

FINANCIAL STATEMENTS

SAFESPACE, INC.

June 30, 2017 and 2016



C O N T E N T S

	<u>P A G E</u>
Independent Auditor's Report - - - - -	1
Statements of Financial Position- - - - -	2-3
Statements of Activities and Changes in Net Assets- - - - -	4-5
Statements of Functional Expenses - - - - -	6-7
Statements of Cash Flows - - - - -	8
Notes to the Financial Statements - - - - -	9-18



January 13, 2018

To the Board of Directors
SafeSpace, Inc.
Stuart, Florida

Independent Auditor's Report

We have audited the accompanying financial statements of SafeSpace, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, 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.

Auditor's 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. Those standards require that we plan and perform the audit 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 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 SafeSpace, Inc. as of June 30, 2017 and 2016, 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.

Hill, Barth & King LLC

Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

SAFESPACE, INC.

June 30, 2017

<u>ASSETS</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 76,722	\$ 45,087	\$ 39,602	\$ 161,411
Grants receivable	226,635	0	0	226,635
Current portion of pledges receivable - NOTE E	0	10,000	0	10,000
Prepaid expenses	44,238	0	0	44,238
TOTAL CURRENT ASSETS	<u>347,595</u>	<u>55,087</u>	<u>39,602</u>	<u>442,284</u>
<u>PROPERTY AND EQUIPMENT</u>	2,796,426	0	0	2,796,426
<u>OTHER ASSETS</u>				
Investments - NOTE D	97,193	729,545	216,498	1,043,236
Pledges receivable - NOTE E	0	39,325	0	39,325
Security deposits	8,053	0	0	8,053
TOTAL OTHER ASSETS	<u>105,246</u>	<u>768,870</u>	<u>216,498</u>	<u>1,090,614</u>
	<u>\$ 3,249,267</u>	<u>\$ 823,957</u>	<u>\$ 256,100</u>	<u>\$ 4,329,324</u>
 <u>LIABILITIES AND NET ASSETS</u> 				
<u>CURRENT LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 110,036	\$ 0	\$ 0	\$ 110,036
<u>NET ASSETS</u>				
Unrestricted - undesignated	3,139,231	0	0	3,139,231
Temporarily restricted - NOTE H	0	823,957	0	823,957
Permanently restricted - NOTE M	0	0	256,100	256,100
TOTAL NET ASSETS	<u>3,139,231</u>	<u>823,957</u>	<u>256,100</u>	<u>4,219,288</u>
	<u>\$ 3,249,267</u>	<u>\$ 823,957</u>	<u>\$ 256,100</u>	<u>\$ 4,329,324</u>

See accompanying notes to financial statements

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SAFESPACE, INC.

June 30, 2016

<u>ASSETS</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 328,325	\$ 198,496	\$ 55,650	\$ 582,471
Grants receivable	102,531	0	0	102,531
Current portion of pledges receivable - NOTE E	0	231,640	0	231,640
Prepaid expenses	43,283	0	0	43,283
TOTAL CURRENT ASSETS	<u>474,139</u>	<u>430,136</u>	<u>55,650</u>	<u>959,925</u>
<u>PROPERTY AND EQUIPMENT</u>	2,834,981	0	0	2,834,981
<u>OTHER ASSETS</u>				
Investments - NOTE D	71,655	360,514	139,463	571,632
Pledges receivable - NOTE E	0	48,420	0	48,420
Security deposits	5,059	0	0	5,059
TOTAL OTHER ASSETS	<u>76,714</u>	<u>408,934</u>	<u>139,463</u>	<u>625,111</u>
	<u>\$ 3,385,834</u>	<u>\$ 839,070</u>	<u>\$ 195,113</u>	<u>\$ 4,420,017</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 111,341	\$ 0	\$ 0	\$ 111,341
<u>NET ASSETS</u>				
Unrestricted - board designated capital assets	56,210	0	0	56,210
Unrestricted - undesignated	3,218,283	0	0	3,218,283
Temporarily restricted - NOTE H	0	839,070	0	839,070
Permanently restricted - NOTE M	0	0	195,113	195,113
TOTAL NET ASSETS	<u>3,274,493</u>	<u>839,070</u>	<u>195,113</u>	<u>4,308,676</u>
	<u>\$ 3,385,834</u>	<u>\$ 839,070</u>	<u>\$ 195,113</u>	<u>\$ 4,420,017</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

SAFESPACE, INC.

Year ended June 30, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions	\$ 334,444	\$ 0	\$ 56,100	\$ 390,544
Federal and State grants	1,044,762	0	0	1,044,762
Community grants	132,152	0	0	132,152
United Way	144,400	0	0	144,400
Events	249,677	0	0	249,677
Thrift Shoppe income	484,819	0	0	484,819
Bequests	910	0	0	910
Investment income	26,367	0	0	26,367
Other income	14,589	0	0	14,589
Net gain on investments	30,555	20,880	4,887	56,322
Gain on sale of property and equipment	2,156	0	0	2,156
Net assets released from restrictions	35,993	(35,993)	0	0
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,500,824</u>	<u>(15,113)</u>	<u>60,987</u>	<u>2,546,698</u>
<u>EXPENSES</u>				
Program services:				
Outreach and Shelters	1,512,830	0	0	1,512,830
Advocacy	299,599	0	0	299,599
Supportive Living	125,409	0	0	125,409
TOTAL PROGRAM SERVICES	<u>1,937,838</u>	<u>0</u>	<u>0</u>	<u>1,937,838</u>
Supporting services:				
Management and general	70,874	0	0	70,874
Thrift Shoppe	389,269	0	0	389,269
Fundraising	238,105	0	0	238,105
TOTAL SUPPORTING SERVICES	<u>698,248</u>	<u>0</u>	<u>0</u>	<u>698,248</u>
TOTAL EXPENSES	<u>2,636,086</u>	<u>0</u>	<u>0</u>	<u>2,636,086</u>
CHANGES IN NET ASSETS	(135,262)	(15,113)	60,987	(89,388)
<u>NET ASSETS</u>				
Beginning of year	3,274,493	839,070	195,113	4,308,676
End of year	<u>\$ 3,139,231</u>	<u>\$ 823,957</u>	<u>\$ 256,100</u>	<u>\$ 4,219,288</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

SAFESPACE, INC.

Year ended June 30, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions	\$ 198,743	\$ 563,825	\$ 0	\$ 762,568
Federal and State grants	843,461	0	0	843,461
Community grants	126,172	0	0	126,172
United Way	143,900	0	0	143,900
Events	310,661	0	0	310,661
Thrift Shoppe income	442,276	0	0	442,276
Investment income	3,760	19,896	0	23,656
Other income	27,264	0	0	27,264
Net loss on investments	(18,970)	(7,310)	0	(26,280)
Loss on sale of property and equipment	(12,255)	0	0	(12,255)
Net assets released from restrictions	37,839	(37,839)	0	0
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,102,851</u>	<u>538,572</u>	<u>0</u>	<u>2,641,423</u>
<u>EXPENSES</u>				
Program services:				
Outreach and Shelters	1,278,575	0	0	1,278,575
Advocacy	240,432	0	0	240,432
Supportive Living	111,578	0	0	111,578
TOTAL PROGRAM SERVICES	<u>1,630,585</u>	<u>0</u>	<u>0</u>	<u>1,630,585</u>
Supporting services:				
Management and general	54,825	0	0	54,825
Thrift Shoppe	314,409	0	0	314,409
Fundraising	232,434	0	0	232,434
TOTAL SUPPORTING SERVICES	<u>601,668</u>	<u>0</u>	<u>0</u>	<u>601,668</u>
TOTAL EXPENSES	<u>2,232,253</u>	<u>0</u>	<u>0</u>	<u>2,232,253</u>
<u>OTHER CHANGES</u>				
Reclassification of net assets - NOTE M	<u>0</u>	<u>(195,113)</u>	<u>195,113</u>	<u>0</u>
CHANGES IN NET ASSETS	(129,402)	343,459	195,113	409,170
<u>NET ASSETS</u>				
Beginning of year	3,403,895	495,611	0	3,899,506
End of year	<u>\$ 3,274,493</u>	<u>\$ 839,070</u>	<u>\$ 195,113</u>	<u>\$ 4,308,676</u>

See accompanying notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES

SAFESPACE, INC.

Year ended June 30, 2017

	<u>Program Services</u>				<u>Supporting Services</u>				
	<u>Outreach and Shelters</u>	<u>Advocacy</u>	<u>Supportive Living</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Thrift Shoppe</u>	<u>Fund - Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Salaries, wages and leased employees	\$ 949,113	\$ 221,358	\$ 29,000	\$ 1,199,471	\$ 39,335	\$ 177,704	\$ 126,645	\$ 343,684	\$ 1,543,155
Other related costs and benefits	154,734	30,352	4,048	189,134	8,049	33,514	15,882	57,445	246,579
TOTAL SALARIES, WAGES AND LEASED EMPLOYEES	1,103,847	251,710	33,048	1,388,605	47,384	211,218	142,527	401,129	1,789,734
Advertising	36,246	568	0	36,814	0	3,380	93	3,473	40,287
Bank charges	2,743	0	0	2,743	335	14,143	723	15,201	17,944
Board expense	3,313	0	0	3,313	3,220	0	0	3,220	6,533
Client assistance	12,270	0	396	12,666	0	0	0	0	12,666
Depreciation	76,841	937	36,176	113,954	111	8,584	691	9,386	123,340
Dues and fees	11,016	72	255	11,343	431	349	2,183	2,963	14,306
Employee recognition	5,757	0	753	6,510	2,257	1,171	0	3,428	9,938
Equipment	62	378	0	440	0	0	0	0	440
Fundraising expense	0	0	0	0	66	0	72,926	72,992	72,992
Insurance	26,570	2,716	14,984	44,270	250	2,634	918	3,802	48,072
Office expenses	32,557	4,419	1,736	38,712	450	8,058	603	9,111	47,823
Postage and printing	3,551	141	25	3,717	523	424	1,056	2,003	5,720
Professional services	22,151	2,121	1,269	25,541	2,913	2,853	3,743	9,509	35,050
Rent expense	36,068	11,814	4,695	52,577	1,017	83,477	2,243	86,737	139,314
Repairs and maintenance	62,579	2,504	13,110	78,193	5,649	17,518	2,111	25,278	103,471
Telephone	21,986	4,649	558	27,193	704	3,813	1,477	5,994	33,187
Training	4,772	9,369	919	15,060	4,971	866	3,362	9,199	24,259
Travel	11,214	7,370	1,483	20,067	272	2,396	1,988	4,656	24,723
Utilities	38,725	831	16,002	55,558	143	27,842	369	28,354	83,912
Volunteer expense	562	0	0	562	178	543	1,092	1,813	2,375
TOTAL EXPENSES	\$ 1,512,830	\$ 299,599	\$ 125,409	\$ 1,937,838	\$ 70,874	\$ 389,269	\$ 238,105	\$ 698,248	\$ 2,636,086

See accompanying notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

SAFESPACE, INC.

Year ended June 30, 2016

	<u>Program Services</u>				<u>Supporting Services</u>				
	<u>Outreach and Shelters</u>	<u>Advocacy</u>	<u>Supportive Living</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Thrift Shoppe</u>	<u>Fund - Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Leased employee expense	\$ 735,728	\$ 171,743	\$ 22,529	\$ 930,001	\$ 30,511	\$ 137,897	\$ 98,280	\$ 266,688	\$ 1,196,688
Other related costs and benefits	136,415	28,029	3,729	168,173	7,424	30,948	14,657	53,029	221,202
TOTAL LEASED EMPLOYEES	872,143	199,772	26,258	1,098,174	37,935	168,845	112,937	319,717	1,417,890
Advertising	52,613	825	0	53,438	0	4,908	135	5,043	58,481
Bank charges	1,912	0	0	1,912	232	9,860	504	10,596	12,508
Board expense	1,578	0	0	1,578	1,534	0	0	1,534	3,112
Client assistance	29,242	0	945	30,187	0	0	0	0	30,187
Depreciation	74,786	914	35,207	110,907	102	8,352	679	9,133	120,040
Dues and fees	7,421	49	172	7,642	290	235	1,470	1,995	9,637
Employee recognition	4,183	0	547	4,731	1,640	851	0	2,490	7,221
Equipment	504	3,065	0	3,569	0	0	0	0	3,569
Fundraising expense	0	0	0	0	91	0	99,680	99,771	99,771
Insurance	24,146	2,470	13,615	40,230	226	2,393	835	3,454	43,684
Office expenses	34,786	4,719	1,856	41,362	478	8,609	649	9,737	51,098
Postage and printing	4,785	190	33	5,008	705	571	1,424	2,700	7,708
Professional services	24,442	2,339	1,399	28,181	3,216	3,147	4,131	10,494	38,675
Rent expense	25,471	8,340	3,315	37,125	723	58,966	1,580	61,269	98,394
Repairs and maintenance	50,790	2,029	10,641	63,461	4,586	14,213	1,717	20,515	83,976
Telephone	18,538	3,921	471	22,929	594	3,213	1,244	5,051	27,980
Training	1,689	3,316	325	5,330	1,759	307	1,189	3,255	8,586
Travel	11,702	7,690	1,547	20,939	283	2,499	2,077	4,860	25,799
Utilities	36,905	793	15,247	52,945	134	26,532	357	27,023	79,967
Volunteer expense	939	0	0	939	297	908	1,826	3,031	3,970
TOTAL EXPENSES	\$ 1,278,575	\$ 240,432	\$ 111,578	\$1,630,585	\$ 54,825	\$ 314,409	\$232,434	\$ 601,668	\$ 2,232,253

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

SAFESPACE, INC.

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Changes in net assets	\$ (89,388)	\$ 409,170
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	123,340	120,040
(Gain) loss on sale of property and equipment	(2,156)	12,255
Net (gain) loss on investments	(56,322)	26,280
(Increase) decrease in assets:		
Grants receivable	(124,104)	(20,254)
Pledges receivable, net of discounts	230,735	(144,775)
Prepaid expenses	(955)	188
Security deposits	(2,994)	(1,790)
Decrease in liabilities:		
Accounts payable and accrued expenses	(1,305)	(2,560)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>76,851</u>	<u>398,554</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property and equipment	(91,129)	(48,691)
Sale of investments	792,660	110,149
Purchase of investments	(1,207,942)	(334,259)
Proceeds on sale of fixed asset	8,500	0
NET CASH USED IN INVESTING ACTIVITIES	<u>(497,911)</u>	<u>(272,801)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on long-term debt	0	(55,286)
NET CASH USED IN FINANCING ACTIVITIES	<u>0</u>	<u>(55,286)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(421,060)	70,467
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	582,471	512,004
End of year	<u>\$ 161,411</u>	<u>\$ 582,471</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
Cash paid for interest	<u>\$ 3</u>	<u>\$ 1,375</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE A - NATURE OF ORGANIZATION AND PURPOSE

Organization and Purpose:

SafeSpace, Inc. (the Organization) is a nonprofit organization formed in July 1979, to provide shelter to the victims of domestic violence and their children throughout Indian River, St. Lucie and Martin Counties. The Organization's primary funding sources are donor contributions, government and United Way grants, and private foundations. SafeSpace, Inc. provides the following services:

- 24 hour Confidential Phone Line to provide crisis counseling.
- Shelter – provide safe haven, food, clothing, and counseling for women and children.
- Individual counseling.
- Program Educational group counseling.
- Youth Prevention Programming.
- Support Groups for victims of domestic violence.
- Outreach Services for those not in shelters.
- Children's Program counseling, domestic violence education, therapeutic groups, parenting classes.
- Legal Assistance and Referrals.
- Transportation is provided by Organization staff. In crisis situations, transportation by law enforcement personnel may be recommended for safety.
- Domestic Violence Intervention Program – A volunteer/court ordered group for individuals who batter.
- Training- provides training on domestic violence to legal/law enforcement agencies, medical staff, social services and volunteers.
- Long-term Supportive Housing Program.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets and reports all changes in net assets in the statement of activities.

Income Taxes:

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents:

Cash and cash equivalents include cash and investments that are readily convertible into cash and have original maturities of three months or less.

Pledges Receivable:

Pledges receivable that are expected to be collected in one year are recorded at their net realizable value. Amounts expected to be collected in future years are discounted to the present value of their estimated future cash flows.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts:

The Organization utilizes the specific write off method of estimating the allowance for doubtful accounts since the Organization's receivables are from contracts with government or other organizations and have historically been fully collectable. There is no allowance for doubtful accounts as of June 30, 2017 and 2016.

Property and Equipment:

Property and equipment acquisitions greater than \$1,000 are capitalized, and are stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the asset, which ranges from 5-40 years.

Expense Allocation:

The costs of various programs have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using the full-time equivalent method.

Advertising Costs:

The Organization expenses advertising costs as incurred. Cost incurred for soliciting contributions and for promotional materials is recorded as fundraising expenses.

Donated Materials and Contributed Services:

Donated materials are recorded at their fair value to the Organization at the time of receipt. Contributed services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributed services that do not require specialized skills are not recorded in the financial statements.

Revenue Recognition:

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution or grant is received, the Organization reports the support as unrestricted. Conditional promises to give are recognized as contributions when the donor-imposed conditions are substantially met.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events:

Management evaluated all activity of the Organization through January 13, 2018, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE C - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentration of credit risks include cash and cash equivalents in financial institutions, which may exceed FDIC insurance limits. As of June 30, 2017 and 2016, the Organization had uninsured cash balances in the amounts of \$4,271 and \$84,348 respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents. As of June 30, 2017 and 2016, the Organization had pledges receivable from one donor totaling \$49,325 and two donors totaling \$280,060 which comprises 100% of pledges receivable, respectively.

NOTE D - INVESTMENTS

Long-term investments, carried at fair value based on quoted prices in active markets, consist of the following as of June 30:

	<u>2017</u>		<u>2016</u>	
	<u>FAIR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u>	<u>COST</u>
Equities:				
ETFs and CEFs	\$ 595,460	\$ 563,294	\$ 0	\$ 0
Private equity and real estate	0	0	126,845	131,882
Fixed income and preferred securities:				
ETFs and CEFs	447,777	443,699	0	0
Mutual funds:				
High yield bond funds	0	0	30,241	35,194
Debt and equity securities	0	0	157,005	155,717
Bank loan bond funds	0	0	10,011	10,776
Energy equities	0	0	4,387	5,311
Municipal bonds	0	0	117,814	109,217
Real estate investment trust	0	0	90,818	90,000
Unit investment trust	0	0	34,511	35,005
	<u>\$ 1,043,237</u>	<u>\$ 1,006,993</u>	<u>\$ 571,632</u>	<u>\$ 573,102</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE D - INVESTMENTS (CONTINUED)

The net investment income includes net earnings and net realized and unrealized gains and losses, and is as follows:

	<u>2017</u>	<u>2016</u>
Investment income:		
Investment earnings	\$ 26,367	\$ 23,656
Net gain (loss) on investments	<u>56,322</u>	<u>(26,280)</u>
NET INVESTMENT INCOME (LOSS)	<u>\$ 82,689</u>	<u>\$ (2,624)</u>

NOTE E - PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Pledges receivable at face value	\$ 53,850	\$ 281,140
Present value discount ranging from 0.53% to 2.64%	<u>(4,525)</u>	<u>(1,080)</u>
TOTAL PLEDGES RECEIVABLE	<u>\$ 49,325</u>	<u>\$ 280,060</u>

Pledges receivable net of discount, are due as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 10,000	\$ 231,640
One to five years	<u>39,325</u>	<u>48,420</u>
TOTAL NET OF DISCOUNT	<u>\$ 49,325</u>	<u>\$ 280,060</u>

NOTE F - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30:

	<u>2017</u>	<u>2016</u>
Building	\$ 3,360,171	\$ 3,360,170
Furniture and equipment	361,625	351,774
Leasehold improvements	61,647	61,647
Software	46,348	36,773
Vehicles	<u>110,699</u>	<u>85,799</u>
	3,940,490	3,896,163
Accumulated depreciation	<u>(1,208,064)</u>	<u>(1,130,082)</u>
Net depreciable assets	2,732,426	2,766,081
Land	<u>64,000</u>	<u>68,900</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 2,796,426</u>	<u>\$ 2,834,981</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE F - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$123,340 and \$120,040 at June 30, 2017 and 2016, respectively.

The Organization insures the shelter facilities for various casualties including wind/hurricanes. As of June 30, 2017 and 2016, the Organization's insurance policy for named storms had a deductible of \$48,000 for the Martin County shelter and \$28,500 for the Vero Beach shelter, for each year, respectively. These amounts represent 3% of the insured value of the buildings. Some aspect of the Organization has sufficient funds available to cover the deductible in the event of a major storm.

NOTE G - GRANTS

The Organization received a substantial portion of its support from the State of Florida and the Federal Government, whose grant agreements are renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can only be recognized when eligible expenses are incurred. All required matches were met for these contracts. Revenue recorded from these grant sources for June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Florida Coalition Against Domestic Violence:		
Temporary Assistance to Needy Families Program	\$ 181,420	\$ 176,267
Family Violence Prevention and Services Program	71,746	68,241
Domestic Violence Trust Funds	83,593	76,755
Domestic Violence Trust Funds-Primary Prevention	13,600	20,000
Violence Against Women's Act	86,828	90,000
Rural Services	16,118	1,126
Florida Coalition Against Domestic Violence	319,636	312,631
State of Florida General Revenue	865	111
Economic Justice	31,790	0
Injunction for Protection	128,687	0
U.S. Department of Justice Victim of Crimes	106,479	95,830
Federal Emergency Management Agency (FEMA)		
Emergency Food and Shelter Program	4,000	2,500
TOTAL GRANTS	<u>\$ 1,044,762</u>	<u>\$ 843,461</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE H - TEMPORARILY RESTRICTED NET ASSETS AND ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets as of June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Comprehensive campaign	\$ 481,038	\$ 493,953
Use time restriction	275,672	271,349
Education Fund	16,557	0
Pledge time restriction	49,325	59,500
Reserve for shelters	0	8,926
Pizza for shelter participants	0	3,247
Other	1,365	2,095
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 823,957</u>	<u>\$ 839,070</u>

During the years ended June 30, 2017 and 2016, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

	<u>2017</u>	<u>2016</u>
Reserve for shelters	\$ 8,926	\$ 16,846
John's Island Community Service League	0	14,575
McKeen Fund-Children's Program Library	0	3,000
Pledge time restriction	10,175	2,500
Comprehensive campaign	12,915	0
Other	730	489
Pizza for shelter participants	3,247	429
TOTAL RELEASED ASSETS	<u>\$ 35,993</u>	<u>\$ 37,839</u>

NOTE I - CONTRIBUTED GOODS AND SERVICES

The Organization has received numerous donations of food, clothing and supplies during the year. The value of such donated materials has not been reflected in these statements, since no objective basis of measurement of valuation is available.

The Organization received contributed services amounting to 14,671 and 14,402 volunteer hours for the years ended June 30, 2017 and 2016, respectively. These volunteers provided help with the thrift shop, organizing fundraising events, and other services related to each of its programs. These volunteer services are not considered specialized skills, and, therefore are not recognized as revenue in the accompanying financial statements. The estimated value of volunteer services for the years ended June 30, 2017 and 2016 is \$175,910 and \$156,288, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE J - LEASED FACILITIES

The Organization leases its offices and thrift shop under operating leases during the years ended June 30, 2017 and 2016. The operating leases require monthly rental payments ranging from \$1,970 to \$6,300 per month, through September 30, 2019. Total rental expense included in the statements of activities and changes in net assets for the years ended June 30, 2017 and 2016 is \$139,314 and \$97,019, respectively. The fiscal year minimum future rental payments under these leases are as follows:

2018	\$ 132,310
2019	95,716
2020	<u>18,900</u>
	<u>\$ 246,926</u>

NOTE K - EVENTS

The Organization holds events that directly support the primary purpose of the Organization or are also fundraising activities for the Organization.

Events held in the year ended June 30, 2017:

<u>Events</u>	<u>Gross Receipts</u>	<u>Direct Expenses</u>	<u>Net Income</u>
Harbor Ridge event	\$ 90,679	\$ 17,090	\$ 73,589
Every Women is My Sister	40,983	21,506	19,477
Year-End Mailing	88,721	24,941	63,780
Walk A Mile in Her Shoes	29,294	9,455	19,839
	<u>\$ 249,677</u>	<u>\$ 72,992</u>	<u>\$ 176,685</u>

Events held in the year ended June 30, 2016:

<u>Events</u>	<u>Gross Receipts</u>	<u>Direct Expenses</u>	<u>Net Income</u>
Harbor Ridge event	\$ 108,971	\$ 16,502	\$ 92,469
Every Women is My Sister	73,110	53,627	19,483
Year-End Mailing	81,816	21,849	59,967
Walk A Mile in Her Shoes	46,764	7,793	38,971
	<u>\$ 310,661</u>	<u>\$ 99,771</u>	<u>\$ 210,890</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE L - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, certificate of deposits, current portion of pledges receivable, grants receivable, accounts payable. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.
- Long-term unconditional promises to give. The fair value promises to give that are due in more than one year are estimated by discounting expected future cash flows ranging from 0.53% to 2.64% rates of return.

The following table presents the Organization's assets measured at fair value on a recurring basis at June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 595,460	\$ 0	\$ 0	\$ 595,460
Fixed income and preferred securities	447,777	0	0	447,777
Long-term pledges receivable	<u>0</u>	<u>0</u>	<u>39,325</u>	<u>39,325</u>
Totals	<u>\$ 1,043,237</u>	<u>\$ 0</u>	<u>\$ 39,325</u>	<u>\$ 1,082,562</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE L - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Organization's assets measured at fair value on a recurring basis at June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 126,845	\$ 0	\$ 0	\$ 126,845
Mutual funds	201,644	0	0	201,644
Municipal bonds	0	117,814	0	117,814
Real estate investment trust	0	0	90,818	90,818
Unit investment trust	0	34,511	0	34,511
Long-term pledges receivable	<u>0</u>	<u>0</u>	<u>48,420</u>	<u>48,420</u>
Totals	<u>\$ 328,489</u>	<u>\$ 152,325</u>	<u>\$ 139,238</u>	<u>\$ 620,052</u>

The following table presents the Organization's activities for the years ended June 30, 2017 and 2016 for investments classified in Level 3:

Balance at June 30, 2015	\$ 220,285
Payments received on long-term pledges receivable	(77,500)
Decrease in discount on long-term pledges receivable	635
Net unrealized loss on real estate investment trust	<u>(4,182)</u>
Balance at June 30, 2016	139,238
Payments received on long-term pledges receivable	(5,650)
Increase in discount on long-term pledges receivable	(3,445)
Net realized loss on real estate investment trust	(4,011)
Sale of real estate investment trust	<u>(86,807)</u>
Balance at June 30, 2017	<u>\$ 39,325</u>

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, due to the level of risks associated with these instruments, it is reasonably possible that changes in the values of these instruments will occur in the near term, and such changes could materially affect the amounts reported in the statements of activities and changes in net assets.

NOTE M - NET ASSETS

During the year ended June 30, 2017, a permanently restricted contribution of \$56,100 was received. During the year ended June 30, 2016, a long-term promise to give was paid in full and in accordance with its donor stipulations the Organization was required to reclass the invested funds from temporarily restricted net assets to permanently restricted net assets. As of June 30, 2017 and June 30, 2016, a total of \$256,100 and \$195,113, respectively, remains as permanently restricted net assets and earnings may be used by the Organization for the purpose of sustaining youth violence prevention educational services.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2017 and 2016

NOTE N - LINE OF CREDIT

As of June 30, 2017, the Organization had a \$100,000 line of credit with a bank. The interest rate on the line is subject to change from time to time based on changes in an independent index which will be the highest Prime Rate published in the "Money Rates" section of The Wall Street Journal for the last day of the preceding calendar month which is reported (6.75% at June 30, 2017), and is secured by money on deposit with the bank and property held by the bank to secure loans made under the agreement. Collateral securing other obligations to the bank may also secure loans under this agreement. As of June 30, 2017 and 2016, no amount was outstanding.

NOTE O - DEFINED CONTRIBUTION PLAN

The Organization offers all employees, credited with 1000 hours of service during the plan year, the option to participate in a 401(k) retirement plan. Starting in May 2017, the Organization updated its plan policy to make contributions up to 2% of the employee's salary based on their chosen level of contribution to the fund. Contributions will be earned on a vesting schedule basis according to the 401(k) benefits contract. 401(k) matching expense totaled \$1,101 and \$0 for the years ended June 30, 2017 and 2016, respectively.