

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center**

Financial Statements

September 30, 2023 and 2022



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Management and the Board of Directors
Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Ann Arbor, MI 48105

Opinion

We have audited the accompanying financial statements of Domestic Violence Project, Inc. d/b/a SafeHouse Center, which comprise the balance sheet as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Domestic Violence Project, Inc. d/b/a SafeHouse Center as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Domestic Violence Project, Inc. d/b/a SafeHouse Center 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.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements Domestic Violence Project, Inc. d/b/a SafeHouse Center changed its method of accounting for leases in 2023 as required by the provisions of FASB Accounting Standards Updates relating to FASB ASC 842, *Leases*. Our opinion is not modified with respect to that matter.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Domestic Violence Project, Inc. d/b/a SafeHouse Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Domestic Violence Project, Inc. d/b/a SafeHouse Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregated, that raise substantial doubt about Domestic Violence Project, Inc. d/b/a SafeHouse Center'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024 on our consideration of Domestic Violence Project, Inc. d/b/a SafeHouse Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Domestic Violence Project, Inc. d/b/a SafeHouse Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Domestic Violence Project, Inc. d/b/a SafeHouse Center's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Ann Arbor, Michigan

February 13, 2024, except for donated use of building, contributions, contributed nonfinancial assets, and occupancy on the basic financial statements and notes 7, 10, 12, 15, and 17, as to which the date is April 11, 2024.

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Balance Sheet
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<u>(Restated)</u>	
Assets		
Current assets		
Cash and cash equivalents	\$ 418,933	\$ 144,901
Investments	51,784	249,792
Receivables		
Grant billing receivable and unbilled grant costs	362,864	330,812
Donated use of building, current portion	201,407	57,618
Prepaid expenses	<u>35,264</u>	<u>38,775</u>
Total current assets	<u>1,070,252</u>	<u>821,898</u>
Long-term assets		
Beneficial interest in the assets of the Ann Arbor Area Community Foundation	346,378	308,289
Property and equipment, net	146,114	170,081
Right of use asset, operating lease, net	7,825	-
Donated use of building	<u>2,415,344</u>	<u>2,653,755</u>
Total long-term assets	<u>2,915,661</u>	<u>3,132,125</u>
Total assets	<u>\$ 3,985,913</u>	<u>\$ 3,954,023</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 16,838	\$ 6,408
Deferred revenue	-	2,898
Accrued payroll and withholdings	40,179	30,775
Accrued compensated absences	63,958	59,450
Operating lease obligation, current portion	<u>4,410</u>	<u>-</u>
Total current liabilities	<u>125,385</u>	<u>99,531</u>
Long-term liabilities		
Due to funders	144,458	183,141
Operating lease obligation, non-current portion	<u>3,415</u>	<u>-</u>
Total long-term liabilities	<u>147,873</u>	<u>183,141</u>
Total liabilities	<u>273,258</u>	<u>282,672</u>

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Balance Sheet
September 30, 2023 and 2022

	2023 (Restated)	2022
Net assets		
Without donor restrictions		
Undesignated	634,314	538,273
Board designated	11,756	9,959
Total without donor restrictions	646,070	548,232
With donor restrictions		
Purpose restrictions	321,686	283,598
Time-restricted for future periods	2,616,751	2,711,373
Perpetual in nature	128,148	128,148
Total with donor restrictions	3,066,585	3,123,119
Total net assets	3,712,655	3,671,351
Total liabilities and net assets	\$ 3,985,913	\$ 3,954,023

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Statement of Activities
For the Years Ended September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total (Restated)	Without Donor Restrictions	With Donor Restrictions	Total (Restated)
Revenue and Support						
Contributions	\$ 899,602	\$ 82,413	\$ 982,015	\$ 951,577	\$ 55,475	\$ 1,007,052
Contributed nonfinancial assets	485,513	-	485,513	436,116	-	436,116
Government grants	1,648,560	-	1,648,560	1,613,537	-	1,613,537
Special event revenue	81,521	-	81,521	50,790	-	50,790
Change in beneficial interest	38,088	-	38,088	(43,699)	-	(43,699)
Investment income (loss)	32,348	-	32,348	(29,970)	-	(29,970)
Loss on disposal of fixed assets	(124)	-	(124)	-	-	-
Rental income	63,431	-	63,431	60,510	-	60,510
Loan forgiveness	26,707	-	26,707	-	-	-
Miscellaneous income	6,339	-	6,339	8,381	-	8,381
Total revenue and support	3,281,985	82,413	3,364,398	3,047,242	55,475	3,102,717
Net assets released from restrictions	138,947	(138,947)	-	154,482	(154,482)	-
Total revenue, support and net assets released from restrictions	3,420,932	(56,534)	3,364,398	3,201,724	(99,007)	3,102,717
Expenses						
Program services	2,714,943	-	2,714,943	2,725,321	-	2,725,321
Support services						
Management and general	363,554	-	363,554	347,071	-	347,071
Fundraising	244,597	-	244,597	257,844	-	257,844
Total expenses	3,323,094	-	3,323,094	3,330,236	-	3,330,236
Change in net assets	97,838	(56,534)	41,304	(128,512)	(99,007)	(227,519)
Net assets - beginning of the year	548,232	3,123,119	3,671,351	676,744	3,222,126	3,898,870
Net assets - end of the year	\$ 646,070	\$ 3,066,585	\$ 3,712,655	\$ 548,232	\$ 3,123,119	\$ 3,671,351

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Statement of Functional Expenses
For the Years Ended September 30, 2023 and 2022

	Program Services	Support Services		Total 2023 (Restated)	Program Services	Support Services		Total 2022
		Management and General	Fundraising			Management and General	Fundraising	
Salaries and wages	\$ 1,428,815	\$ 234,329	\$ 165,795	\$ 1,828,939	\$ 1,507,441	\$ 165,451	\$ 165,451	\$ 1,838,343
Employee benefits	188,616	36,671	20,461	245,748	170,255	17,663	28,605	216,523
Payroll taxes	115,620	18,788	10,117	144,525	119,544	13,121	13,121	145,786
Total payroll expenses	1,733,051	289,788	196,373	2,219,212	1,797,240	196,235	207,177	2,200,652
Specific assistance to individuals	201,558	-	-	201,558	127,588	-	-	127,588
Accounting fees	175	32,664	-	32,839	-	33,607	-	33,607
Office expenses	136,011	13,122	25,614	174,747	162,522	12,048	25,053	199,623
Occupancy	541,306	6,000	3,000	550,306	510,238	5,422	2,711	518,371
Information technology	3,311	308	231	3,850	1,595	148	111	1,854
Travel	5,813	1,022	-	6,835	4,990	555	-	5,545
Conferences and meetings	6,679	-	-	6,679	7,833	-	-	7,833
Interest	-	9,060	-	9,060	-	9,756	-	9,756
Depreciation	29,657	611	306	30,574	28,715	592	296	29,603
Insurance	41,007	1,566	973	43,546	36,573	1,186	732	38,491
Cost of direct benefit to donors	-	-	14,816	14,816	-	-	9,367	9,367
Other professional fees	14,458	9,385	2,013	25,856	42,215	86,638	5,885	134,738
Advertising and promotion	1,719	-	1,257	2,976	4,135	-	6,406	10,541
Miscellaneous	198	28	14	240	1,677	884	106	2,667
Total expenses	\$ 2,714,943	\$ 363,554	\$ 244,597	\$ 3,323,094	\$ 2,725,321	\$ 347,071	\$ 257,844	\$ 3,330,236

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Statement of Cash Flows
For the Years Ended September 30, 2023 and 2022

	2023	
	<u>(Restated)</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 41,304	\$ (227,519)
Items not requiring cash		
Depreciation	30,574	29,603
Loss on sale of property and equipment	124	-
Amortization of present value discount on donated use of building	94,622	54,271
Change in beneficial interest in assets of the Ann Arbor Community Foundation	(38,089)	43,699
Donated stock	-	(14,058)
Realized and unrealized (gain) loss on investments	(24,846)	58,104
Loan forgiveness	(26,707)	-
Changes in operating assets and liabilities		
Investments	(809)	(117,030)
Grant billing receivable and unbilled grant costs	(32,052)	(16,878)
Promises to give	-	8,200
Prepaid expenses	3,511	(4,608)
Accounts payable	10,430	(17,037)
Deferred revenue	(2,898)	2,898
Accrued payroll and withholdings	9,404	6,189
Accrued compensated absences	4,508	(14,706)
	<u>69,076</u>	<u>(208,872)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchases of property and equipment	(6,731)	(15,820)
Sales of investments	223,663	-
	<u>216,932</u>	<u>(15,820)</u>
Net cash provided (used) by investing activities		
Cash flows from financing activities		
Payments made to funders	(11,976)	(11,280)
	<u>274,032</u>	<u>(235,972)</u>
Net change in cash and cash equivalents		
Cash and cash equivalents, beginning of the year	144,901	380,873
Cash and cash equivalents, end of the year	<u>\$ 418,933</u>	<u>\$ 144,901</u>

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Domestic Violence Project, Inc. (“SafeHouse Center” or “the Organization”) is a Michigan non-profit organization based in Ann Arbor, Michigan, which provides services to survivors of domestic violence and sexual assault who live or work in Washtenaw County, Michigan. Services include a 24-hour crisis line, emergency shelter for survivors of domestic violence and their children, counseling and support groups, legal advocacy, referrals and accompaniment, children’s services, post residential support, referral for counseling and education, alcohol and other drug information and assessment, and assistance in finding housing, employment and transportation. SafeHouse Center is funded by various grants from federal, state, local and community agencies, as well as contributions from the general public.

Basis of Accounting

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

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed

restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

SafeHouse Center considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. As of September 30, 2023, the entire cash and cash equivalents balance of \$443,758 was FDIC insured.

Accounts Receivables

SafeHouse Center uses the allowance method for accounting for doubtful accounts. Management regularly reviews the collection history of its receivables balances with particular attention given to those amounts greater than 90 days old. Based on management’s review, no allowance was deemed necessary as of September 30, 2023 and 2022.

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2023 and 2022

Investments

Investments are stated at fair value based on quoted prices in active markets. Realized gains and losses on sales of investments represent the difference between the net sales price and the cost of securities sold. Unrealized gains and losses on investments represent the net change for the reported year in unrealized appreciation between the balance at the beginning and the end of the year. Any donated investments received during the year are reflected as contributions at their market values at date of receipt.

Prepaid Expenses

Prepaid expenses are amounts paid for insurance and miscellaneous items in advance.

Property and Equipment

SafeHouse Center follows the practice of capitalizing all expenditures in excess of \$1,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

SafeHouse Center evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Leases

The Organization leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Finance leases are contracts that have characteristics that make them similar to the purchase of the underlying asset. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the office equipment classes of assets.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense is allocated between the amortization of the right of use asset and interest expense.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2023 and 2022**

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Advertising

SafeHouse Center expenses advertising costs the first time the advertising occurs. Advertising expense for the years ended September 30, 2023 and 2022 was \$2,976 and \$10,541, respectively.

Compensated Absences

Employees of the Organization are entitled to paid vacation, and personal days off, depending on length of service. Employees are allowed to accumulate these days, upon separation, any unused days are paid at the employees' current pay rate. Employees can also carry over earned vacation.

Donated Services and Goods

The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. The Organization's policy is to utilize, rather than monetize, donated services and goods.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs

and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method and Allocation
Salaries, benefits and payroll taxes	Time and effort
Occupancy	Square footage
Insurance	Square footage
Depreciation	Square footage

Income Tax Status

SafeHouse Center is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization other than a private foundation, as described in Section 509(a).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through February 13, 2024, except for donated use of building, contributions, contributed nonfinancial assets, and occupancy on the basic financial statements and notes 7, 10, 12, 15, and 17, as to which the date is April 11, 2024.

Adoption of New Accounting Standard

The Organization adopted FASB Topic 842, Leases, as of the beginning of the year ended September 30, 2023. This has been

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2023 and 2022

adopted using the modified retrospective approach, which restates the balances as of the date of adoption. The effect of the implementation did not change beginning net assets.

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. In addition, the Organization elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases and the useful lives of corresponding leasehold improvements as certain options to renew were not reasonably certain.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30:

	2023	2022
Cash and cash equivalents	\$ 303,731	\$ 31,485
Investments	5,228	203,894
Grant billing receivable and unbilled grant costs	362,864	330,812
Total financial assets - end of year	\$ 671,823	\$ 566,191

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The Organization's endowment funds consist of donor restricted endowments and funds designated by the board as endowments. Income from donor restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure.

Note 3 – Conditional Promises to Give

During the fiscal year, the Organization received conditional promises to give related to state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various compliance requirements including 2 CFR 200.

The conditional contributions consisted of the following as of September 30, 2023:

Condition/ Grant Purpose	Total Contract/Grant Amount	Spent to Date	Conditional Contribution
Victim Services 23-24	\$ 1,352,933	\$ -	\$ 1,352,933

The conditional contributions consisted of the following as of September 30, 2022:

Condition/ Grant Purpose	Total Contract/Grant Amount	Spent to Date	Conditional Contribution
Housing 22-23	\$ 46,986	\$ 29,915	\$ 17,071
Victim Services 22-23	1,177,374	-	1,177,374
	\$ 1,224,360	\$ 29,915	\$ 1,194,445

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2023 and 2022**

Note 4 – Investments

Fair value of marketable debt and equity securities at September 30, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Available for sale		
Money market funds	\$ 51,784	\$ 46,414
Mutual funds	-	<u>203,378</u>
 Total investments	 <u>\$ 51,784</u>	 <u>\$ 249,792</u>

Investment income is composed of the following at September 30:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 7,502	\$ 14,191
Realized gain (loss)	74,203	14,057
Unrealized gain (loss)	<u>(49,357)</u>	<u>(58,218)</u>
 Total investment income	 <u>\$ 32,348</u>	 <u>\$ (29,970)</u>

Note 5 – Community Foundation

In 2003, the Organization transferred \$123,440 to the Ann Arbor Area Community Foundation (AAACF) for the Shirley Trout/SafeHouse Center Fund for Women, and \$4,708 to establish the SafeHouse Center Endowment Fund. AAACF holds and manages the funds transferred. In accordance with ASC 95-605-25, transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others, the fair market value of these funds, as reflected in the financial statements is \$346,378 and \$308,289 at September 30, 2023 and 2022, respectively. There were no contributions received by the Organization in 2023 and 2022.

In addition, certain funds donated by outside donors for the benefit of the Organization are held and managed by AAACF. Such contributions are subject to variance power maintained by AAACF. The fair market value of these funds is \$34,547 and \$30,280 at September 30, 2023 and 2022, respectively. Earnings are available for distribution to the Organization for operations at the discretion of AAACF; therefore, principal balances are not reflected in the financial statements.

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2023 and 2022

Note 6 – Property and Equipment

Property and equipment as of September 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Computer and office equipment	\$ 77,981	\$ 83,751
Vehicle	30,893	30,893
Leasehold improvements	<u>242,726</u>	<u>242,726</u>
Total cost	351,600	357,370
Accumulated depreciation	<u>(205,486)</u>	<u>(187,289)</u>
Net property and equipment	<u>\$ 146,114</u>	<u>\$ 170,081</u>

Depreciation expense was \$30,574 and \$29,603 for the years ended September 30, 2023 and 2022, respectively.

Note 7 – Donated Use of Building (Restated)

SafeHouse Center leases its office space for \$1 per year from the County of Washtenaw under an agreement expiring in 2045 at September 30, 2022. SafeHouse Center amended the office space lease in June 2023 which reduced the agreement to expire in July 2033. The related promise to give (at net present value) and in-kind rent income and expense have been reflected in the financial statements based on the fair rental value of the property. The contribution is scheduled to be recognized as follows:

	<u>2023</u>	<u>2022</u>
Donated use of building	\$ 3,470,514	\$ 4,976,176
Unamortized discount	<u>(853,763)</u>	<u>(2,264,803)</u>
Donated use of building, net	<u>\$ 2,616,751</u>	<u>\$ 2,711,373</u>
Amounts recognized in occupancy expense in		
2024	\$ 352,934	
2025	352,934	
2026	352,934	
2027	352,934	
2028	352,934	
Thereafter	<u>1,705,844</u>	
Total	<u>\$ 3,470,514</u>	

The donated used of the building is recorded using the original discount rate of 6%.

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Note 8 – Leases

The Organization leases certain equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2028 and provide for renewal options ranging from one year to five years. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

Total lease costs for the years ended September 2023 and 2022 are as follows:

	2023	2022
Operating lease cost	\$ 8,063	\$ -

The following table summarizes the supplemental cash flow information for the years ended September 30, 2023 and 2022:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 8,063	\$ -

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	2023	2022
Weighted-average remaining lease term in years:		
Operating leases	2.60	-
Weighted-average discount rate:		
Operating leases	3.58%	-

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of September 30, 2023:

	Operating
2024	\$ 4,579
2025	1,345
2026	853
2027	853
2028	568
Total lease payments	8,198
Less interest	(373)
Present value of lease liabilities	\$ 7,825

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Note 9 – Minimum Future Rentals

SafeHouse Center subleases a portion of its leased property under certain operating leases having initial or remaining noncancelable lease terms in excess of one year. The future rentals schedule only includes the current term in effect for leases that may have automatic renewals.

Minimum future rentals to be received on noncancelable leases as of September 30, 2023 are listed as follows:

2024	\$	65,007
2025		49,879
2026		39,212
2027		40,780
2028		42,412
Thereafter		<u>1,705,141</u>
Total	\$	<u>1,942,431</u>

Total rental revenue on these rentals for 2023 and 2022 was approximately \$63,431 and \$60,510 respectively.

Note 10 – Net Assets with Donor Restrictions (Restated)

Net assets with donor restrictions are restricted for the following purposes and periods at September 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Health clinic	\$ 830	\$ 830
Fresh Start	56,897	49,960
Programs for children	11,443	11,056
Programs for older women	3,321	12,953
Other programs	<u>42,711</u>	<u>38,617</u>
	<u>115,202</u>	<u>113,416</u>
Subject to the passage of time:		
Long-term building lease	<u>2,616,751</u>	<u>2,711,373</u>
Endowments:		
Subject to spending policy and appropriation		
Programs for older women	206,484	170,182
Perpetual in nature		
Programs for older women	<u>128,148</u>	<u>128,148</u>
	<u>334,632</u>	<u>298,330</u>
Total net assets with donor restrictions	<u>\$ 3,066,585</u>	<u>\$ 3,123,119</u>

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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	2023	2022
Satisfaction of purpose restrictions:		
Fresh Start	\$ 8,913	\$ 10,586
Programs for children	1,058	433
Programs for older women	9,632	1,896
Shelter improvements	-	37,500
Other programs	<u>24,722</u>	<u>41,596</u>
	<u>44,325</u>	<u>92,011</u>
Expiration of time restrictions:		
United Way allocation	-	8,200
Long-term building lease	<u>94,622</u>	<u>54,271</u>
	<u>94,622</u>	<u>62,471</u>
Total net assets released from donor restrictions	<u>\$ 138,947</u>	<u>\$ 154,482</u>

Note 11 – Amounts Owed to Funders

SafeHouse Center and the Michigan Department of Human Services (DHS) signed a settlement agreement and release on November 28, 2007 regarding unallowable questioned costs in audits for the years 2000 – 2003.

Safehouse Center agreed to pay DHS \$483,856 no later than calendar year 2033. No payment schedule is specified. Interest and penalties are due only if assessed by a federal agency and are not waived.

Management has established a projected payment schedule of \$250 per month starting in October 2008 and then \$1,753 per month starting in February 2010 and ending in December 2032. The present value of the projected future payment stream (with interest assumed at 6 percent) is recorded as a liability.

The expected management established future principal payments are as follows:

2024	\$ 12,714
2025	13,499
2026	14,331
2027	15,215
2028	16,153
Thereafter	<u>72,546</u>
Total	<u>\$ 144,458</u>

At September 30, 2023 the Organization recognized forgiveness of debt for a \$26,707 liability with the Department of Justice that was recorded as amounts due to other funders on the statement of financial position.

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Note 12 – Contributed Nonfinancial Assets (Restated)

Contributed nonfinancial assets for the year ended September 30, 2023 were:

Category	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Building	\$ 157,660	Shelter	Restricted for shelter usage	Building recorded at fair value at time of donation; amortized through July 2033
Building maintenance services	219,230	Shelter	No associated donor restrictions	In valuing the contributed maintenance services, the Organization records the value of the services provided by the third party, Washtenaw County.
Household goods and clothing	108,623	Shelter	No associated donor restrictions	The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
	<u>\$ 485,513</u>			

Contributed nonfinancial assets for the year ended September 30, 2022 were:

Category	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Building	\$ 164,462	Shelter	Restricted for shelter usage	Building recorded at fair value at time of donation; amortized through June 2045
Building maintenance services	219,565	Shelter	No associated donor restrictions	In valuing the contributed maintenance services, the Organization records the value of the services provided by the third party, Washtenaw County.
Household goods and clothing	52,089	Shelter	No associated donor restrictions	The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
	<u>\$ 436,116</u>			

The Organization also received volunteer services that are not recordable under generally accepted accounting principles. The services are utilized for grant match.

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Note 13 – Fair Value Measurements

The following tables represent information about the Organization’s assets and liabilities measured at fair value on a recurring basis at September 30, 2023 and 2022, and the valuation techniques used by the Organization to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Disclosures concerning assets measured at fair value on a recurring basis for the year ended September 30 are as follows:

	Balance at 2023	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Community				
Foundation Endowment	\$ 346,378	\$ -	\$ -	\$ 346,378
Corporate bonds	29,326	-	29,326	-
Alternative investments	1,610	-	-	1,610
Mutual Funds	20,848	20,848	-	-
	<u>\$ 398,162</u>	<u>\$ 20,848</u>	<u>\$ 29,326</u>	<u>\$ 347,988</u>

	Balance at 2022	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Community				
Foundation Endowment	\$ 308,289	\$ -	\$ -	\$ 308,289
Corporate bonds	28,911	-	28,911	-
Alternative investments	1,588	-	-	1,588
Mutual Funds	219,293	219,293	-	-
	<u>\$ 558,081</u>	<u>\$ 219,293</u>	<u>\$ 28,911</u>	<u>\$ 309,877</u>

The Beneficial Interest in Community Foundation Endowment changes in level 3 assets and liabilities measured at fair value on a recurring basis are described in Note 14.

The Organization measures the beneficial interest funds held at the AAACF at fair value on a recurring basis. The fair value of the beneficial interest and promises to give were determined primarily based on Level 3 inputs. The Organization estimates the fair value of the investments based upon the Organization’s relative share of assets held and reported by the AAACF, unless the facts and circumstances indicate the fair value would be different from the present value of the estimated future distributions. The Organization estimates the fair value of the promises to give based on the net present value of pledges.

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Note 14 – Donor and Board Restricted Endowments

SafeHouse Center’s endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified based on those donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by use in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) The duration and preservation of the fund; (2) The purposes of the Organization and the donor restricted endowment fund; (3) 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 resources of the Organization; and (7) The investment policies of the Organization.

The endowment net asset composition by type of fund as of September 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 334,622	\$ 334,622
Board-designated endowment funds	11,756	-	11,756
Total funds	<u>\$ 11,756</u>	<u>\$ 334,622</u>	<u>\$ 346,378</u>

Changes in endowment net assets for the year ended September 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 9,959	\$ 298,330	\$ 308,289
Change in beneficial interest	1,797	36,292	38,089
End of year	<u>\$ 11,756</u>	<u>\$ 334,622</u>	<u>\$ 346,378</u>

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The endowment net asset composition by type of fund as of September 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 298,330	\$ 298,330
Board-designated endowment funds	9,959	-	9,959
Total funds	<u>\$ 9,959</u>	<u>\$ 298,330</u>	<u>\$ 308,289</u>

The changes in endowment net assets for the year ended September 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 12,061	\$ 339,927	\$ 351,988
Change in beneficial interest	(2,102)	(41,597)	(43,699)
End of year	<u>\$ 9,959</u>	<u>\$ 298,330</u>	<u>\$ 308,289</u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies 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 the endowment assets. The funds are held in beneficial interest at the Ann Arbor Area Community Foundation (AAACF) and are invested following AAACF's investment policy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment funds are subject to the investment and distribution policies of AAACF. The Organization determines annually whether it will accept the distribution designated by AAACF or ask that it be reinvested for growth.

Note 15 – Revenue from Contracts with Customers (Restated)

The following summarizes revenue by type for the years ended September 30:

	2023	2022
Revenue from contracts with customers	\$ 7,408	\$ 24,983
Contributions	982,015	1,007,052
Contributed nonfinancial assets	485,513	436,116
Government grants	1,648,560	1,613,537
Special events	74,113	25,807
Change in beneficial trust	38,088	(43,699)
Investment income	32,348	(29,970)
Rental revenue	63,431	60,510
Miscellaneous income	6,339	8,381
Loan forgiveness	26,707	-
Gain (loss) on disposal of fixed assets	(124)	-
Total revenue	<u>\$ 3,364,398</u>	<u>\$ 3,102,717</u>

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The revenues from contracts with customers for the years ended September 30, 2023 and 2022 consists of:

	2023	2022
Revenue earned at a point in time	<u>\$ 7,408</u>	<u>\$ 24,983</u>

Revenue earned at a point in time consists of ticket sales for various fundraising events. Fundraising events are typically one day events and therefore the performance obligation is typically satisfied when the attendee attends the event; if the attendee does not attend the entire event, revenue is still earned if some portion of the event was attended. This is because if the attendee attends a portion of the event, they will not be refunded their money. There is variable consideration for the events depending on when they pay, however, the variable consideration is not constrained. The transaction price is calculated using the expected value method based on historical experience for each price. Because the majority of attendees are paying timely, there is no constraint.

There were no changes in judgments related to revenue recognition for the years ended September 30, 2023 and 2022.

Note 16 – Contingencies

The Organization participates in several federally assisted grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Management feels that any liability for reimbursement which could arise as the result of a grantor audit would not be material.

Note 17 – Reissuance of Independent Auditor’s Report

Subsequent to February 13, 2024 (the date of the original audit report) the Organization became aware the donated use of the building was improperly included in contribution revenue on the statement of activities at September 30, 2023 and 2022. Management has moved the donated use of the building revenue for September 30, 2023 and 2022 in the amount of \$157,660 and \$164,462, respectively, to contributed nonfinancial assets on the statement of activities. Additionally, management agreed to reduce the lease term 12 years in June 2023 that was not reflected in the original audit report. The donated use of building and unamortized discount has been adjusted to reflect the new expiration date of July 2033. The related footnotes 7, 10, 12 and 15 have been corrected to match the amounts reported in the basic financial statements. Total assets and net assets on the statement of financial position and revenue, expenses and changes in net assets on the statement of activities have also been updated based on the changes above.