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May 29, 2018

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

We have reviewed the report prepared by Safe Passage, Inc. and opined upon by Agresta, Storms & O'Leary, PC, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Safe Passage, Inc. as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Agresta, Storms & O'Leary, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The 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, 2017
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR
ENDED JUNE 30, 2016**

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 statement of financial position as of June 30, 2017, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the year 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.

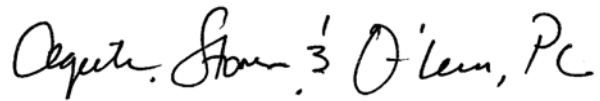
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Safe Passage, Inc.'s June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Robert J. O'Leary, PC". The signature is written in a cursive style with a large initial 'R' and 'J'.

Batesville, Indiana
November 6, 2017

SAFE PASSAGE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE
FINANCIAL INFORMATION AS OF JUNE 30, 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 450,991 | \$ 262,139 |
| Grants receivable | 184,914 | 108,033 |
| Prepaid insurance | 7,647 | 5,318 |
| | <u>643,552</u> | <u>375,490</u> |
| Total current assets | | |
| Property and equipment: | | |
| Building and improvements | 1,285,450 | 1,200,704 |
| Equipment | 48,494 | 52,879 |
| Land | 14,000 | 14,000 |
| Furniture and fixtures | 21,205 | 14,247 |
| | <u>1,369,149</u> | <u>1,281,830</u> |
| Less accumulated depreciation | 409,032 | 390,025 |
| | <u>960,117</u> | <u>891,805</u> |
| Property and equipment, net | | |
| Total assets | <u>\$ 1,603,669</u> | <u>\$ 1,267,295</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 52,228 | \$ 2,818 |
| Accrued liabilities | 21,468 | 14,246 |
| | <u>73,696</u> | <u>17,064</u> |
| Total current liabilities | | |
| Unrestricted net assets | <u>1,529,973</u> | <u>1,250,231</u> |
| Total net assets | <u>1,529,973</u> | <u>1,250,231</u> |
| Total liabilities and net assets | <u>\$ 1,603,669</u> | <u>\$ 1,267,295</u> |

See Independent Auditors' Report.
See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|----------------------------|----------------------------|
| Support and revenues: | | |
| Government grants | \$ 696,367 | \$ 616,681 |
| Public support | 377,314 | 232,301 |
| Direct public grants | 266,353 | 95,024 |
| In-kind contribution income | 120,554 | 86,352 |
| Interest and dividends | 44 | 77 |
| Miscellaneous income | -0- | 7,809 |
| | <u>1,460,632</u> | <u>1,038,244</u> |
| Total support and revenues | | |
| | <u>1,460,632</u> | <u>1,038,244</u> |
| Expenses: | | |
| Program services | 996,806 | 822,825 |
| Management and general | 157,650 | 126,665 |
| Fundraising | 26,434 | 18,736 |
| | <u>1,180,890</u> | <u>968,226</u> |
| Total expenses | | |
| | <u>1,180,890</u> | <u>968,226</u> |
| Change in unrestricted net assets | 279,742 | 70,018 |
| Net assets, beginning of year | <u>1,250,231</u> | <u>1,180,213</u> |
| Net assets, end of year | <u><u>\$ 1,529,973</u></u> | <u><u>\$ 1,250,231</u></u> |

See Independent Auditors' Report.
See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 279,742 | \$ 70,018 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 41,264 | 37,901 |
| Loss on disposition of fixed assets | 5,898 | -0- |
| Changes in operating assets and liabilities: | | |
| Grants receivable | (76,881) | (75,862) |
| Prepaid insurance | (2,329) | 314 |
| Accounts payable | 49,410 | 2,818 |
| Accrued liabilities | <u>7,222</u> | <u>(8,743)</u> |
| Net cash provided by operating activities | <u>304,326</u> | <u>26,446</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | <u>(115,474)</u> | <u>(57,574)</u> |
| Net cash used in investing activities | <u>(115,474)</u> | <u>(57,574)</u> |
| Net increase (decrease) in cash | 188,852 | (31,128) |
| Cash, beginning of year | <u>262,139</u> | <u>293,267</u> |
| Cash, end of year | <u><u>\$ 450,991</u></u> | <u><u>\$ 262,139</u></u> |

See Independent Auditors' Report.
See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

| | Year Ended June 30, 2017 | | | | Year Ended June 30, 2016 |
|-------------------------------|--------------------------|---------------------------|------------------|---------------------|-----------------------------------|
| | Program Services | Management and General | Fundraising | Total | |
| Salaries and payroll taxes | \$ 709,685 | \$ 116,889 | \$ 8,349 | \$ 834,923 | \$ 691,527 |
| In-kind expenses | 120,554 | -0- | -0- | 120,554 | 86,352 |
| Facilities and equipment | 54,994 | 9,705 | -0- | 64,699 | 56,004 |
| Operations | 42,406 | 7,664 | 1,022 | 51,092 | 44,155 |
| Outreach | 17,107 | -0- | -0- | 17,107 | 6,115 |
| Marketing and fundraising | -0- | -0- | 17,063 | 17,063 | 10,938 |
| Insurance | 11,929 | 5,113 | -0- | 17,042 | 18,850 |
| Transportation | 13,175 | -0- | -0- | 13,175 | 14,698 |
| Contract services | 5,000 | 6,265 | -0- | 11,265 | 12,830 |
| Client assistance | 9,086 | -0- | -0- | 9,086 | 8,814 |
| Training and development | 6,290 | 1,110 | -0- | 7,400 | 4,511 |
| Prevention | 5,149 | -0- | -0- | 5,149 | 8,832 |
| Loss on disposition of assets | -0- | 5,898 | -0- | 5,898 | -0- |
| Bank charges | -0- | 4,395 | -0- | 4,395 | 1,149 |
| Dues and fees | 1,425 | 611 | -0- | 2,036 | 3,354 |
| Taxes and licenses | 6 | -0- | -0- | 6 | 97 |
| Total | \$ 996,806 | \$ 157,650 | \$ 26,434 | \$ 1,180,890 | \$ 968,226 |

See Independent Auditors' Report.
See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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 financial statements are in conformity with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial Statements of Not-for-Profit Organizations. This statement established standards for external financial reporting for not-for-profit organizations.

ASC 958 primarily affects the display of financial statements and requires that the amounts for each of three classes of net assets – unrestricted, temporarily restricted, and permanently restricted – be displayed in an aggregate statement of financial position and the amounts of change in each of those classes be displayed in a statement of changes in net assets. 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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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 \$120,554 and \$86,352 during the years ended June 30, 2017 and 2016, respectively. In-kind contribution income in 2017 and 2016 related to donations of food, clothing, office equipment, and office 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.

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.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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, 2013. As of and for the year ended June 30, 2017, 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, 2017 and 2016. 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, 2017 and 2016 are as follows:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Domestic Violence Prevention (DVPT) | \$ 255,580 | \$ 296,683 |
| Victims of Crime Acts (VOCA) | 303,114 | 207,234 |
| Family Violence Prevention Service Act (FVPSA) | 50,017 | 42,577 |
| Social Services Block Grant (SSBG) | 17,110 | 17,112 |
| Service, Training, Officers, & Prosecutors (STOP) | 31,042 | 31,041 |
| Emergency Solutions Grant (ESG) | 39,657 | 22,034 |
| | <u>\$ 696,520</u> | <u>\$ 616,681</u> |

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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, 2017 and for the year then ended, government grants accounted for 100% of grant receivables and 48% of the total support and revenue.

As of June 30, 2016 and for the year then ended, government grants accounted for 100% of grant receivables and 64% of the total support and revenue.

5. OPERATING LEASES

During the year ended June 30, 2017, the Organization entered into a vehicle operating lease, which requires monthly payments of \$188 through June 30, 2018. Rental expense under this agreement for the year ended June 30, 2017 was \$ 2,256.

The Organization utilizes office space throughout its service area under the following operating leases:

JEFFERSON COUNTY

The Organization entered into a renewable operating lease effective January 1, 2016 through September 30, 2018. Monthly payments under this lease \$450 and are included in operations expense in the statement of functional expenses.

DEARBORN COUNTY

The Organization entered into a renewable operating lease effective October 1, 2016 through September 30, 2017. Monthly payments under this lease are \$600, of which \$100 is included within in-kind expense in the statement of functional expenses.

DEARBORN COUNTY HOSPITAL

The Organization entered into a month-to-month operating lease effective February 25, 2015. Monthly payments under this lease are \$400, all of which is included within in-kind expense in the statement of functional expenses.

BROOKVILLE ("THIRD PLACE")

The Organization entered into an operating lease effective January 1, 2016 through December 31, 2016. Monthly payments under this lease are \$150, all of which is included within in-kind expense in the statement of functional expenses.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

SWITZERLAND COUNTY/VEVAY

The Organization entered into an operating lease effective January 1, 2016 through December 31, 2018. Monthly payments under this lease are \$250, all of which is included within in-kind expense in the statement of functional expenses.

6. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through November 6, 2017, 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.