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August 20, 2020

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 Humphrey CPA Group, LLC, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Safe Passage, Inc. as of June 30, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Humphrey CPA Group, LLC, prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The audit 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, 2019 AND 2018

SAFE PASSAGE, INC.

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Humphrey CPA Group, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Safe Passage, Inc.
Batesville, Indiana

Report on the Financial Statements

We have audited the accompanying statements of **Safe Passage, Inc.** (the Agency) (an Indiana Not-for-Profit Corporation) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 Safe Passage'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 Safe Passage'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 the Agency, as of June 30, 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Safe Passage's financial statements for the year ended June 30, 2018 were audited by a predecessor auditor and their report dated September 27, 2018, expressed an unmodified opinion on those audited financial statements.

Humphrey CPA Group, P.C.

Indianapolis, Indiana
October 9, 2019

SAFE PASSAGE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 577,103 | \$ 442,862 |
| Grants receivable | 197,019 | 230,910 |
| Prepaid insurance | <u>7,055</u> | <u>7,055</u> |
| Total current assets | <u>781,177</u> | <u>680,827</u> |
| Property and equipment: | | |
| Building and improvements | 1,311,063 | 1,307,358 |
| Equipment and vehicles | 83,133 | 70,758 |
| Land | 14,000 | 14,000 |
| Furniture and fixtures | <u>21,205</u> | <u>21,205</u> |
| | 1,429,401 | 1,413,321 |
| Less accumulated depreciation | <u>512,245</u> | <u>459,769</u> |
| Property and equipment, net | <u>917,156</u> | <u>953,552</u> |
| Total assets | <u><u>\$ 1,698,333</u></u> | <u><u>\$ 1,634,379</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 5,248 | \$ 3,058 |
| Accrued liabilities | <u>25,950</u> | <u>25,122</u> |
| Total current liabilities | <u>31,198</u> | <u>28,180</u> |
| Net assets without donor restrictions | <u>1,667,135</u> | <u>1,606,199</u> |
| Total liabilities and net assets | <u><u>\$ 1,698,333</u></u> | <u><u>\$ 1,634,379</u></u> |

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Support and revenues: | | |
| Government grants | \$ 1,053,198 | \$ 739,092 |
| Public support | 373,248 | 346,374 |
| Direct public grants | 130,213 | 155,689 |
| In-kind contribution income | 126,824 | 159,539 |
| Other support and revenue | <u>537</u> | <u>63</u> |
| Total support and revenues | <u>1,684,020</u> | <u>1,400,757</u> |
| Expenses: | | |
| Program services | 1,355,623 | 1,135,287 |
| Management and general | 235,721 | 169,620 |
| Fundraising | <u>31,740</u> | <u>19,624</u> |
| Total expenses | <u>1,623,084</u> | <u>1,324,531</u> |
| Change in net assets | 60,936 | 76,226 |
| Net assets without donor restrictions, beginning of year | <u>1,606,199</u> | <u>1,529,973</u> |
| Net assets without donor restrictions, end of year | <u><u>\$ 1,667,135</u></u> | <u><u>\$ 1,606,199</u></u> |

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 60,936 | \$ 76,226 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 52,476 | 50,737 |
| Changes in operating assets and liabilities: | | |
| Grants receivable | 33,891 | (45,996) |
| Prepaid insurance | -0- | 592 |
| Accounts payable | 2,190 | (49,170) |
| Accrued liabilities | 828 | 3,654 |
| | <u>150,321</u> | <u>36,043</u> |
| Net cash provided by operating activities | | |
| | <u>150,321</u> | <u>36,043</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | <u>(16,080)</u> | <u>(44,172)</u> |
| | <u>(16,080)</u> | <u>(44,172)</u> |
| Net cash used in investing activities | | |
| | <u>(16,080)</u> | <u>(44,172)</u> |
| Net increase (decrease) in cash | 134,241 | (8,129) |
| Cash, beginning of year | <u>442,862</u> | <u>450,991</u> |
| Cash, end of year | <u><u>\$ 577,103</u></u> | <u><u>\$ 442,862</u></u> |

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

| | Year Ended June 30, 2019 | | | | Year Ended June 30, 2018 |
|----------------------------|--------------------------|---------------------------|------------------|---------------------|-----------------------------------|
| | Program Services | Management and General | Fundraising | Total | |
| Salaries and payroll taxes | \$ 1,020,949 | \$ 168,157 | \$ 12,011 | \$ 1,201,117 | \$ 926,301 |
| In-kind expenses | 126,824 | -0- | -0- | 126,824 | 159,539 |
| Facilities and equipment | 63,657 | 11,233 | -0- | 74,890 | 63,999 |
| Operations | 62,085 | 11,220 | 1,496 | 74,801 | 67,729 |
| Contract services | 5,000 | 32,942 | -0- | 37,942 | 15,319 |
| Insurance | 16,524 | 7,081 | -0- | 23,605 | 21,874 |
| Outreach | 21,868 | -0- | -0- | 21,868 | 20,303 |
| Training and development | 18,321 | 3,233 | -0- | 21,554 | 7,751 |
| Marketing and fundraising | -0- | -0- | 18,233 | 18,233 | 9,006 |
| Transportation | 14,729 | -0- | -0- | 14,729 | 18,451 |
| Client assistance | 3,928 | -0- | -0- | 3,928 | 9,045 |
| Dues and fees | 1,731 | 742 | -0- | 2,473 | 4,348 |
| Bank charges | -0- | 1,112 | -0- | 1,112 | 828 |
| Taxes and licenses | 7 | 1 | -0- | 8 | 38 |
| Total | <u>\$ 1,355,623</u> | <u>\$ 235,721</u> | <u>\$ 31,740</u> | <u>\$ 1,623,084</u> | <u>\$ 1,324,531</u> |

See accompanying Notes to Financial Statements.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 sexual assault 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.

NEW ACCOUNTING STANDARD

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization has adopted during the year ended June 30, 2019, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and changes in those resources) to donors, grantors, creditors, and other users. The effect of ASU No. 2016-14 resulted in a reclassification of net assets from temporarily restricted net assets to net assets with donor restrictions of \$-0- at June 30, 2018.

FINANCIAL STATEMENT 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 two classes of net assets – net assets with donor restrictions and net assets without donor restrictions – 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 two-part net asset accounts used include the following:

Net Assets Without Donor Restrictions – Funds that have not been restricted in any manner by the donors are referred to as net assets without donor restrictions and are available for general Organization purposes. At June 30, 2019 and 2018, the Organization had net assets without donor restrictions of \$1,667,135 and \$1,606,199, respectively.

Net Assets With Donor Restrictions – Funds received from donors or grantors who have specified as to the use of their gifts or grants for specific purposes. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by future obligations or are to be invested and maintained intact in perpetuity. At June 30, 2019 and 2018, the Organization had no net assets with donor restrictions.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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.

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 net assets without donor restrictions. Donor-restricted support and revenues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. However, contributions that are restricted by the donor are reported as increases to net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 contributions of \$126,824 and \$159,539 during the years ended June 30, 2019 and 2018, respectively. In-kind contribution income in 2019 and 2018 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.

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, 2015. As of and for the year ended June 30, 2019, 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. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available for general expenditures within one year of the statement of financial position date include cash and cash equivalents and grants receivable.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has a policy to invest cash in excess of daily requirements in short-term investments.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2019 and 2018 are as follows:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|-------------------|
| Domestic Violence Prevention (DVPT) | \$ 232,039 | \$ 227,529 |
| Victims of Crime Acts (VOCA) | 634,680 | 364,166 |
| Family Violence Prevention Service Act (FVPSA) | 36,534 | 51,091 |
| Social Services Block Grant (SSBG) | 19,400 | 17,090 |
| Sexual Assault Victim Assistance Fund (SAVAF) | 125,593 | 42,269 |
| Indiana Department of Corrections | 4,953 | -0- |
| Emergency Solutions Grant (ESG) | <u>-0-</u> | <u>36,947</u> |
| | <u>\$ 1,053,199</u> | <u>\$ 739,092</u> |

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

As of June 30, 2019 and for the year then ended, government grants accounted for 100% of grant receivables and 63% of the total support and revenue.

As of June 30, 2018 and for the year then ended, government grants accounted for 100% of grant receivables and 53% of the total support and revenue.

5. OPERATING LEASES

The Organization is party to various vehicle operating leases, which require monthly payments ranging from \$173 to \$325 through November 2020.

SAFE PASSAGE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 \$475 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 month to month lease. Monthly payments under this lease are \$500 and are included in operations expense in the statement of functional expenses.

The Organization utilized space under a month to month lease through December 2018. Monthly payments under this lease were \$400, all of which is included as in-kind expenses 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 as 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 as in-kind expense in the statement of functional expenses.

For the years ended June 30, 2019 and 2018, the total rent expense for all operating leases was \$27,650 and \$26,400, including in-kind rent of \$7,200 and \$9,600, all respectively.

Future minimum lease payments subsequent to June 30, 2019 required under these leases are as follows:

| <u>Year ended December 31,</u> | |
|--------------------------------|------------------|
| 2020 | \$ 15,357 |
| 2021 | <u>3,775</u> |
| | <u>\$ 19,132</u> |

6. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through October 9, 2019, 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.