

SAFEHOUSE DENVER, INC.

Financial Statements

**For The Years Ended March 31, 2021
(With Summarized Financial Information For The
Year Ended March 31, 2020)**

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.:

We have audited the accompanying financial statements of SafeHouse Denver, Inc. ("SafeHouse"), which comprise the statement of financial position as of March 31, 2021, and the related statement of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants

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Independent Auditors' Report Continued

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, 2021, and the results of its change in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting on Summarized Comparative Information

We have previously audited SafeHouse's March 31, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in their report dated June 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

July 6, 2021

SAFEHOUSE DENVER, INC.

Statement Of Financial Position

As Of March 31, 2021

(With Summarized Comparative Totals For 2020)

Page -3-

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,341,724	\$ 1,155,017
Prepaid expenses	36,285	25,359
Receivables:		
Contributions	18,473	32,074
Government contracts and grants	139,504	134,901
Investments	1,285,985	918,815
Beneficial interest in Community First Foundation	74,272	57,162
Property and equipment, net of accumulated depreciation of \$951,082 and \$864,629, respectively	<u>2,585,690</u>	<u>1,362,150</u>
TOTAL ASSETS	<u><u>\$ 5,481,933</u></u>	<u><u>\$ 3,685,478</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 23,969	\$ 19,430
Payroll liabilities	125,180	117,267
Deferred revenue	9,035	8,500
Capital lease	4,422	7,467
Note payable	725,889	
Refundable advance - PPP Loan	258,496	
Total Liabilities	<u>1,146,991</u>	<u>152,664</u>
Net Assets:		
Without Donor Restrictions -		
Undesignated	3,386,264	2,455,889
Board designated operating and building reserve	<u>814,463</u>	<u>815,363</u>
Total Without Donor Restrictions	4,200,727	3,271,252
With Donor Restrictions	<u>134,215</u>	<u>261,562</u>
Total Net Assets	<u>4,334,942</u>	<u>3,532,814</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,481,933</u></u>	<u><u>\$ 3,685,478</u></u>

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

SAFEHOUSE DENVER, INC.

Statement Of Activities

For The Year Ended March 31, 2021

(With Summarized Comparative Totals For 2020)

Page -4-

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue and other support:				
Contributions	\$ 874,747	\$ 29,650	\$ 904,397	\$ 643,807
Government contracts		740,869	740,869	684,567
Foundations	436,348		436,348	332,000
Special events net of direct expenses of \$18,323 and \$64,450, respectively	264,450		264,450	301,703
United Way and other agencies	58,649		58,649	45,419
Change in beneficial interest		17,110	17,110	(3,198)
Investment income	318,991		318,991	(15,308)
Other	25,285		25,285	25,285
In-kind contributions	15,669		15,669	12,935
Net assets released from restrictions - Satisfaction of time and purpose restrictions	914,976	(914,976)		
Total Revenue and Other Support	2,909,115	(127,347)	2,781,768	2,027,210
Expenses:				
Program Services:				
Shelter services	645,228		645,228	663,718
Counseling and advocacy	525,995		525,995	479,590
Extended stay program	237,056		237,056	215,502
Children's program	130,305		130,305	128,814
Total Program Services	1,538,584		1,538,584	1,487,624
Supporting Services-				
General and administrative	188,935		188,935	179,070
Fund raising	252,121		252,121	229,448
Total Supporting Services	441,056		441,056	408,518
Total Expenses	1,979,640		1,979,640	1,896,142
CHANGES IN NET ASSETS	929,475	(127,347)	802,128	131,068
Net Assets, Beginning Of Year	3,271,252	261,562	3,532,814	3,401,746
NET ASSETS, END OF YEAR	\$ 4,200,727	\$ 134,215	\$ 4,334,942	\$ 3,532,814

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

SAFEHOUSE DENVER, INC.

Statement Of Functional Expenses
 For The Year Ended March 31, 2021
 (With Summarized Comparative Totals For 2020)

	Program Services					General and Administrative	Fund Raising	2021	2020
	Shelter Services	Counseling & Advocacy	Extended Stay Program	Children's Program	Total Program Services			Total Expenses	Total Expenses
Salaries	411,891	334,735	130,370	94,160	\$ 971,156	\$ 117,489	\$ 147,145	\$ 1,235,790	\$ 1,208,905
Payroll taxes and benefits	97,254	76,633	27,892	19,669	221,448	21,146	21,027	263,621	239,953
Building repair and maintenance	20,405	36,472	5,919	3,436	66,232	3,203	14,430	83,865	66,382
Occupancy	4,064	25,764	3,126	2,241	35,195	1,798	7,705	44,698	73,710
Utilities	17,834	6,286	11,517	545	36,182	436	1,883	38,501	29,911
Bank fees					-	15,532	14,718	30,250	25,301
Computer expense	6,430	10,444	498	1,329	18,701	1,329	5,095	25,125	29,312
Insurance	8,839	5,093	8,386	1,591	23,909	1,919	2,147	27,975	24,677
Direct program support	7,631	5	243	37	7,916		5	7,921	14,405
Telephone	5,469	4,711	4,223	409	14,812	327	1,412	16,551	15,206
Staff development	2,486	1,656	1,167	581	5,890	320	752	6,962	12,014
Supplies	12,323	1,297	3,851	430	17,901	34	745	18,680	6,712
Dues and subscriptions	1,886	1,582	175	268	3,911	267	3,093	7,271	9,995
Marketing	2,360	2,745	362	326	5,793		9,565	15,358	11,046
Contract services	2,295	1,707			4,002	6,319	13,636	23,957	18,934
Travel	748		213		961	729		1,690	4,557
Equipment	340	489	43	109	981	109	272	1,362	1,959
Volunteers	11				11	-		11	420
Postage	4	7		1	12	2	2,689	2,703	2,743
Professional fees	4,077	3,058	3,398	3,058	13,591	15,930		29,521	17,518
Interest	1,114	6,419	772	583	8,888	514	1,973	11,375	621
Meetings					-			-	47
Other					-			-	4,131
Total	607,461	519,103	202,155	128,773	1,457,492	187,403	248,292	1,893,187	1,818,459
Depreciation	37,767	6,892	34,901	1,532	81,092	1,532	3,829	86,453	77,683
Total expenses	\$ 645,228	\$ 525,995	\$ 237,056	\$ 130,305	\$ 1,538,584	\$ 188,935	\$ 252,121	\$ 1,979,640	\$ 1,896,142

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

SAFEHOUSE DENVER, INC.

Statement Of Cash Flows

For The Year Ended March 31, 2021

(With Summarized Comparative Totals For 2020)

Page -6-

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 802,128	\$ 131,068
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	86,453	77,683
Realized/unrealized (gains)/losses on investments	(305,727)	52,618
Changes in assets and liabilities -		
Decrease (increase) in contributions receivable	13,601	(5,669)
(Increase) in government grants	(4,603)	
(Increase) decrease in prepaid expense and other assets	(10,926)	257
Increase in accounts payable and accrued expenses	4,539	13,710
Change in beneficial interest	(17,110)	
Increase in deferred revenue	535	959
Increase in payroll liabilities	7,913	
Net cash provided by operating activities	<u>576,803</u>	<u>270,626</u>
Cash flows from investing activities:		
Purchases of property and equipment	(269,993)	(10,658)
Purchases of investments	<u>(61,523)</u>	<u>(115,517)</u>
Net cash (used in) investing activities	<u>(331,516)</u>	<u>(126,175)</u>
Cash flows from financing activities:		
Proceeds from refundable advances - PPP Loan	258,496	
Payments on notes payable	(314,111)	
Payments on capital lease	<u>(2,965)</u>	<u>(2,965)</u>
Net cash provided by (used in) financing activities	<u>(58,580)</u>	<u>(2,965)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM OPERATIONS	186,707	141,486
Cash And Cash Equivalents, Beginning Of Year	<u>1,155,017</u>	<u>1,013,531</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,341,724</u>	<u>\$ 1,155,017</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 11,340</u>	<u>\$ 618</u>
Non-cash investing and financing activities:		
Building purchased with note payable proceeds	<u>\$ 1,040,000</u>	<u>\$</u>

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:

The Shelter Services Program provides temporary emergency shelter in a secured 33-bed facility for adults and children victimized by domestic violence. Additionally, the program provides emotional support, information resources and referrals to assist adult clients 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 families 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.

In July 2018, SafeHouse opened the Extended Stay Program (“ESP”) which is housed in a six-unit apartment building purchased during the 2018 fiscal year and renovated and furnished during the 2019 fiscal year. The program provides 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 assists in this process. ESP residents also have access to the full range of services from the Counseling and Advocacy program. The average length of stay is 60 - 90 days.

Basis Of Accounting

The financial statements of SafeHouse have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Risks and Uncertainties

The global community has been under a significant threat from coronavirus (“COVID-19”). The extent to which the COVID-19 pandemic impacts Safehouse’s business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, Safehouse may continue to experience adverse impacts to

its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, Safehouse cannot reasonably estimate the impact at this time.

Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, SafeHouse is required to report information regarding 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 SafeHouse. These net assets may be used at the discretion of SafeHouse's management and the board of directors.

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 SafeHouse or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Measure Of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consist of those items attributable to SafeHouse's ongoing program services. Nonoperating activities are limited to resources that generate other activities considered to be of a more unusual or nonrecurring nature.

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.

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 \$2,500 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.

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, government contracts and grants, contributions receivables, accounts payable and payroll liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

Revenue And Revenue Recognition

Special events revenues are recognized as the events are held. Sponsorships are recognized as a contribution as SafeHouse does not provide any material benefits to the sponsors. Other revenue is recognized as services are performed

Conditional contributions with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of March 31, 2021, SafeHouse did not have any advances on conditional contributions.

A portion of SafeHouse's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SafeHouse has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. SafeHouse received cost-reimbursable grants of \$879,378 that have not been recognized at March 31, 2021, because qualifying expenditures have not yet been incurred.

Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be received in more than one year. As of March 31, 2021, all contributions

receivable are expected to be received within one year.

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, 2021, in-kind donations amounted to \$15,669. Of this amount, \$1,375 was for special event program, \$5,525 was for professional services, and \$8,769 was for maintenance.

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 \$69,210 for the year ended March 31, 2021.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Methods Used For Allocation Of Expenses From Management And General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of SafeHouse. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, benefits, and staff development are allocated to program, fundraising, and general administration based on time and effort as documented by a time study. Utilities, rent, repairs and maintenance, and other occupancy costs are allocated to program, fundraising, and general administration based on square footage. All remaining costs are charged directly to the functions benefitted.

Prior-Year Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SafeHouse's financial statements for the year ended March 31, 2020, from which the summarized information was derived.

Reclassifications

Certain amounts have been reclassified in the prior year for comparative purposes.

Subsequent Events

SafeHouse has performed an evaluation of subsequent events through July 6, 2021, 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 year ended March 31, 2021, 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 fiscal years prior to 2018. 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, 2021, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Beneficial interest	\$	\$	\$ 74,272	\$ 74,272
Mutual funds -				
Balanced fund	1,016,079			1,016,079
Bonds	162,342			162,342
Equities	34,880			34,880
Certificates of deposit	58,373			58,373
Investments under fair value hierarchy	1,271,674		74,272	1,345,946
Money market	14,311			14,311
Total investments	<u>\$ 1,285,985</u>	<u>\$</u>	<u>\$ 74,272</u>	<u>1,360,257</u>

As of March 31, 2021, the 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, 2020	\$ 57,162
Fees	(668)
Net investment income	17,778
Balance as of March 31, 2021	<u>\$ 74,272</u>

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 year ended March 31, 2021, consisted of the following:

Interest and dividend income	\$ 13,264
Net gains (losses)	<u>305,727</u>
Total investment income	<u>\$ 318,991</u>

(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, 2021, SafeHouse's cash demand deposits were in excess of the FDIC's insurance limit by \$867,476.

(5) **Property And Equipment**

Property and equipment consisted of the following as of March 31, 2021:

Land	\$ 909,000
Building and building improvements	2,415,062
Furniture, fixtures and equipment	200,632
Software	<u>12,078</u>
	3,536,772
Less: accumulated depreciation and amortization	<u>(951,082)</u>
	<u>\$ 2,585,690</u>

Depreciation and amortization expense for the year ended March 31, 2021, was \$86,453.

(6) Net Assets

Board designated net assets: As of March 31, 2021, the governing board of SafeHouse has the following designated net assets:

Operating reserve	\$ 462,235
Extended stay building reserve	155,748
Building repairs and maintenance reserves	196,480
Total	<u>\$ 814,463</u>

Net assets with donor restrictions: The net assets with donor restrictions were available for the following program purposes as of March 21, 2021:

Subject to purpose restriction:

Food for shelter	\$ 33,420
Dental needs	967
Children medical	6,236
Diapers	847
Total purpose restriction	<u>41,470</u>

Subject to the passage of time:

Time restricted contributions	18,473
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Subject to spending policy and appropriation:

Endowment Fund - beneficial interest in Community First Foundation	74,272
Grand Total	<u>\$ 134,215</u>

(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, 2021, the fair value of the assets of the Fund was \$74,272.

(8) **Endowment Net Assets**

General

Net assets restricted in perpetuity 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 net assets restricted in perpetuity is classified as 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, 2021, are as follows:

	<u>Net Assets With Donor Restrictions</u>
Beginning endowment net assets, as of March 31, 2020	\$ 57,162
Investment return, net of fees of \$668	17,110
Endowment net assets, as of March 31, 2021	<u>\$ 74,272</u>

As of March 31, 2021, endowment net assets consisted of the following:

	<u>Net Assets With Donor Restrictions</u>
Donor restricted endowment net assets, as of March 31, 2021	<u>\$ 74,272</u>

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, 2021, 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 7.

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 year ended March 31, 2021, no amounts were received as distributions.

(9) **Refundable Advance - PPP Loan**

On April 10, 2020, SafeHouse qualified for and received a refundable advance pursuant to the Paycheck Protection Program (“PPP”), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate amount of \$258,496. The advance was forgiven subsequent to year end and will be reflected in government contribution on the statement of activities.

(10) **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, 2021, donated goods and services amounted to \$15,669, of which \$8,769 is reflected in program services, \$975 is reflected in general and administration, and \$5,925 is reflected in fundraising expenses.

(11) **Notes Payable**

In November of 2020, SafeHouse entered into a note payable in the amount of \$1,040,000. During the year ended March 31, 2021, additional principal payments in the amount of \$304,800 were made. The amount owed as of March 31, 2021, is as follows:

Note payable; 3.13% per annum; collateralized by a building; monthly payments principal and interest of \$5,027 through November of 2027.

\$ 725,889

Future principle payments are as follows for fiscal years ending:

March 31,	
2022	\$ 37,890
2023	39,093
2024	40,335
2025	41,615
2026	<u>566,956</u>
	<u>\$ 725,889</u>

(12) **Line Of Credit**

SafeHouse has a line of credit in the amount of \$150,000 with a financial institution at the interest rate of 5.25% which matures on October 6, 2021. As of March 31, 2021, there was no balance owed on the line of credit.

(13) **Pension Plan**

SafeHouse has a 401(k) retirement plan (the Plan). At its discretion, SafeHouse can opt to make a matching contributions to the Plan each year. During the year ending March 31, 2021, SafeHouse provided a match of up to the first 3% contributed by employees to the Plan. The 401(k) match expense for the year ended March 31, 2021, was \$16,989.

(14) **Availability And Liquidity**

The following represents SafeHouses's financial assets as of March 31, 2021:

Financial assets, at year end -	
Cash and cash equivalents	\$ 1,341,724
Investments	1,285,985
Receivables	<u>157,977</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,785,686</u>

As part of the SafeHouse's liquidity management, it has a policy to maintain the short-term liquidity of financial assets. SafeHouse's goal is generally to maintain financial assets sufficient to meet 90 days of operating expenses. Additionally SafeHouse has a \$150,000 line of credit available to meet cash flow needs.