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May 20, 2019

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

We have reviewed the audit report of Safe Passage, Inc. which was opined upon by Agresta, Storms & O'Leary, PC, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. 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, 2018 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 the audit report in accordance with 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, CPA
State Examiner

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

FINANCIAL STATEMENTS

**JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR
ENDED JUNE 30, 2017**

SAFE PASSAGE, INC.

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

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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, 2018, 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, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Safe Passage, Inc.'s June 30, 2017 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, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Agresta, Storms & O'Leary, PC

Batesville, Indiana
September 27, 2018

SAFE PASSAGE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE
FINANCIAL INFORMATION AS OF JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash	\$ 442,862	\$ 450,991
Grants receivable	230,910	184,914
Prepaid insurance	<u>7,055</u>	<u>7,647</u>
Total current assets	<u>680,827</u>	<u>643,552</u>
Property and equipment:		
Building and improvements	1,307,358	1,285,450
Equipment and vehicles	70,758	48,494
Land	14,000	14,000
Furniture and fixtures	<u>21,205</u>	<u>21,205</u>
	1,413,321	1,369,149
Less accumulated depreciation	<u>459,769</u>	<u>409,032</u>
Property and equipment, net	<u>953,552</u>	<u>960,117</u>
Total assets	<u><u>\$ 1,634,379</u></u>	<u><u>\$ 1,603,669</u></u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable	\$ 3,058	\$ 52,228
Accrued liabilities	<u>25,122</u>	<u>21,468</u>
Total current liabilities	<u>28,180</u>	<u>73,696</u>
Unrestricted net assets	<u>1,606,199</u>	<u>1,529,973</u>
Total liabilities and unrestricted net assets	<u><u>\$ 1,634,379</u></u>	<u><u>\$ 1,603,669</u></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, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
Support and revenues:		
Government grants	\$ 739,092	\$ 696,367
Public support	346,374	377,314
Direct public grants	155,689	266,353
In-kind contribution income	159,539	120,554
Interest and dividends	63	44
	<u>1,400,757</u>	<u>1,460,632</u>
Total support and revenues		
	<u>1,400,757</u>	<u>1,460,632</u>
Expenses:		
Program services	1,135,287	996,806
Management and general	169,620	157,650
Fundraising	19,624	26,434
	<u>1,324,531</u>	<u>1,180,890</u>
Total expenses		
	<u>1,324,531</u>	<u>1,180,890</u>
Change in unrestricted net assets	76,226	279,742
Unrestricted net assets, beginning of year	<u>1,529,973</u>	<u>1,250,231</u>
Unrestricted net assets, end of year	<u><u>\$ 1,606,199</u></u>	<u><u>\$ 1,529,973</u></u>

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

SAFE PASSAGE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 76,226	\$ 279,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,737	41,264
Loss on disposition of fixed assets	-0-	5,898
Changes in operating assets and liabilities:		
Grants receivable	(45,996)	(76,881)
Prepaid insurance	592	(2,329)
Accounts payable	(49,170)	49,410
Accrued liabilities	<u>3,654</u>	<u>7,222</u>
Net cash provided by operating activities	<u>36,043</u>	<u>304,326</u>
Cash flows from investing activities:		
Capital expenditures	<u>(44,172)</u>	<u>(115,474)</u>
Net cash used in investing activities	<u>(44,172)</u>	<u>(115,474)</u>
Net increase (decrease) in cash	(8,129)	188,852
Cash, beginning of year	<u>450,991</u>	<u>262,139</u>
Cash, end of year	<u><u>\$ 442,862</u></u>	<u><u>\$ 450,991</u></u>

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

SAFE PASSAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

	Year Ended June 30, 2018				Year Ended June 30, 2017
	Program Services	Management and General	Fundraising	Total	
Salaries and payroll taxes	\$ 787,356	\$ 129,682	\$ 9,263	\$ 926,301	\$ 834,923
In-kind expenses	159,539	-0-	-0-	159,539	120,554
Operations	56,215	10,159	1,355	67,729	51,092
Facilities and equipment	54,399	9,600	-0-	63,999	64,699
Insurance	15,312	6,562	-0-	21,874	17,042
Outreach	20,303	-0-	-0-	20,303	22,256
Transportation	18,451	-0-	-0-	18,451	13,175
Contract services	5,000	10,319	-0-	15,319	11,265
Client assistance	9,045	-0-	-0-	9,045	9,086
Marketing and fundraising	-0-	-0-	9,006	9,006	17,063
Training and development	6,588	1,163	-0-	7,751	7,400
Dues and fees	3,044	1,304	-0-	4,348	2,036
Loss on disposition of assets	-0-	-0-	-0-	-0-	5,898
Bank charges	-0-	828	-0-	828	4,395
Taxes and licenses	35	3	-0-	38	6
Total	\$ 1,135,287	\$ 169,620	\$ 19,624	\$ 1,324,531	\$ 1,180,890

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

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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 and vehicles	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 contributed services and income of \$159,539 and \$120,554 during the years ended June 30, 2018 and 2017, respectively. In-kind contribution income in 2018 and 2017 related to donations of food, clothing, office equipment, and office supplies, and donated office space (see Note 4).

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, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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, 2014. As of and for the year ended June 30, 2018, 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. 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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Domestic Violence Prevention (DVPT)	\$ 227,529	\$ 255,580
Victims of Crime Acts (VOCA)	364,166	303,114
Family Violence Prevention Service Act (FVPSA)	51,091	50,017
Social Services Block Grant (SSBG)	17,090	17,110
Sexual Assault Victim Assistance Fund (SAVAF)	42,269	-0-
Emergency Solutions Grant (ESG)	36,947	39,504
Service, Training, Officers, & Prosecutors (STOP)	-0-	31,042
	<u>\$ 739,092</u>	<u>\$ 696,367</u>

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

3. 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 Criminal Justice Institute, the loss of which could have a materially adverse effect on the Organization.

As of June 30, 2018 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, 2017 and for the year then ended, government grants accounted for 100% of grant receivables and 48% of the total support and revenue.

4. OPERATING LEASES

During the years ended June 30, 2017 and 2018, the Organization entered into vehicle operating leases, which required monthly payments ranging from \$173 to \$188 through March 31, 2020. Rent expense under these agreements was \$2,950 and \$2,256, respectively, for the years ended June 30, 2018 and 2017.

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

JEFFERSON COUNTY

The Organization utilizes space under a renewable operating lease. Monthly payments under this lease are \$450 and are included in operations expense in the statement of functional expenses.

RIVER VALLEY

The Organization utilizes space under a renewable operating lease. Monthly payments under this lease are \$350 and are included in operations expense in the statement of functional expenses.

DEARBORN COUNTY

The Organization utilizes space under a renewable operating lease. Monthly payments under this lease are \$600, of which \$100 is included within in-kind expense in the statement of functional expenses.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

DEARBORN COUNTY HOSPITAL

The Organization utilizes space under a renewable operating lease. 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 utilizes space under a renewable operating lease. Monthly payments under this lease are \$150, all of which is included within in-kind expense in the statement of functional expenses.

SWITZERLAND COUNTY/VEVAY

The Organization utilizes space under a renewable operating lease. Monthly payments under this lease are \$250, all of which is included within in-kind expense in the statement of functional expenses.

5. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through September 27, 2018, 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.