and amortization	(715,281)	(666,887)
	$ 1,390,159	$ 413,307

Depreciation and amortization expense for the year ended March 31, 2018 and 2017, was $48,394 and $46,609.

Amounts under capital lease, which is included in property and equipment as of March 31, 2018 and 2017, was as follows:

	2018	2017
Equipment	$ 15,803	$
Less: accumulated amortization	(3,010)	
	$ 12,793	$

(6) **Net Assets**

Board designated net assets: The governing board of SafeHouse have designated a portion of unrestricted net assets as follows as of March 31, 2018 and 2017:

	2018	2017
Rent security	$ 8,000	$ 8,000
Operating reserve	320,377	274,602
Extended stay operating	181,341	148,951
Extended stay capital	305,644	117,800
Total	$ 815,362	$ 549,353

Temporarily restricted net assets: Temporarily restricted net assets are restricted for the following purposes as of March 31, 2018 and 2017:

	2018	2017
Contributions restricted by donors but not yet expended	$ 9,548	$ 9,548
Extended stay program	129,136	125,461
Time restrictions	5,532	2,790
	$ 144,216	$ 137,799

(7) **Beneficial Interest In Assets Held By Community First Foundation Endowment Fund**

During the year ended March 31, 2013, the Santone endowment fund was transferred to the Community First Foundation (the "Foundation"). SafeHouse granted variance power to the Fund which allows the Fund to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified Foundation if, in the sole judgment of Community First Foundation's Board of Directors such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of SafeHouse. The transfer was not considered to be a contribution from SafeHouse to the Fund, but rather was accounted for as reciprocal transfer between SafeHouse and the Fund. Therefore, the transfers are reflected collectively in the *Statement* *of Financial Position* as Beneficial interest in assets held by Community First Foundation Endowment Fund.

The Fund is held and invested by Community First Foundation for the benefit of SafeHouse. SafeHouse can receive annual distributions of four percent of the average net fair market value of the assets of the Fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made. The distribution shall not be cumulative, and, if the Foundation distributes to or for the benefit of SafeHouse less than the described amount in the preceding sentence with respect to any calendar year, then SafeHouse shall not be entitled to request a distribution of such undistributed amount in any subsequent year. Excess earnings, if any, are reinvested in the Fund. However, SafeHouse will never receive the assets held by the Fund.

As of March 31, 2018 and 2017, the fair value of the assets of the Fund was $59,334 and $54,651, respectively.

(8) Endowment Net Assets

General

Permanently restricted net assets represent the proceeds of a bequest received in 1988. The principal is to be maintained inviolate and in perpetuity and the income is restricted for education. As required by generally accepted accounting principles, net assets associated with this endowment fund are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of SafeHouse has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SafeHouse classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SafeHouse in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, SafeHouse 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 SafeHouse and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other Safehouse resources
7. Investment policies of Community First Foundation

Changes in Endowment Net Assets

Changes in endowment net assets for the years ended March 31, 2018 and 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning endowment net assets, as of March 31, 2016	$	$ 665	$ 49,557	$ 50,222
Appropriation of assets		(665)	(518)	(1,183)
Investment return			5,612	5,612
Endowment net assets, as of March 31, 2017			54,651	54,651
Appropriation of assets			(578)	(578)
Investment return			5,261	5,261
Endowment net assets, as of March 31, 2018	$	$	$ 59,334	$ 59,334

As of March 31, 2018 and 2017, endowment net assets consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment net assets, as of March 31, 2018	$	$	$ 59,334	$ 59,334
Donor restricted endowment net assets, as of March 31, 2017	$	$	$ 54,651	$ 54,651

Funds With Deficiencies

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 UPMIFA requires SafeHouse to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that may occur after the investment of permanently restricted contributions and appropriation that was deemed prudent by the Board. As of March 31, 2018 and 2017, such deficiencies amounted to $0.

Return Objectives And Risk Parameters

SafeHouse follows the investment and spending policies adopted by Community First Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives for Community First Foundation Endowment, SafeHouse relies on the Community First Foundation investment policy and strategy, as discussed in Note 8.

Spending Policy And How The Investment Objectives Relate To Spending Policy

SafeHouse can elect to receive annual distributions of four percent of the average net fair market value of the assets of the Fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made. During the years ended March 31, 2018 and 2017, no amounts were received as distributions.

(9) In-Kind Contributions

Donated property, goods and services that meet the criteria for recognition are reflected in the financial statements at fair market value at the time of the donation. For the year ended March 31, 2018, donated goods and services amounted to $13,339, of which $4,744 is reflected in program services, $1,872 is reflected in general and administration, and $6,723 is reflected in fundraising expenses. For the year ended March 31, 2017, donated goods and services amounted to $10,930, of which $2,932 is reflected in program services and $7,998 is reflected in fundraising expenses.

(10) Captal Lease Obligation

During the year ended March 31, 2018, SafeHouse entered into a lease agreement for a copier. The following represents obligations under the capital lease as of March 31, 2018:

Due in monthly installments of principal and interest of $299 through June 2022, interest rate of 6.8%, secured by equipment.	$ 15,249
Total minimum lease payments	15,249
Less: interest	(2,039)
Present value of future minimum lease payments	13,210
Less: current portion	(2,775)
Total long-term portion	$ 10,435

Future annual maturities of the capital lease obligations as of March 31, 2018 are as follows:

March 31,	
2019	$ 2,775
2020	2,970
2021	3,178
2022	3,401
2023	886
	$ 13,210

(11) Operating Lease Commitments

SafeHouse leases its administrative and program space under an amended non-cancellable operating lease which requires monthly payments through March 31, 2024. SafeHouse is required to maintain an $8,000 designation of its net assets securing future rental payments. Additionally, SafeHouse entered into lease agreements for a postage meter. Rent expense for the years ended March 31, 2018 and 2017, was $71,912 and $72,470, respectively.

Future minimum payments required under the lease agreements are as follows:

March 31,	
2019	$ 72,980
2020	73,804
2021	74,640
2022	75,384
2023	76,140
Thereafter	77,664
	$ 450,612