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May 4, 2016

Board of Directors
Safe Passage, Inc.
125 E. George St.
Batesville, IN 47006

We have reviewed the audit report prepared by Agresta, Storms & O'Leary, PC, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Safe Passage, Inc., as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SAFE PASSAGE, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

SAFE PASSAGE, INC.

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Independent Auditors' Report

Board of Directors
SAFE PASSAGE, INC.
Batesville, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Safe Passage, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, changes in net assets, cash flows, and functional expenses 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 of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Safe Passage, Inc. as of June 30, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alquist Stone & O'Leary, PC

Batesville, Indiana
October 21, 2015

SAFE PASSAGE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash	\$ 293,267	\$ 181,354
Grants receivable	32,171	40,514
Prepaid insurance	5,632	4,987
Total current assets	<u>331,070</u>	<u>226,855</u>
Property and equipment:		
Building and improvements	1,143,130	1,143,130
Equipment	52,879	52,879
Land	14,000	14,000
Furniture and fixtures	14,247	14,247
	1,224,256	1,224,256
Less accumulated depreciation	<u>352,124</u>	<u>310,665</u>
Property and equipment, net	<u>872,132</u>	<u>913,591</u>
Total assets	<u><u>\$ 1,203,202</u></u>	<u><u>\$ 1,140,446</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued liabilities	<u>22,989</u>	<u>20,734</u>
Total current liabilities	<u>22,989</u>	<u>20,734</u>
Unrestricted net assets	<u>1,180,213</u>	<u>1,119,712</u>
Total net assets	<u>1,180,213</u>	<u>1,119,712</u>
Total liabilities and net assets	<u><u>\$ 1,203,202</u></u>	<u><u>\$ 1,140,446</u></u>

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Support and revenues:		
Government grants	\$ 308,268	\$ 275,475
Direct public grants	146,753	89,626
Direct public support	172,705	177,451
Indirect public support	52,061	3,229
In-kind contribution income	55,514	73,737
Interest and dividends	75	48
Miscellaneous income	13,827	6,983
	<u>749,203</u>	<u>626,549</u>
Total support and revenues		
	<u>749,203</u>	<u>626,549</u>
Expenses:		
Program services	553,124	393,275
Management and general	118,543	191,906
Fundraising	17,035	11,901
	<u>688,702</u>	<u>597,082</u>
Total expenses		
	<u>688,702</u>	<u>597,082</u>
Change in unrestricted net assets	60,501	29,467
Net assets, beginning of year	<u>1,119,712</u>	<u>1,090,245</u>
Net assets, end of year	<u><u>\$ 1,180,213</u></u>	<u><u>\$ 1,119,712</u></u>

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 60,501	\$ 29,467
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,459	40,767
Changes in operating assets and liabilities:		
Grants receivable	8,343	(20,676)
Prepaid insurance	(645)	(991)
Accounts payable	-0-	(12,850)
Accrued liabilities	2,255	3,600
	<u>111,913</u>	<u>39,317</u>
Net cash provided by operating activities		
	<u>111,913</u>	<u>39,317</u>
Cash flows from investing activities:		
Capital expenditures	<u>-0-</u>	<u>(19,289)</u>
Net cash used in investing activities	<u>-0-</u>	<u>(19,289)</u>
Net increase in cash	111,913	20,028
Cash, beginning of year	<u>181,354</u>	<u>161,326</u>
Cash, end of year	<u>\$ 293,267</u>	<u>\$ 181,354</u>

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2015 AND 2014

	Year Ended June 30, 2015			Total	Year Ended June 30, 2014
	Program Services	Management and General	Fundraising		
Salaries and payroll taxes	\$ 383,309	\$ 85,180	\$ 4,732	\$ 473,221	\$ 384,317
In-kind expenses	55,514	-0-	-0-	55,514	73,737
Facilities and equipment	33,216	12,918	-0-	46,134	53,238
Operations	27,795	5,023	670	33,488	30,826
Insurance	11,360	4,869	-0-	16,229	13,378
Contract services	6,500	6,255	-0-	12,755	13,443
Transportation	12,309	-0-	-0-	12,309	8,434
Outreach	8,161	-0-	-0-	8,161	1,302
Training and development	5,003	2,144	-0-	7,147	4,346
Client assistance	7,123	-0-	-0-	7,123	8,092
Marketing and fundraising	-0-	-0-	11,633	11,633	120
Dues and fees	1,734	743	-0-	2,477	2,281
Bank charges	-0-	1,406	-0-	1,406	506
Prevention	1,051	-0-	-0-	1,051	2,117
Taxes and licenses	49	5	-0-	54	156
Personnel expense	-0-	-0-	-0-	-0-	530
Miscellaneous	-0-	-0-	-0-	-0-	259
Total	<u>\$ 553,124</u>	<u>\$ 118,543</u>	<u>\$ 17,035</u>	<u>\$ 688,702</u>	<u>\$ 597,082</u>

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

1. SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ENTITY

Safe Passage, Inc. (the Organization) is a not-for-profit organization founded in 1997 to provide a safe, nurturing living environment for victims of domestic violence and their children, and/or programs and services that facilitate healing, self-confidence, and economic independence. The Organization provides services to residents of Dearborn, Franklin, Ohio, Ripley, and Switzerland counties in Southeastern Indiana.

BASIS OF PRESENTATION

The Organization utilizes the principles of fund accounting in the preparation of its financial statements. The three net asset accounts used include the following:

Unrestricted Net Assets – Funds that have not been restricted in any manner by the donors are referred to as unrestricted net assets and are available for general Organization purposes.

Temporarily Restricted Net Assets – Temporarily restricted net assets are amounts received from donors or grantors who have specified the use of their gifts or grants for specific purposes. Temporarily restricted net assets are subject to donor-imposed restrictions that will be met by future actions. At June 30, 2015 and 2014, the Organization had no temporarily restricted net assets.

Permanently Restricted Net Assets – Permanently restricted net assets are those grants wherein the donors have stipulated that the principal be invested and maintained intact in perpetuity. At June 30, 2015 and 2014, the Organization had no permanently restricted net assets.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. Significant estimates made in the preparation of the financial statements include the allocation of costs among the Organization's various programs in the statement of functional expenses and the depreciable lives of property and equipment.

GRANTS RECEIVABLE

The Organization carries its grants receivable at cost. Grants receivable represent amounts due from government agencies for services provided in months prior to June 30. There is no allowance for uncollectible accounts, as historically amounts billed have been collected in their entirety.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost or fair market value at the time of the gift in the case of donated items. Major expenditures which substantially increase the useful lives of existing assets are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. The Organization follows the practice of depreciating the cost of property and equipment using the straight-line method of depreciation over their estimated useful lives. The ranges of estimated useful lives used by the Organization are as follows:

<u>Description</u>	<u>Range of Useful Lives</u>
Equipment	3-7 years
Furniture and fixtures	5-7 years
Building and improvements	5-39 years

SUPPORT AND REVENUE RECOGNITION

The Organization records support and revenues from various sources as revenue when either grant specifications are met or the donor makes an unconditional promise to give to the Organization. Support and revenues that are unrestricted by the donor are reported as increases in unrestricted net assets. Donor-restricted support and revenues are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, contributions that are restricted by the donor are reported as increases to unrestricted net assets if the restriction expires in the year in which the contributions are recognized.

CONTRIBUTED SERVICES

Contributions of goods and services are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, in accordance with ASC 958, *Accounting for Contributions Received and Contributions Made*. Such donations are recorded as revenue at their estimated fair value at the date of donation.

The Organization received in-kind contribution income of \$55,514 and \$73,737 at June 30, 2015 and 2014, respectively. In-kind contribution income in 2015 and 2014 related to donations of food, clothing, supplies, and donated office space. (See Note 5.)

FUNCTIONAL EXPENSES

The allocation of the costs of providing the Organization's various programs has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain indirect costs have been allocated to program services, management and general, fundraising, and other activities based on management's estimates of resources devoted to these activities.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

INCOME TAXES

The Organization is organized as a not-for-profit corporation and, accordingly, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files income tax returns in the U.S. federal jurisdiction and one state. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years prior to the year ended June 30, 2011. As of and for the year ended June 30, 2015, tax authorities have not proposed any adjustments to the Organization that would result in a material change to the Organization's financial position. No tax-related interest or penalties have been recorded in these financial statements. GAAP requires an entity to recognize the financial statement impact of a tax benefit position when it is more likely than not that the position will be sustained upon examination. The Organization does not believe it is taking any uncertain tax benefit positions.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current presentation. Such reclassifications had no effect on the previously reported change in net assets.

2. LINE OF CREDIT

The Organization has a \$50,000 commercial line of credit with a bank available for short-term working capital needs which is subject to renewal in January 2018. Interest is payable monthly at the Wall Street Journal's prime rate plus 1.75% with a minimum interest rate of 5%. There were no borrowings against this line of credit at June 30, 2015 and 2014. The line of credit is secured by an assignment of rents and mortgage on the building.

3. SUMMARY OF GOVERNMENT GRANT FUNDING

The Organization is substantially funded by grants and contracts awarded directly and indirectly by the federal government and the State of Indiana. The majority of the agreements contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate any or adequate funds to maintain the current funding levels. Any excess funds on hand at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date. Revenues recognized from government sources and included in support and revenues for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Domestic Violence Prevention (DVPT)	\$ 128,440	\$ 93,861
Victims of Crime Acts (VOCA)	71,686	51,815
Family Violence Prevention (FFV)	42,373	47,103
Social Services Block Grant (SSBG)	12,912	20,530
Service, Training, Officers, & Prosecutors (STOP)	31,042	31,042
Emergency Solutions Grant (ESG)	<u>21,815</u>	<u>31,124</u>
	<u>\$ 308,268</u>	<u>\$ 275,475</u>

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

4. CONCENTRATION OF CREDIT RISK

The Organization maintains cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization receives most of its support from government grants. The majority of the government grants are with the Indiana Family and Social Services Administration and Indiana Criminal Justice Institute, the loss of which could have a materially adverse effect on the Organization.

As of June 30, 2015 and for the year then ended, government grants accounted for 100% of grant receivables and 40% of the total support and revenue.

As of June 30, 2014 and for the year then ended, government grants accounted for 100% of grant receivables and 44% of the total support and revenue.

5. OPERATING LEASES

The Organization entered into a renewable twelve month operating lease effective January, 2015 through December 31, 2015 for off-site office space. Although the lease requires monthly payments of \$400, the lessor has agreed to make an in-kind donation of the space. \$2,400 is included as in-kind expense on the statement of functional expenses for the year ended June 30, 2015.

The organization entered into a month-to-month rental agreement for additional off-site office space on May 1, 2014. This agreement requires monthly payments of \$100. \$1,200 is included in facilities and equipment expense on the statement of functional expenses for the year ended June 30, 2015.

6. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through October 21, 2015, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure in the financial statements.