

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

Financial Statements

September 30, 2020 and 2019



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Independent Auditors' Report

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

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, 2020 and 2019, 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, 2020 and 2019, 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.

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 contributions in 2020 as required by the provisions of FASB Accounting Standards Update 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021 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
March 30, 2021

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Balance Sheet
September 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 724,502	\$ 348,874
Investments	163,231	112,853
Receivables		
Grant billing receivable and unbilled grant costs	255,899	194,131
Promises to give, current portion	6,358	59,968
Other receivables	-	1,523
Prepaid expenses	26,502	27,471
Total current assets	1,176,492	744,820
Long-term assets		
Beneficial interest in the assets of the Ann Arbor Area Community Foundation	276,487	261,992
Property and equipment, net	72,572	65,058
Promises to give, net of current portion and allowance	403	3,463
Donated use of building	2,816,762	2,864,910
Total long-term assets	3,166,224	3,195,423
Total assets	\$ 4,342,716	\$ 3,940,243
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 13,580	\$ 22,074
Accrued payroll and withholdings	96,766	74,325
Accrued compensated absences	86,301	49,532
Current portion of PPP loan	16,131	-
Total current liabilities	212,778	145,931
Long-term liabilities		
PPP loan, net of current portion	126,756	-
Due to funders	205,046	215,053
Total long-term liabilities	331,802	215,053
Total liabilities	544,580	360,984

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Balance Sheet
September 30, 2020 and 2019

	2020	2019
Net assets		
Without donor restrictions		
Undesignated	574,794	282,289
Board designated	8,485	8,298
Total without donor restrictions	583,279	290,587
With donor restrictions		
Purpose restrictions	263,185	246,891
Time-restricted for future periods	2,823,524	2,918,341
Perpetual in nature	128,148	123,440
Total with donor restrictions	3,214,857	3,288,672
Total net assets	3,798,136	3,579,259
Total liabilities and net assets	\$ 4,342,716	\$ 3,940,243

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, 2020 and 2019

	September 30, 2020			September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	\$ 1,266,295	\$ 109,899	\$ 1,376,194	\$ 930,981	\$ 71,387	\$ 1,002,368
In-kind donations	258,275	-	258,275	168,531	-	168,531
Government grants	1,619,648	-	1,619,648	1,325,330	-	1,325,330
Special event revenue	75,946	-	75,946	30,521	-	30,521
Change in beneficial interest	14,495	-	14,495	(4,909)	-	(4,909)
Investment income	10,544	-	10,544	9,941	-	9,941
Rental income	55,172	-	55,172	51,720	-	51,720
Miscellaneous income	6,807	-	6,807	6,645	-	6,645
Total revenue and support	3,307,182	109,899	3,417,081	2,518,760	71,387	2,590,147
Net assets released from restrictions	183,714	(183,714)	-	146,732	(146,732)	-
Total revenue, support and net assets released from restrictions	3,490,896	(73,815)	3,417,081	2,665,492	(75,345)	2,590,147
Expenses						
Program services	2,638,747	-	2,638,747	2,225,546	-	2,225,546
Support services						
Management and general	286,812	-	286,812	232,010	-	232,010
Fundraising	272,645	-	272,645	291,630	-	291,630
Total expenses	3,198,204	-	3,198,204	2,749,186	-	2,749,186
Change in net assets	292,692	(73,815)	218,877	(83,694)	(75,345)	(159,039)
Net assets - beginning of the year	290,587	3,288,672	3,579,259	374,281	3,364,017	3,738,298
Net assets - end of the year	<u>\$ 583,279</u>	<u>\$ 3,214,857</u>	<u>\$ 3,798,136</u>	<u>\$ 290,587</u>	<u>\$ 3,288,672</u>	<u>\$ 3,579,259</u>

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, 2020 and 2019

	Support Services			Total 2020	Support Services			Total 2019
	Program Services	Management and General	Fundraising		Program Services	Management and General	Fundraising	
Salaries and wages	\$ 1,576,992	\$ 174,324	\$ 177,314	\$ 1,928,630	\$ 1,349,043	\$ 131,330	\$ 164,163	\$ 1,644,536
Employee benefits	165,958	15,959	23,031	204,948	137,313	23,762	22,889	183,964
Payroll taxes	120,764	13,249	13,249	147,262	104,349	10,158	12,697	127,204
Total payroll expenses	1,863,714	203,532	213,594	2,280,840	1,590,705	165,250	199,749	1,955,704
Specific assistance to individuals	144,715	-	-	144,715	86,782	-	-	86,782
Accounting fees	-	29,452	-	29,452	-	26,453	-	26,453
Office expenses	92,263	14,015	19,218	125,496	82,383	12,306	15,061	109,750
Occupancy	454,422	5,345	2,672	462,439	365,915	5,406	2,703	374,024
Information technology	1,737	191	191	2,119	2,052	200	250	2,502
Travel	4,484	707	-	5,191	8,249	1,364	-	9,613
Conferences and meetings	4,528	-	-	4,528	16,075	-	-	16,075
Interest	-	11,029	-	11,029	-	11,610	-	11,610
Depreciation	17,574	362	181	18,117	18,973	391	196	19,560
Insurance	35,024	1,577	1,315	37,916	32,195	1,231	1,155	34,581
Cost of direct benefit to donors	-	-	9,694	9,694	-	-	24,098	24,098
Other professional fees	14,497	2,737	2,019	19,253	18,534	3,320	2,581	24,435
Advertising and promotion	2,312	-	23,230	25,542	2,445	-	45,320	47,765
Bad debt	-	17,865	-	17,865	-	1,479	-	1,479
Miscellaneous	3,477	-	531	4,008	1,238	3,000	517	4,755
Total expenses	\$ 2,638,747	\$ 286,812	\$ 272,645	\$ 3,198,204	\$ 2,225,546	\$ 232,010	\$ 291,630	\$ 2,749,186

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 218,877	\$ (159,039)
Adjustments to reconcile change in net assets to net cash provided (used) by operations		
Depreciation	18,117	19,560
Bad debt expense	17,865	1,479
Amortization of present value discount on donated use of building	48,148	45,351
Change in beneficial interest in assets of the Ann Arbor Community Foundation	(14,495)	4,909
Donated stock	(40,381)	(1,909)
Realized and unrealized gains on investments	(7,258)	(4,267)
Changes in operating assets and liabilities		
Grant billing receivable and unbilled grant costs	(61,768)	(58,443)
Promises to give	38,805	42,251
Other receivables	1,523	(1,523)
Prepaid expenses	969	(8,641)
Accounts payable	(8,494)	226
Accrued payroll and withholdings	22,441	17,170
Accrued compensated absences	36,769	6,261
Net cash provided (used) by operations	<u>271,118</u>	<u>(96,615)</u>
Cash flows from investing activities		
Purchases of property and equipment	(25,631)	(10,803)
Purchases of investments	(32,387)	(3,985)
Sales of investments	29,648	28,002
Net cash provided (used) by investing activities	<u>(28,370)</u>	<u>13,214</u>
Cash flows from financing activities		
Payments made to funders	(10,007)	(37,678)
Proceeds from issuance of PPP loan	142,887	-
Net cash provided (used) by financing activities	<u>132,880</u>	<u>(37,678)</u>
Net change in cash and cash equivalents	375,628	(121,079)
Cash and cash equivalents, beginning of the year	<u>348,874</u>	<u>469,953</u>
Cash and cash equivalents, end of the year	<u>\$ 724,502</u>	<u>\$ 348,874</u>

See Accompanying Notes to the Financial Statements

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2020 and 2019

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

The SafeHouse Center considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. As September 30, 2020, \$505,586 of cash and cash equivalents was in excess of the amount insured by the FDIC.

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2020 and 2019

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, \$496 and \$3,927 of allowance was deemed necessary as of September 30, 2020 and 2019.

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

The 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.

The 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.

Paycheck Protection Program (PPP) Loan

The Organization accounts for the PPP loan as a financial liability in accordance with FASB ASC 470 Debt. Interest is accrued throughout the life of the loan, even when no payments are currently due.

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.

Special Event

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.

Advertising

The SafeHouse Center expenses advertising costs the first time the advertising occurs. Advertising expense for the years ended September 30, 2020 and 2019 was \$25,542 and \$47,765, respectively.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2020 and 2019**

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

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 30, 2021, which is the date the financial statements were available to be issued.

Change in Accounting Principle

The Organization adopted ASU 2018-08 Not-for-Profit Entities (Topic 958) *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* as of the beginning of the year ended September 30, 2020. This has been adopted using a modified prospective approach. Net assets did not change as a result of this change

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:

Cash and cash equivalents	\$ 594,409
Investments	115,089
Grant billing receivable and unbilled grant costs	255,899
Promises to give	<u>6,358</u>
Total financial assets - end of year	<u><u>\$ 971,755</u></u>

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.

Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2020 and 2019

Donor restricted endowment funds are not available for general expenditure.

Note 3 – Unconditional Promises to Give

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

	2020	2019
Promise to give	\$ 7,257	\$ 67,358
Allowance for uncollectible promises to give	(496)	(3,927)
Net promises to give	\$ 6,761	\$ 63,431
Amounts due in		
2021	\$ 6,358	
2022	899	
Total	\$ 7,257	

Note 4 – 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, 2020:

Condition/ Grant Purpose	Total Contract/Grant Amount	Spent to Date	Conditional Contribution
Emergency shelter	\$ 90,802	\$ 20,584	\$ 70,218
Transitional housing	365,243	105,631	259,612
	\$ 456,045	\$ 126,215	\$ 329,830

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 \$276,487 and \$261,992 at September 30, 2020 and 2019, respectively. There were no contributions received by the Organization in 2020 and 2019.

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 \$27,090 and \$26,311 at September 30, 2020 and 2019, 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, 2020 and 2019

Note 6 – Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Computer and office equipment	\$ 72,476	\$ 52,350
Vehicle	30,893	30,893
Leasehold improvements	<u>124,313</u>	<u>118,808</u>
Total cost	227,682	202,051
Accumulated depreciation	<u>(155,110)</u>	<u>(136,993)</u>
Net property and equipment	<u>\$ 72,572</u>	<u>\$ 65,058</u>

Depreciation expense was \$18,117 and \$19,560 for the years ended September 30, 2020 and 2019, respectively.

Note 7 – 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>2020</u>	<u>2019</u>
Donated use of building	\$ 5,413,642	\$ 5,632,375
Unamortized discount	<u>(2,596,880)</u>	<u>(2,767,465)</u>
Donated use of building, net	<u>\$ 2,816,762</u>	<u>\$ 2,864,910</u>
Amounts earned in		
2021	\$ 218,733	
2022	218,733	
2023	218,733	
2024	218,733	
Thereafter	<u>4,538,710</u>	
Total	<u>\$ 5,413,642</u>	

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

Note 8 – Note Payable

During the fiscal year, the Organization received a Paycheck Protection Program (PPP) Loan of \$142,887 funded by the Federal government through the Small Business Administration. The PPP loan and any accrued interest are forgivable after twenty-four weeks as long as the borrower meets certain criteria. The loan proceeds must be used for eligible purposes, including payroll, health insurance, retirement plans, state and local taxes assessed on employee compensation, mortgage interest, rent, and utilities. The criteria also reduces loan forgiveness for certain reductions in salaries or reductions in FTEs. Receipt of funds from the Economic Injury Loan Program further reduce the amount of loan forgiveness. When final forgiveness, if any, is determined, a gain on extinguishment of debt

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2020 and 2019**

will be realized for any forgiven amounts. There is a deferral of payments until loan forgiveness is determined or 10 months after the last day of the covered period, whichever occurs first.

	2020	2019
Paycheck Protection Program (PPP) loan payable to the Federal government in monthly principal installments of \$15,876 plus interest at 1% through April 2022	\$ 142,887	\$ -

Annual note maturities are scheduled as follows:

2021	\$	16,131	
2022		126,756	
Total	\$	142,887	

Note 9 – Operating Leases

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

2021	\$	7,003	
2022		7,003	
2023		7,003	
Total	\$	21,009	

Total rent expense on these leases for 2020 and 2019 was approximately \$6,273 and \$3,582 respectively.

Note 10 – 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, 2020 are listed as follows:

2021	\$	54,260	
2022		53,777	
2023		26,652	
2024		27,720	
2025		22,512	
Total	\$	184,921	

Total rental revenue on these rentals for 2020 and 2019 was approximately \$55,172 and \$51,720 respectively.

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2020 and 2019**

Note 11 – Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Health clinic	\$ 830	\$ 830
Fresh Start	50,188	22,034
Programs for children	8,794	864
Programs for older women	18,917	30,418
Other programs	44,602	62,491
	<u>123,331</u>	<u>116,637</u>
Subject to the passage of time:		
United Way allocation	1,457	11,250
Promises to give, net of purpose restrictions already captured above	5,305	42,181
Long-term building lease	2,816,762	2,864,910
	<u>2,823,524</u>	<u>2,918,341</u>

Endowments:

Subject to spending policy and appropriation

	<u>2020</u>	<u>2019</u>
Programs for older women	\$ 139,854	\$ 130,254
Perpetual in nature		
Programs for older women	<u>128,148</u>	<u>123,440</u>
	<u>268,002</u>	<u>253,694</u>

Total net assets with donor restrictions

<u>\$ 3,214,857</u>	<u>\$ 3,288,672</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:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Fresh Start	\$ 7,746	\$ 5,245
Programs for children	15,569	9,932
Programs for older women	12,958	536
Other programs	51,165	21,727
	<u>87,438</u>	<u>37,440</u>

**Domestic Violence Project, Inc.
d/b/a SafeHouse Center
Notes to the Financial Statements
September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions:		
United Way allocation	\$ 11,250	\$ 15,000
Promises to give, net of purpose restrictions already captured above	36,878	48,941
Long-term building lease	<u>48,148</u>	<u>45,351</u>
	<u>96,276</u>	<u>109,292</u>
 Total net assets released from donor restrictions	 <u>\$ 183,714</u>	 <u>\$ 146,732</u>

The expected management established future principal payments are as follows:

2021	\$ 10,625
2022	11,280
2023	11,976
2024	12,714
2025	13,499
Thereafter	<u>118,245</u>
 Total	 <u>\$ 178,339</u>

Note 12 – 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 Organization also has a \$26,707 liability with the Department of Justice recorded for amounts due to other funders. Payment dates are not specified.

Note 13 – 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 \$258,275 and \$168,531 of donated goods and services were recognized as revenue for the years ended September 30, 2020 and 2019, respectively.

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 14 – 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, 2020 and 2019, 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 2020	Fair Value Measurements using:		
		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	\$ 276,487	\$ -	\$ -	\$ 276,487
Corporate bonds	22,179	-	22,179	-
Alternative investments	2,330	-	-	2,330
Mutual Funds	138,722	138,722	-	-
	<u>\$ 439,718</u>	<u>\$ 138,722</u>	<u>\$ 22,179</u>	<u>\$ 278,817</u>

	Balance at 2019	Fair Value Measurements using:		
		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	\$ 261,992	\$ -	\$ -	\$ 261,992
Corporate bonds	20,917	-	20,917	-
Alternative investments	2,197	-	-	2,197
Mutual Funds	89,739	89,739	-	-
	<u>\$ 374,845</u>	<u>\$ 89,739</u>	<u>\$ 20,917</u>	<u>\$ 264,189</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 15.

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 15 – Donor and Board Restricted Endowments

The 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, 2020 and 2019, 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, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 268,002	\$ 268,002
Board-designated endowment funds	8,485	-	8,485
Total funds	<u>\$ 8,485</u>	<u>\$ 268,002</u>	<u>\$ 276,487</u>

Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 8,298	\$ 253,694	\$ 261,992
Investment gain	187	14,308	14,495
End of year	<u>\$ 8,485</u>	<u>\$ 268,002</u>	<u>\$ 276,487</u>

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The endowment net asset composition by type of fund as of September 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 253,694	\$ 253,694
Board-designated endowment funds	<u>8,298</u>	<u>-</u>	<u>8,298</u>
Total funds	<u>\$ 8,298</u>	<u>\$ 253,694</u>	<u>\$ 261,992</u>

The changes in endowment net assets for the year ended September 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 8,571	\$ 258,330	\$ 266,901
Investment loss	<u>(273)</u>	<u>(4,636)</u>	<u>(4,909)</u>
End of year	<u>\$ 8,298</u>	<u>\$ 253,694</u>	<u>\$ 261,992</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 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 – COVID 19

As a result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. Currently, it is not possible to estimate the extent of any potential net losses or to determine if any of the change in fair values are other than temporary in nature. Accordingly, no adjustments to the financial statements were made as a result of this event.