

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

Financial Statements

September 30, 2018 and 2017



Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Balance Sheet	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



800.968.0010 | yeoandyeo.com

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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 of 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, 2018 and 2017, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2019 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
April 1, 2019

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Balance Sheet
September 30, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 469,953	\$ 456,554
Investments	61,118	55,491
Receivables		
Grant billing receivable and unbilled grant costs	135,688	127,978
Promises to give, current portion	100,257	98,809
Prepaid expenses	18,830	23,309
Total current assets	785,846	762,141
Long-term assets		
Beneficial interest in the assets of the Ann Arbor Area Community Foundation	266,901	261,144
Property and equipment, net	73,815	79,571
Promises to give, net of current portion	6,904	44,011
Donated use of building	2,910,261	2,952,978
Total long-term assets	3,257,881	3,337,704
Total assets	\$ 4,043,727	\$ 4,099,845
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 21,848	\$ 26,736
Accrued payroll and withholdings	57,155	59,592
Accrued compensated absences	43,271	37,822
Total current liabilities	122,274	124,150
Due to funders	252,731	261,610
Total liabilities	375,005	385,760
Net assets		
Unrestricted	304,705	280,187
Temporarily restricted	3,235,869	3,305,750
Permanently restricted	128,148	128,148
Total net assets	3,668,722	3,714,085
Total liabilities and net assets	\$ 4,043,727	\$ 4,099,845

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, 2018 and 2017

	September 30, 2018				September 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	2018	Unrestricted	Temporarily Restricted	Permanently Restricted	2017
Revenue and Support								
Contributions	\$ 892,088	\$ 116,769	\$ -	\$ 1,008,857	\$ 818,109	\$ 213,936	\$ -	\$ 1,032,045
In-kind donations	172,716	-	-	172,716	155,283	-	-	155,283
Government grants	1,101,777	-	-	1,101,777	1,061,511	-	-	1,061,511
Special event revenue	29,594	-	-	29,594	31,396	-	-	31,396
Change in beneficial interest	5,757	-	-	5,757	28,544	-	-	28,544
Investment income	4,313	-	-	4,313	4,902	-	-	4,902
Rental income	50,091	-	-	50,091	46,447	-	-	46,447
Miscellaneous income	7,593	-	-	7,593	11,741	-	-	11,741
Total revenue and support	2,263,929	116,769	-	2,380,698	2,157,933	213,936	-	2,371,869
Net assets released from restrictions	186,650	(186,650)	-	-	206,130	(206,130)	-	-
Total revenue, support and net assets released from restrictions	2,450,579	(69,881)	-	2,380,698	2,364,063	7,806	-	2,371,869
Expenses								
Program services	1,961,110	-	-	1,961,110	1,908,526	-	-	1,908,526
Support services								
Management and general	271,109	-	-	271,109	269,217	-	-	269,217
Fundraising	193,842	-	-	193,842	179,976	-	-	179,976
Total expenses	2,426,061	-	-	2,426,061	2,357,719	-	-	2,357,719
Change in net assets	24,518	(69,881)	-	(45,363)	6,344	7,806	-	14,150
Net assets - beginning of the year	280,187	3,305,750	128,148	3,714,085	273,843	3,297,944	128,148	3,699,935
Net assets - end of the year	\$ 304,705	\$ 3,235,869	\$ 128,148	\$ 3,668,722	\$ 280,187	\$ 3,305,750	\$ 128,148	\$ 3,714,085

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, 2018 and 2017

	Program Services	Management and General	Fundraising	Total 2018	Program Services	Management and General	Fundraising	Total 2017
Salaries and wages	\$ 1,115,076	\$ 156,719	\$ 116,324	\$ 1,388,119	\$ 1,092,770	\$ 149,512	\$ 103,937	\$ 1,346,219
Employee benefits	131,585	23,488	10,384	165,457	141,662	21,731	9,796	173,189
Payroll taxes	90,946	12,781	9,487	113,214	85,191	11,646	8,079	104,916
 Total payroll expenses	 <u>1,337,607</u>	 <u>192,988</u>	 <u>136,195</u>	 <u>1,666,790</u>	 <u>1,319,623</u>	 <u>182,889</u>	 <u>121,812</u>	 <u>1,624,324</u>
 Specific assistance to individuals	 81,101	 -	 -	 81,101	 62,457	 -	 -	 62,457
Accounting fees	-	25,468	-	25,468	-	23,309	-	23,309
Office expenses	88,640	14,248	10,022	112,910	84,568	13,765	13,185	111,518
Occupancy	365,760	5,428	2,714	373,902	360,007	5,369	2,685	368,061
Information technology	1,128	84	84	1,296	631	47	47	725
Travel	8,274	398	-	8,672	9,132	303	92	9,527
Conferences and meetings	14,105	-	-	14,105	11,540	-	-	11,540
Interest	-	12,158	-	12,158	-	12,673	-	12,673
Depreciation	15,180	1,442	339	16,961	16,650	1,581	372	18,603
Insurance	30,403	1,395	915	32,713	31,651	1,631	1,038	34,320
Special events	-	-	22,111	22,111	-	-	17,829	17,829
Other professional fees	13,579	5,642	3,242	22,463	7,694	7,750	3,866	19,310
Advertising and promotion	2,610	-	17,634	20,244	2,394	-	18,005	20,399
Bad debt	-	11,858	-	11,858	-	19,900	-	19,900
Miscellaneous	2,723	-	586	3,309	2,179	-	1,045	3,224
 Total expenses	 <u>\$ 1,961,110</u>	 <u>\$ 271,109</u>	 <u>\$ 193,842</u>	 <u>\$ 2,426,061</u>	 <u>\$ 1,908,526</u>	 <u>\$ 269,217</u>	 <u>\$ 179,976</u>	 <u>\$ 2,357,719</u>

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, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (45,363)	\$ 14,150
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	16,961	18,603
Bad debt expense	11,858	19,900
Amortization of present value discount on donated use of building	42,717	40,234
Change in beneficial interest in assets of the Ann Arbor Community Foundation	(5,757)	(28,471)
Donated stock	(3,240)	(46,234)
Realized and unrealized gains on investments	(2,394)	(4,125)
Changes in operating assets and liabilities		
Grant billing receivable and unbilled grant costs	(7,710)	(8,692)
Unconditional promises to give	23,801	(50,429)
Other receivable	-	737
Prepaid expenses and other current assets	4,479	(2,223)
Accounts payable	(4,888)	5,070
Accrued liabilities and other	3,012	8,231
	33,476	(33,249)
Net cash provided (used) by operations		
Cash flows from investing activities		
Payments for property and equipment	(11,205)	(40,925)
Purchases of investments	(3,226)	(2,213)
Sales of investments	3,233	46,195
	(11,198)	3,057
Net cash provided (used) by investing activities		
Cash flow from financing activities		
Payments made to funders	(8,879)	(8,363)
Cash advance from funders	-	28,252
	(8,879)	19,889
Net cash provided (used) by financing activities		
Net change in cash and cash equivalents	13,399	(10,303)
Cash and cash equivalents, beginning of the year	456,554	466,857
Cash and cash equivalents, end of the year	\$ 469,953	\$ 456,554

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017

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.

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017

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 \$469,953. The actual bank balance amounted to \$474,046, and \$456,015 was 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, \$7,219 and \$6,779 of allowance was deemed necessary as of September 30, 2018 and 2017.

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

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 pertain to the annual golf outing and other events. 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 determined by management's knowledge of each item.

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.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017**

Subsequent Events

Management has evaluated subsequent events through April 1, 2019, 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:

	<u>2018</u>	<u>2017</u>
Promise to give	\$ 114,380	\$ 149,599
Allowance for uncollectible promises to give	<u>(7,219)</u>	<u>(6,779)</u>
 Net promises to give	 <u>\$ 107,161</u>	 <u>\$ 142,820</u>
 Amounts due in		
2019	\$ 100,257	
2020	9,123	
2021	<u>5,000</u>	
 Total	 <u>\$ 114,380</u>	

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 or Holds Contributions for Others, the fair market value of these funds, as

reflected in the financial statements is \$266,901 and \$261,144 at September 30, 2018 and 2017, respectively. There were no contributions received by the Organization in 2018 and 2017.

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 \$26,135 and \$25,264 at September 30, 2018 and 2017, 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:

	<u>2018</u>	<u>2017</u>
Computer and office equipment	\$ 43,855	\$ 41,361
Vehicle	30,893	30,893
Leasehold improvements	<u>116,500</u>	<u>107,788</u>
Total cost	191,248	180,042
 Accumulated depreciation	 <u>(117,433)</u>	 <u>(100,471)</u>
 Net property and equipment	 <u>\$ 73,815</u>	 <u>\$ 79,571</u>

Depreciation expense was \$16,961 and \$18,603 for the years ended September 30, 2018 and 2017, respectively.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017**

Note 5 – Donated Use of Building

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 of the property. The contribution is scheduled to be recognized as follows:

	<u>2018</u>	<u>2017</u>
Donated use of building	\$ 5,851,108	\$ 6,069,841
Unamortized discount	<u>(2,940,847)</u>	<u>(3,116,863)</u>
Donated use of building, net	<u>\$ 2,910,261</u>	<u>\$ 2,952,978</u>
Amounts earned in		
2019	\$ 218,733	
2020	218,733	
2021	218,733	
2022	218,733	
2023	218,733	
Thereafter	<u>4,757,443</u>	
Total	<u>\$ 5,851,108</u>	

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

Note 6 – Operating Leases

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

2019	3,222
2020	1,525
2021	<u>360</u>
Total	<u>\$ 5,107</u>

Total rent expense on these leases for 2018 and 2017 was approximately \$3,588 and \$3,588 respectively.

Note 7 – 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.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017**

Minimum future rentals to be received on noncancelable leases as of September 30, 2018 are listed as follows:

2019	\$	50,165
2020		36,173
2021		29,620
2022		<u>28,153</u>
Total	\$	<u>144,111</u>

Total rental revenue on these rentals for 2018 and 2017 was approximately \$50,091 and \$46,447 respectively.

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following time and purpose restrictions at September 30:

	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Health clinic	\$ 830	\$ 830
Fresh Start	17,205	13,464
Programs for children	5,661	1,577
Programs for older women	142,117	128,600
Shelter security	-	51
Other programs	67,633	85,431
Time restricted:		
United Way allocation	11,250	41,250
Promises to give, net of purpose restrictions already captured above	80,912	81,569
Long-term building lease	<u>2,910,261</u>	<u>2,952,978</u>
Total temporarily restricted net assets	<u>\$ 3,235,869</u>	<u>\$ 3,305,750</u>

Note 9 – 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 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

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017**

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:

2019	\$ 9,426
2020	10,007
2021	10,625
2022	11,280
2023	11,976
Thereafter	<u>144,458</u>
 Total	 <u>\$ 197,772</u>

The Organization also has a \$26,707 liability with the Department of Justice recorded for amounts due to other funders. Payment dates are not specified.

An advance of \$28,252 was received from Michigan Department of Health and Human Services in fiscal year ended September 2017 to maintain funding cash flow due to a change in the State payment system. The advance is zero interest and will be paid back by 2020.

Note 10 – 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 \$172,716 and \$155,283 of donated goods and services were recognized as revenue for the years ended September 30, 2018 and 2017, respectively.

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

Note 11 – 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, 2018 and 2017, 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.

There are no level 2 inputs.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017**

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:

	Fair Value Measurements using:		
	Balance at September 30, 2018	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Beneficial interest in Community Foundation Endowment	\$ 266,901	\$ -	\$ 266,901
Mutual Funds	61,118	61,118	-
	<u>\$ 328,019</u>	<u>\$ 61,118</u>	<u>\$ 266,901</u>

	Fair Value Measurements using:		
	Balance at September 30, 2017	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Beneficial interest in Community Foundation Endowment	\$ 261,144	\$ -	\$ 261,144
Mutual Funds	55,491	55,491	-
	<u>\$ 316,635</u>	<u>\$ 55,491</u>	<u>\$ 261,144</u>

Changes in level 3 assets and liabilities measured at fair value on a recurring basis are described in note 12.

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.

Note 12 – 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

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017**

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, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 130,182	\$ 128,148	\$ 258,330
Board-designated endowment funds	8,571	-	-	8,571
Total funds	<u>\$ 8,571</u>	<u>\$ 130,182</u>	<u>\$ 128,148</u>	<u>\$ 266,901</u>

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 8,331	\$ 124,665	\$ 128,148	\$ 261,144
Investment income	240	5,517	-	5,757
End of year	<u>\$ 8,571</u>	<u>\$ 130,182</u>	<u>\$ 128,148</u>	<u>\$ 266,901</u>

The endowment net asset composition by type of fund as of September 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 124,665	\$ 128,148	\$ 252,813
Board-designated endowment funds	8,331	-	-	8,331
Total funds	<u>\$ 8,331</u>	<u>\$ 124,665</u>	<u>\$ 128,148</u>	<u>\$ 261,144</u>

The changes in endowment net assets for the year ended September 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ 7,376	\$ 97,149	\$ 128,148	\$ 232,673
Investment income	955	27,516	-	28,471
End of year	<u>\$ 8,331</u>	<u>\$ 124,665</u>	<u>\$ 128,148</u>	<u>\$ 261,144</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.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2018 and 2017**

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 13 – 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.