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

Financial Statements

September 30, 2015 and 2014

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Independent Auditors' Report

To the Board of Directors
Domestic Violence Project, Inc.
d/b/a SafeHouse Center

Report on the Financial Statements

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, 2015 and 2014, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 auditors' 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.

Opinion

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, 2015 and 2014, 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.

Other Matters:

***Other Reporting Required by* Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2016 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 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 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
March 10, 2016

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Balance Sheet
September 30, 2015 and 2014

		2015	2014
Assets			
Current assets			
Cash and cash equivalents		$ **708,129**	$ 702,903
Receivables			
Grant billing receivable and unbilled grant costs		**127,072**	111,446
Promises to give		**104,815**	90,331
Other receivables		**92,965**	3,390
Prepaid expenses		**17,302**	14,158
Total current assets		**1,050,283**	922,228
Beneficial interest in the assets of the Ann Arbor Area Community Foundation		**217,096**	229,227
Property and equipment, net		**64,726**	49,631
Donated use of building		**3,031,110**	3,066,805
Total assets		$ **4,363,215**	$ 4,267,891
Liabilities and Net Assets			
Current liabilities			
Accounts payable		$ **17,628**	$ 15,813
Accrued payroll and withholdings		**39,658**	30,333
Accrued compensated absences		**32,561**	30,459
Total current liabilities		**89,847**	76,605
Due to funders		**249,598**	257,017
Total liabilities		**339,445**	333,622
Net assets			
Unrestricted		**587,137**	487,098
Temporarily restricted		**3,308,485**	3,319,023
Permanently restricted		**128,148**	128,148
Total net assets		**4,023,770**	3,934,269
Total liabilities and net assets		$ **4,363,215**	$ 4,267,891

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, 2015 and 2014

	September 30, 2015				September 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	**2015**	Unrestricted	Temporarily Restricted	Permanently Restricted	2014
Revenue and Support								
Contributions	$ 962,836	$ 213,029	$ -	**$ 1,175,865**	$ 835,688	$ 116,401	$ -	$ 952,089
In-kind donations	178,613	-	-	**178,613**	176,470	-	-	176,470
Government grants	696,909	-	-	**696,909**	751,455	-	-	751,455
Special event revenue, net	15,205	-	-	**15,205**	10,465	-	-	10,465
Change in beneficial interest	(12,131)	-	-	**(12,131)**	1,089	18,543	-	19,632
Interest income	1,586	-	-	**1,586**	2,944	-	-	2,944
Rental income	46,938	-	-	**46,938**	46,159	-	-	46,159
Miscellaneous income	10,091	-	-	**10,091**	17,405	-	-	17,405
Total revenue and support	1,900,047	213,029	-	**2,113,076**	1,841,675	134,944	-	1,976,619
Net assets released from restrictions	223,567	(223,567)	-	**-**	129,651	(129,651)	-	-
Total revenue, support and net assets released from restrictions	2,123,614	(10,538)	-	**2,113,076**	1,971,326	5,293	-	1,976,619
Expenses								
Program services	1,551,472	-	-	**1,551,472**	1,442,739	-	-	1,442,739
Support services								
Management and general	259,141	-	-	**259,141**	253,043	-	-	253,043
Fundraising	212,962	-	-	**212,962**	162,418	-	-	162,418
Total expenses	2,023,575	-	-	**2,023,575**	1,858,200	-	-	1,858,200
Change in net assets	100,039	(10,538)	-	**89,501**	113,126	5,293	-	118,419
Net assets - beginning of the year	487,098	3,319,023	128,148	**3,934,269**	373,972	3,313,730	128,148	3,815,850
Net assets - end of the year	$ 587,137	$ 3,308,485	$ 128,148	**$ 4,023,770**	$ 487,098	$ 3,319,023	$ 128,148	$ 3,934,269

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Statement of Functional Expenses
For the Years Ended September 30, 2015 and 2014

	Program Services	Management and General	Fundraising	**Total 2015**	Program Services	Management and General	Fundraising	Total 2014
Salaries and wages	$ 819,714	$ 155,547	$ 138,178	**$ 1,113,439**	$ 715,282	$ 144,500	$ 115,249	$ 975,031
Employee benefits	104,640	20,813	7,704	**133,157**	98,189	18,863	12,775	129,827
Payroll taxes	64,371	12,215	10,851	**87,437**	59,336	11,987	9,560	80,883
Total payroll expenses	988,725	188,575	156,733	**1,334,033**	872,807	175,350	137,584	1,185,741
Specific assistance to individuals	72,751	-	-	**72,751**	66,597	-	-	66,597
Accounting fees	-	24,745	-	**24,745**	-	27,222	-	27,222
Office expenses	61,358	12,452	13,446	**87,256**	66,515	8,142	11,329	85,986
Occupancy	358,196	5,388	2,694	**366,278**	361,409	5,448	2,724	369,581
Information technology	172	13	13	**198**	1,593	119	119	1,831
Travel	7,833	1,926	785	**10,544**	7,404	1,292	957	9,653
Conferences and meetings	5,243	-	-	**5,243**	5,780	-	-	5,780
Interest	-	13,617	-	**13,617**	-	14,048	-	14,048
Depreciation	10,590	575	345	**11,510**	9,387	510	306	10,203
Insurance	25,074	1,561	1,236	**27,871**	23,525	1,308	926	25,759
Special events	-	-	21,110	**21,110**	-	-	12,007	12,007
Other professional fees	18,618	4,306	-	**22,924**	24,169	17,306	-	41,475
Advertising and promotion	2,331	-	30,110	**32,441**	2,311	-	13,799	16,110
Bad debt	-	5,983	-	**5,983**	-	2,298	-	2,298
Miscellaneous	581	-	1,783	**2,364**	1,242	-	2,142	3,384
Less special event expenses	-	-	(15,293)	**(15,293)**	-	-	(19,475)	(19,475)
Total expenses	$ 1,551,472	$ 259,141	$ 212,962	**$ 2,023,575**	$ 1,442,739	$ 253,043	$ 162,418	$ 1,858,200

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, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 89,501	$ 118,419
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	11,510	10,203
Bad debt expense	5,983	2,298
Amortization of present value discount on donated use of building	35,695	33,622
Change in beneficial interest in assets of the Ann Arbor Community Foundation	12,131	(19,204)
Changes in operating assets and liabilities		
Grant billing receivable and unbilled grant costs	(15,626)	38,194
Unconditional promises to give	(20,467)	(23,378)
Other receivable	(89,575)	(1,060)
Prepaid expenses and other current assets	(3,144)	9,382
Accounts payable	1,815	1,057
Accrued liabilities and other	11,427	1,515
Net cash provided by operations	39,250	171,048
Cash flows from investing activities		
Payments for property and equipment	(26,605)	(1,704)
Cash flow from financing activities		
Payments made to funders	(7,419)	(6,988)
Net change in cash and cash equivalents	5,226	162,356
Cash and cash equivalents, beginning of the year	702,903	540,547
Cash and cash equivalents, end of the year	$ 708,129	$ 702,903

See Accompanying Notes to the Financial Statements

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.

Financial Statement Presentation

Net assets of the SafeHouse Center, and changes therein, are classified and reported as follows:

Unrestricted net assets
Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets
Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets
Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Grants

Grant revenue determined to be exchange transactions is recognized as services are provided. Grant revenue received in excess of that earned is recorded as deferred revenue.

Management has determined that grant billings receivable are fully collectible and has not recorded an allowance for doubtful accounts.

Approximately 33% and 38% of the Organization's revenue for the years ended September 30, 2015 and 2014, respectively is from grants passed through various organizations. Of the total grant revenue, approximately 31% and 45% is passed through the Michigan Department of Human Services and Michigan Department of Community Health for the years ended September 30, 2015 and 2014, respectively.

Cash and Cash Equivalents
The SafeHouse Center considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. The carrying amount of the Safehouse Center's deposits with financial institutions at year end was $708,129. The actual bank balance amounted to $722,075, and was fully insured by the FDIC.

Accounts Receivables
The 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, $4,013 and $3,084 of allowance was deemed necessary as of September 30, 2015 and 2014.

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

Property and Equipment
Property and equipment are stated at cost or fair market value at the date received and are depreciated on a straight-line basis over their estimated useful lives of 5 to 10 years. Costs of maintenance and repairs are charged to expense when incurred.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of property and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations about how long the property and equipment must be maintained, the Organization reports expirations of donor restrictions over time based on an estimate of useful lives of the donated or acquired property and equipment.

Special Events
The amount listed on the statement of activities as special event revenue, net pertain to the annual golf outing. The amounts exclude in-kind revenue and expenses. The in-kind amounts have no net effect on the overall revenue.

Functional Expenses
The allocation of expenses to the functional programs and management and general and fundraising categories was computed using allocation percentages. The percentages were computed using time reporting data and building square footage.

Income Tax Status
The 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.

Subsequent Events

Management has evaluated subsequent events through March 10, 2016, which is the date the financial statements were available to be issued.

Note 2 – Unconditional Promises to Give

Unconditional promises to give as of September 30 consist of the following:

	2015	2014
United Way allocation and time restrictions	$ 108,828	$ 95,564
Discount to net present value	-	(2,149)
Allowance for uncollectible promises to give	(4,013)	(3,084)
Net promises to give	$ 104,815	$ 90,331

Amounts due in	
2016	$ 70,144
2017	22,261
2018	16,423
Total	$ 108,828

Note 3 – 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 of Holds Contributions for Others, the fair market value of these funds, as reflected in the financial statements is $217,096 and $229,227 at September 30, 2015 and 2014, respectively. There were no contributions received by the Organization in 2015 and 2014.

In addition, certain funds donated by outside donors for the benefit of the Organization are held and managed by AAACF. Such contribution are subject to variance power maintained by AAACF. The fair market value of these funds is $20,858 and $21,964 at September 30, 2015 and 2014, 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.

Note 4 – Property and Equipment

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

	2015	2014
Computer and office equipment	$ 37,446	$ 24,784
Leasehold improvements	103,583	89,640
Total cost	141,029	114,424
Accumulated depreciation	(76,303)	(64,793)
Net property and equipment	$ 64,726	$ 49,631

Depreciation expense was $11,510 and $10,203 for the years ended September 30, 2015 and 2014, respectively.

Note 5 – Operating Leases

SafeHouse Center leases its office space for $1 per year from the County of Washtenaw under an agreement expiring in 2045. 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 if the property of $218,733 per year.

SafeHouse Center also has various leases for equipment that are classified as operating leases. The following table is the future minimum payment schedule:

2016	$ 1,832
2017	792
2018	792
2019	792
Total	$ 4,208

Total rent expense on these leases for 2015 and 2014 was approximately $3,288 and $2,496, respectively.

Note 6 – 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.

Minimum future rentals to be received on noncancelable leases as of September 30, 2015 are:

2016	$ 26,701
2017	22,251
Total	$ 48,952

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30:

	2015	2014
Purpose restricted:		
Health clinic	$ 1,253	$ 1,253
Fresh Start	12,894	11,093
Programs for children	28,900	14,763
Programs for older women	89,917	104,243
Shelter security	105	105
Other programs	39,491	30,430
Time restricted:		
United Way allocation	51,503	51,503
Promises to give	53,312	38,828
Long-term building lease	3,031,110	3,066,805
Total temporarily restricted net assets	$ 3,308,485	$ 3,319,023

Note 8 – 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 an appeal for 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:

2016	$ 7,877
2017	8,363
2018	8,878
2019	9,426
2020	10,007
Thereafter	178,340
Total	$ 222,891

The Organization also has a $26,707 liability recorded for amounts due to other funders. Payment dates are not specified.

Note 9 – In-kind Donations

Donated items received by the Organization and used in its programs have been reflected in the financial statements at their estimated fair values. Approximately $178,613 and $176,470 of donated goods and services were recognized as revenue for the years ended September 30, 2015 and 2014, respectively.

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

Note 10 – Fair Value Measurements

Fair value is defined as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc).

Level 3: Significant unobservable inputs (including the Organization’s own assumptions in determining the fair value of investments).

There are no level 1 or 2 inputs.

The inputs and methodology used for valuing the SafeHouse Center’s financial assets and liabilities are not indicators of the risks associated with those instruments.

The Organization measures the beneficial interest funds held at the AAACF and promises to give (when applicable) 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.

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

		Fair Value Measurements using:
	Balance at September 30, 2015	Significant Unobservable Inputs (Level 3)
Beneficial interest in Community Foundation Endowment	$ 217,096	$ 217,096

		Fair Value Measurements using:
	Balance at September 30, 2014	Significant Unobservable Inputs (Level 3)
Beneficial interest in Community Foundation Endowment	$ 229,227	$ 229,227
Promises to give, net	90,331	90,331
	$ 319,558	$ 319,558

Note 11 – Donor and Board Restricted Endowments

The SafeHouse Center's endowment 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 SafeHouse Center 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 gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the SafeHouse Center 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 unrestricted net assets unless otherwise specified by the donor. In accordance with UPMIFA, the organization exercises the standard of ordinary business care and prudence when determining the amount of earnings and gains to appropriate for expenditure of to accumulate within the endowment fund. The SafeHouse Center considers the following factors in exercising this standard of care: (1) The long-term and short-term needs of the organization in carrying out its charitable purpose; (2) The present and anticipated financial requirements of the organization; (3) The expected total return on investments (4) Price level trends; and (5) General economic conditions.

The endowment net asset composition by type of fund as of September 30, 2015 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 88,948	$ 128,148	$ 217,096

Changes in endowment net assets for the year ended September 30, 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ 101,079	$ 128,148	$ 229,227
Investment income	(12,131)	-	(12,131)
End of year	$ 88,948	$ 128,148	$ 217,096

The endowment net asset composition by type of fund as of September 30, 2014 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 101,079	$ 128,148	$ 229,227

The changes in endowment net assets for the year ended September 30, 2014 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ 81,875	$ 128,148	$ 210,023
Investment income	19,204	-	19,204
End of year	$ 101,079	$ 128,148	$ 229,227

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.