



SafeHaven of Tarrant County

**Financial Statements with Compliance Reports
and Supplemental Information
September 30, 2017 and 2016**

SafeHaven of Tarrant County

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Independent Auditors' Report

Board of Directors
SafeHaven of Tarrant County

Report on the Financial Statements

We have audited the accompanying financial statements of SafeHaven of Tarrant County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities, 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 SafeHaven of Tarrant County as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2018 on our consideration of SafeHaven of Tarrant County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SafeHaven of Tarrant County's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas
January 25, 2018

SafeHaven of Tarrant County
Statements of Financial Position
September 30, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,385,640	\$ 308,733
Investments	84,967	68,797
Grants receivable	257,406	495,284
Prepaid expenses	145,495	59,909
Total current assets	1,873,508	932,723
Property and equipment, net	4,032,351	4,431,354
Other assets:		
Investments	747,357	747,357
Endowment investments	1,471,767	1,336,638
Other assets	-	5,919
Total other assets	2,219,124	2,089,914
Total assets	\$ 8,124,983	\$ 7,453,991
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 80,401	\$ 58,540
Accrued expenses	229,256	214,596
Deferred revenue	95,241	117,375
Current maturities of long-term debt	40,475	38,697
Total current liabilities	445,373	429,208
Long-term debt, net of current maturities	267,744	308,170
Total liabilities	713,117	737,378
Net assets:		
Unrestricted:		
Board designated endowment	1,471,767	1,336,638
Undesignated	5,631,401	5,333,142
Total unrestricted net assets	7,103,168	6,669,780
Temporarily restricted	308,698	46,833
Total net assets	7,411,866	6,716,613
Total liabilities and net assets	\$ 8,124,983	\$ 7,453,991

See notes to financial statements.

SafeHaven of Tarrant County
Statements of Activities
Years Ended September 30, 2017 and 2016

	2017	2016
Unrestricted net assets:		
Unrestricted support:		
Public contributions	\$ 2,056,801	\$ 1,640,396
Texas Health and Human Services Commission	1,245,004	1,244,771
Government grants and contracts	2,932,713	3,077,815
United Way	234,922	155,525
Special events	282,344	287,500
Total unrestricted support	6,751,784	6,406,007
Revenue:		
Thrift store sales	640,327	576,836
Program service fees	50,336	55,649
Interest and dividend income	28,879	77,526
Net realized and unrealized gains on investments	114,203	617,448
Miscellaneous	799,579	341,015
Total unrestricted support and revenue	8,385,108	8,074,481
Net assets released from restrictions -		
satisfaction of program restrictions	46,833	263,167
Total unrestricted support, revenue and reclassifications	8,431,941	8,337,648
Expenses:		
Program services:		
Shelter and transitional services	3,795,026	3,931,237
Children and youth programs	390,355	455,362
Clinical intervention services	744,200	920,287
Victims assistance and legal services	828,020	605,773
Community services and volunteer programs	680,888	644,454
Thrift store	335,324	342,343
Total program services	6,773,813	6,899,456
Supporting services:		
Fundraising	396,138	417,826
Management and general	828,602	795,376
Total expenses	7,998,553	8,112,658
Change in unrestricted net assets	433,388	224,990
Temporarily restricted net assets:		
Public contributions	308,698	195,000
Net assets released from restrictions	(46,833)	(263,167)
Change in temporarily restricted net assets	261,865	(68,167)
Change in net assets	695,253	156,823
Net assets at beginning of year	6,716,613	6,559,790
Net assets at end of year	\$ 7,411,866	\$ 6,716,613

See notes to financial statements.

**SafeHaven of Tarrant County
Statement of Functional Expenses
Year Ended September 30, 2017**

	Program Services						Supporting Services				
	Shelter and Transitional Services	Children and Youth Programs	Clinical Intervention Services	Victims Assistance and Legal Services	Community Services and Volunteer Programs	Thrift Store	Total	Fundraising	Management and General	Total	Total
Salary and wages	\$ 1,864,833	\$ 290,643	\$ 536,332	\$ 582,420	\$ 424,124	\$ 176,574	\$ 3,874,926	\$ 242,151	\$ 508,067	\$ 750,218	\$ 4,625,144
Payroll taxes	135,746	20,964	39,646	41,603	31,107	12,921	281,987	17,626	36,855	54,481	336,468
Employer contributions	13,177	841	6,529	5,624	3,455	1,879	31,505	1,341	1,429	2,770	34,275
Other employee benefits	202,772	31,294	40,229	44,353	35,150	21,864	375,662	13,260	23,112	36,372	412,034
Total payroll expense	2,216,528	343,742	622,736	674,000	493,836	213,238	4,564,080	274,378	569,463	843,841	5,407,921
Food and household supplies	195,655	3,740	912	42	1,586	1,116	203,051	1,204	2,839	4,043	207,094
Program	17,591	8,160	1,681	1,085	1,068	939	30,524	-	-	-	30,524
Client assistance	461,866	580	-	400	-	-	462,846	-	-	-	462,846
Insurance	32,606	8,790	6,829	1,614	3,156	5,688	58,683	1,656	9,744	11,400	70,083
Maintenance	125,540	142	1,310	871	400	23,085	151,348	-	-	-	151,348
Utilities and telephone	170,489	4,785	9,824	5,580	4,304	14,870	209,852	3,607	4,849	8,456	218,308
Transportation	34,305	4,242	2,481	5,623	17,357	2,930	66,938	675	1,778	2,453	69,391
Dues, fees and subscriptions	6,789	742	1,438	6,312	5,801	875	21,957	5,459	26,537	31,996	53,953
Professional fees/outside services	47,510	4,702	11,192	57,500	18,378	9,538	148,820	3,222	55,582	58,804	207,624
Rent and office	22,412	3,687	76,889	25,939	7,635	20,627	157,189	25,595	99,583	125,178	282,367
Conferences and training	6,991	1,246	7,806	5,305	3,870	-	25,218	3,056	9,601	12,657	37,875
Special events	-	-	-	-	-	-	-	62,374	-	62,374	62,374
Interest	-	-	-	-	-	-	-	-	14,840	14,840	14,840
Other	8,584	904	100	655	230	292	10,765	12,887	3,328	16,215	26,980
Payments to subrecipients	-	-	-	40,013	120,267	-	160,280	-	-	-	160,280
Total expenses before depreciation	3,346,866	385,462	743,198	824,939	677,888	293,198	6,271,551	394,113	798,144	1,192,257	7,463,808
Depreciation	448,160	4,893	1,002	3,081	3,000	42,126	502,262	2,025	30,458	32,483	534,745
Total expenses	\$ 3,795,026	\$ 390,355	\$ 744,200	\$ 828,020	\$ 680,888	\$ 335,324	\$ 6,773,813	\$ 396,138	\$ 828,602	\$ 1,224,740	\$ 7,998,553

See notes to financial statements.

**SafeHaven of Tarrant County
Statement of Functional Expenses
Year Ended September 30, 2016**

	Program Services						Supporting Services				
	Shelter and Transitional Services	Children and Youth Programs	Clinical Intervention Services	Victims Assistance and Legal Services	Community Services and Volunteer Programs	Thrift Store	Total	Fundraising	Management and General	Total	Total
Salary and wages	\$ 1,907,842	\$ 337,862	\$ 686,764	\$ 438,104	\$ 378,409	\$ 190,723	\$ 3,939,704	\$ 232,269	\$ 492,687	\$ 724,956	\$ 4,664,660
Payroll taxes	145,950	25,846	52,537	33,515	28,948	14,590	301,386	17,770	36,547	54,317	355,703
Employer contributions	12,128	457	5,845	3,985	2,987	2,330	27,732	793	1,019	1,812	29,544
Other employee benefits	204,836	38,223	54,355	29,010	32,985	25,535	384,944	12,583	42,657	55,240	440,184
Total payroll expense	2,270,756	402,388	799,501	504,614	443,329	233,178	4,653,766	263,415	572,910	836,325	5,490,091
Food and household supplies	231,171	3,740	340	220	392	781	236,644	531	1,888	2,419	239,063
Program	20,156	14,885	654	1,363	2,570	-	39,628	-	-	-	39,628
Client assistance	360,231	784	-	2,651	-	-	363,666	-	-	-	363,666
Insurance	30,671	8,268	6,424	1,519	2,968	5,349	55,199	1,557	9,166	10,723	65,922
Maintenance	124,900	-	2,577	237	334	17,241	145,289	-	4,792	4,792	150,081
Utilities and telephone	167,989	4,157	9,803	8,523	3,581	15,566	209,619	2,660	4,597	7,257	216,876
Transportation	24,974	2,919	2,926	6,245	15,145	2,108	54,317	691	1,015	1,706	56,023
Dues, fees and subscriptions	6,498	767	1,153	4,702	6,162	791	20,073	5,170	20,907	26,077	46,150
Professional fees/outside services	55,851	5,654	10,596	10,662	4,562	3,516	90,841	3,622	52,717	56,339	147,180
Rent and office	20,623	3,771	78,671	25,387	20,695	19,173	168,320	46,226	63,095	109,321	277,641
Conferences and training	5,294	270	6,297	7,229	4,704	95	23,889	3,292	4,783	8,075	31,964
Special events	-	-	-	-	-	-	-	80,635	-	80,635	80,635
Interest	-	-	-	-	-	-	-	-	15,451	15,451	15,451
Other	123	217	338	79	156	7,403	8,316	8,046	10,296	18,342	26,658
Payments to subrecipients	21,750	-	-	29,254	137,406	-	188,410	-	-	-	188,410
Total expenses before depreciation	3,340,987	447,820	919,280	602,685	642,004	305,201	6,257,977	415,845	761,617	1,177,462	7,435,439
Depreciation	590,250	7,542	1,007	3,088	2,450	37,142	641,479	1,981	33,759	35,740	677,219
Total expenses	\$ 3,931,237	\$ 455,362	\$ 920,287	\$ 605,773	\$ 644,454	\$ 342,343	\$ 6,899,456	\$ 417,826	\$ 795,376	\$ 1,213,202	\$ 8,112,658

See notes to financial statements.

SafeHaven of Tarrant County
Statements of Cash Flows
Years ended September 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 695,253	\$ 156,823
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	534,745	677,219
Loss on retirement of property and equipment	7,770	-
Net realized and unrealized gains on investments	(114,203)	(617,448)
Changes in assets and liabilities:		
Accounts receivable	-	137
Grants receivable	237,878	(138,192)
Prepaid expenses and other assets	(79,667)	13,831
Accounts payable and accrued expenses	36,521	(114,329)
Deferred revenue	(22,134)	(360)
Net cash provided (used) by operating activities	1,296,163	(22,319)
Cash flows from investing activities:		
Purchases of property and equipment	(143,512)	(408,603)
Proceeds from sales of investments	772,516	253,097
Purchases of investments	(809,612)	(238,189)
Net cash used by investing activities	(180,608)	(393,695)
Cash flows from financing activities:		
Repayment of long-term debt	(38,648)	(38,037)
Net increase (decrease) in cash and cash equivalents	1,076,907	(454,051)
Cash and cash equivalents at beginning of year	308,733	762,784
Cash and cash equivalents at end of year	\$ 1,385,640	\$ 308,733
Supplemental cash flow information - interest paid	\$ 14,840	\$ 15,451

See notes to financial statements.

SafeHaven of Tarrant County

Notes to Financial Statements

1. Organization

SafeHaven of Tarrant County (Organization) is a Texas nonprofit corporation with a mission to end domestic violence through safety, support, prevention and social change. This is done through services which shelter victims, educate the community and support non-abusive, self-reliant families. Counseling services are also provided at the Organization's resource centers in Arlington and Fort Worth, Texas. The Organization is supported primarily by government and private grants and contributions from individuals and other organizations.

The Organization is the owner of Granville Haven, LLC, formed to serve as the non-managing general partner in one limited partnership (LP) and one limited liability corporation (LLC) as part of a low-income tax credit funded housing development. The partnership interests in the LP and LLC are 1% or less. The LP and LLC were formed to provide affordable supportive housing to low-income individuals. The Organization's equity in the LP and LLC is nominal.

Programs

The Organization pursues its objectives through the execution of the following programs:

Shelter and Transitional Living – Residential programs provide victims fleeing domestic violence with case management, counseling, life skills training and specialized client assistance in addition to emergency shelter and longer term housing. The Organization operates two emergency shelters, one in Fort Worth and another in Arlington, where clients stay for up to 60 days. Transitional living provides supportive housing services, including rental assistance, at scattered sites for up to two years.

Children's and Youth Programs – Specialized programming for children at the emergency shelters includes educational, recreational and therapeutic activities. Trained staff and volunteers provide therapeutic, educational childcare so mothers can attend work, seek employment or fulfill appointments. The Fort Worth shelter operates an onsite school using accredited teachers from Fort Worth ISD while the Arlington shelter enrolls children in Arlington ISD schools.

Clinical Intervention – Non-residential, outreach services provided at two resource centers in Fort Worth and Arlington. Masters-level counselors provide individual and group sessions for adults and children. The Organization also facilitates the rehabilitation of batterers through an evidence-based curriculum that reduces abuse recidivism. The state accredited batterer's intervention and prevention program is the only service for which the Organization charges participants a fee.

SafeHaven of Tarrant County

Notes to Financial Statements

Victims Assistance and Legal Services – A 24-hour hotline provides immediate crisis intervention, safety planning and program referrals for victims. Hotline staff also coordinate with and train police departments, medical professionals and other victim service providers. Attorneys and legal advocates who are employees of the Organization provide pro bono civil legal representation, advocacy, paperwork preparation and other legal services.

Community Services and Volunteers – The Organization provides comprehensive educational programs in area schools and to companies and civic groups. Community presentations to groups educate about the cycle of violence, needs of victims and services available at the Organization. School presentations follow evidence-based curricula focusing on primary prevention, or stopping violence before it starts. The Organization engages community members as volunteers in client service programs, fundraising events and speaking opportunities that raise awareness of domestic violence.

Thrift Store – The Organization owns and operates Berry Good Buys (Store), a retail thrift store located in Fort Worth. The Store carries gently used clothing, furniture and household items donated by the community which are distributed free of charge to clients or resold at discounted and bargain prices. The Store also honors vouchers for clothing for clients of other human service agencies in Tarrant County. During the years ended September 30, 2017 and 2016, more than \$24,000 and \$26,000, respectively, in merchandise was given at no charge to victims of domestic violence as well as low-income and homeless individuals or families.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles (GAAP).

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily restricted net assets - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

SafeHaven of Tarrant County

Notes to Financial Statements

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purpose. No permanently restricted net assets existed at September 30, 2017 or 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash and cash equivalents, investments and grants receivable. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk.

The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

Grants receivable are unsecured and are due from various grantor agencies under cost reimbursement grants. The Organization continually evaluates the collectability of grants receivable and maintains allowances, as considered necessary, for potentially uncollectible amounts.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents. The Organization classifies cash and money market accounts held by external investment managers as investments as these funds are not readily available for operations.

SafeHaven of Tarrant County

Notes to Financial Statements

Investments

The investments of the Organization consist of money market funds, cash equivalents, bond funds, mutual funds and mineral rights and are stated at fair value in the statements of financial position.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 40 years for buildings and improvements and 2 to 20 years for equipment. Depreciation expense totaled \$534,745 and \$677,219 for the years ended September 30, 2017 and 2016, respectively.

Deferred Revenue

Income from special events is deferred and recognized in the period in which the special event occurs.

Revenue Recognition

Government grants are recognized as contract terms are fulfilled. Cost reimbursement contracts are recognized as contributions when the allowable costs are incurred. Fees for contract services are recognized as revenue when the contracted services are performed.

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give (pledge) has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions to which they are subject are met. If funds are received related to the conditional promise, the amounts received are accounted for as a refundable advance.

Donated goods are reflected as contributions at their estimated fair value at date of receipt. Donated use of facilities is reflected as a contribution at the estimated fair value of the rent. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the Organization. No donated services were utilized that met the criteria to be recorded as revenue in the Organization's financial statements.

SafeHaven of Tarrant County

Notes to Financial Statements

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP 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 estimated.

Contract Compliance

The Organization is responsible for compliance with provisions of contracts and grant agreements. Noncompliance could result in the disallowance of expenditures and a request for reimbursement. In the opinion of the Organization's management, such disallowance, if any, would not be significant to the Organization's financial statements.

Concentration

At September 30, 2017, balances due from two governmental agencies totaled approximately 56% of total grants receivable. At September 30, 2016, balances due from two governmental agencies totaled approximately 49% of total grants receivable.

The Organization received funding from two state agencies during the years ended September 30, 2017 and 2016 totaling approximately 30% and 34% of total revenue, respectively.

Federal Income Tax

The Organization is a nonprofit publicly supported organization, as defined in Section 501(c)(3) of the Internal Revenue Service Code (IRC) that is exempt from federal income taxes under Section 501(a) of the IRC. For the year ended September 30, 2017 and 2016, the Organization did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

SafeHaven of Tarrant County

Notes to Financial Statements

U.S. generally accepted accounting principles (GAAP) requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Organization, and has concluded that as of September 30, 2017 and 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

3. Investments

ASC 820-10 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

- Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;

- Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodology used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Money Market Funds

Money market funds and cash equivalents are valued using \$1 for the net asset value (NAV).

Bond Funds

Bond funds are valued at the closing price reported on the active market on which the individual securities are traded.

SafeHaven of Tarrant County
Notes to Financial Statements

Mutual funds

Mutual funds are valued at the NAV of shares held by the Organization at year end. The NAV is a quoted price in an active market.

Mineral rights

Mineral rights are valued at a multiple of annual revenues according to industry standards.

Below are the Organization's financial instruments as of September 30, 2017 carried at fair value on a recurring basis by the fair value hierarchy levels described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 75,631	\$ -	\$ -	\$ 75,631
Interest in mineral rights	-	-	747,357	747,357
Mutual funds:				
Foreign	36,770	-	-	36,770
Real estate	70,557	-	-	70,557
Growth	265,846	-	-	265,846
Value	164,090	-	-	164,090
Blend	281,601	-	-	281,601
Bond funds	662,239	-	-	662,239
	<u>\$ 1,556,734</u>	<u>\$ -</u>	<u>\$ 747,357</u>	<u>\$ 2,304,091</u>

Below are the Organization's financial instruments as of September 30, 2016 carried at fair value on a recurring basis by the fair value hierarchy levels described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 91,102	\$ -	\$ -	\$ 91,102
Interest in mineral rights	-	-	747,357	747,357
Mutual funds:				
Foreign	29,606	-	-	29,606
Real estate	42,440	-	-	42,440
Growth	343,625	-	-	343,625
Value	304,841	-	-	304,841
Bond funds	593,821	-	-	593,821
	<u>\$ 1,405,435</u>	<u>\$ -</u>	<u>\$ 747,357</u>	<u>\$ 2,152,792</u>

SafeHaven of Tarrant County
Notes to Financial Statements

The following table summarizes the changes in the Organization’s Level 3 investment for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 747,357	\$ 150,001
Change in fair value	-	597,356
Ending balance	<u>\$ 747,357</u>	<u>\$ 747,357</u>

Investment returns consist of the following for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 28,879	\$ 77,526
Net realized and unrealized gains on investments	114,203	617,448
	<u>\$ 143,082</u>	<u>\$ 694,974</u>

4. Property and Equipment

Property and equipment consists of the following as of September 30:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 498,850	\$ 498,850
Buildings and improvements	7,507,747	7,693,630
Furniture and equipment	3,231,649	3,230,850
Vehicles	158,653	158,653
	11,396,899	11,581,983
Accumulated depreciation	<u>(7,364,548)</u>	<u>(7,150,629)</u>
	<u>\$ 4,032,351</u>	<u>\$ 4,431,354</u>

5. Endowment

As of September 30, 2017 and 2016, the board of directors had designated \$1,471,767 and \$1,336,638, respectively, of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Organization has a spending policy of appropriating for distribution each year an amount deemed prudent to carry out the charitable purposes of the Organization.

To achieve that objective, the Organization has adopted an investment policy that attempts to

SafeHaven of Tarrant County
Notes to Financial Statements

maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Composition of and changes in endowment net assets for the years ended September 30, 2017 and 2016 are as follows:

	2017	2016
Board designated endowment net assets, beginning of year	\$ 1,336,638	\$ 1,249,298
Unrealized gain	62,354	47,197
Realized gain	51,975	22,597
Interest and dividends	25,284	21,399
Amounts appropriated for expenditure	(4,484)	(3,853)
Board designated endowment net assets, end of year	\$ 1,471,767	\$ 1,336,638

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of September 30:

	2017	2016
Prevention project	\$ 58,698	\$ 46,833
Software project	250,000	-
	\$ 308,698	\$ 46,833

7. Long-Term Debt

The Organization entered into a promissory note with a bank requiring monthly payments of principal and interest totaling \$4,457 through June 9, 2024. The note accrues interest at 4.5% and is collateralized by the Organization’s shelter in Fort Worth, Texas. The balances at September 30, 2017 and 2016 are \$308,219 and \$346,867, respectively.

The Organization entered into a revolving promissory note with a bank allowing the Organization to borrow up to \$500,000. The note earns interest at .75 percent over the bank’s prime rate (4.25% at September 30, 2017) with a final payment due on February 28, 2018. The note is collateralized by the Organization’s property in Fort Worth, Texas. At September 30, 2017 and 2016, no balances were outstanding on the revolving promissory note.

SafeHaven of Tarrant County
Notes to Financial Statements

Principal payments for the years ending September 30 are as follows:

2018	\$ 40,475
2019	42,334
2020	44,279
2021	46,313
2022	48,441
Thereafter	<u>86,377</u>
	<u>\$ 308,219</u>

8. Donated Use of Facilities

Effective November 30, 2016, under a special provision in their original lease the Organization was able to terminate their administrative office lease. The Organization's administrative offices are currently housed in donated office space. The estimated fair value of the donated use of facilities for the year ended September 30, 2017 totaled \$29,167 and is included in contributions and expense in the accompanying 2017 statement of activities.

9. Leases

The Organization leases program facilities under non-cancelable operating lease agreements expiring July 2018 and July 2020. Rent expense totaled \$133,884 for the year ended September 30, 2017, and includes donated use of facilities of \$29,167. Rent expense totaled \$166,883 for the year ended September 30, 2016. Future minimum lease payments due under these lease agreements are as follows for the years ending September 30:

2018	\$ 68,450
2019	17,500
2020	<u>14,583</u>
	<u>\$ 100,533</u>

10. Employee Benefit Plans

In 2007 the Organization initiated a 403(b) plan for employees. Employees can make pre-tax salary reduction contributions to the plan, up to the allowed IRS limits.

Employees working more than 1,000 hours per year are eligible to receive employer matching and base contributions if they are 21 years of age after one year of service. The Organization makes matching contributions to the plan in an amount up to 2% of the employee's compensation. Employees are immediately fully vested in their individual contributions and are

SafeHaven of Tarrant County

Notes to Financial Statements

fully vested in the employer contributions after 5 years of service or attainment of age sixty-five. The Organization's contributions to the plan totaled \$34,277 and \$29,544 for the years ended September 30, 2017 and 2016, respectively.

11. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of September 30, 2017 through January 25, 2018, which was the date the financial statements were issued, and concluded that no additional disclosures are required.

Compliance Reports

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
SafeHaven of Tarrant County

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SafeHaven of Tarrant County (Organization) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
January 25, 2018

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
SafeHaven of Tarrant County

Report on Compliance for Each Major Federal Program

We have audited SafeHaven of Tarrant County's (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas
January 25, 2018

SafeHaven of Tarrant County
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

CFDA 16.575 Crime Victim Assistance

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

Audit Findings: None

Section III – Federal Award Findings and Questioned Costs

Audit Findings: None

Section IV – Prior Federal Award Findings and Questioned Costs

None reported.

SafeHaven of Tarrant County
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2017

Federal or State Agency/ Pass-through Grantor/Program Title	CFDA #	Pass-through Grantor's #	Federal Expenditures	State Expenditures	Payments to Subrecipients
U.S. Department of Health and Human Services:					
Texas Health and Human Services Commission:					
Social Services Block Grant (Family Violence Program)	93.667	529-15-0032-00021D	\$ 443,720	\$ 443,720	\$ -
Social Services Block Grant (Family Violence Program)	93.667	529-15-0032-00021E	40,072	40,072	-
			483,792	483,792	-
Family Violence Prevention and Services Grant	93.671	529-15-0006-00009B	57,766	-	-
Family Violence Prevention and Services Grant	93.671	529-15-0032-00021D	200,860	-	-
Family Violence Prevention and Services Grant	93.671	529-15-0032-00021E	18,792	-	-
			277,418	-	-
Total U.S. Department of Health and Human Services			761,210	483,792	-
U.S. Department of Housing and Urban Development:					
Tarrant County:					
Community Development Block Grant Program	14.228	-	37,512	-	-
Community Development Block Grant Program	14.228	-	12,084	-	-
			49,596	-	-
Tarrant County:					
Emergency Shelter Grants Program	14.231	E15-UC-48-0001	25,500	-	-
City of Arlington:					
Emergency Shelter Grants Program	14.231	-	16,653	-	-
Emergency Shelter Grants Program	14.231	-	39,695	-	-
City of Fort Worth:					
Emergency Shelter Grants Program	14.231	G-18793	69,274	-	-
Texas Department of Housing and Community Affairs:					
Emergency Shelter Grants Program	14.231	42160002555	99,292	-	-
Emergency Shelter Grants Program	14.231	42140002071	18,750	-	-
			269,164	-	-
Tarrant County:					
Supportive Housing Program Grant	14.235	-	81,929	-	-
Supportive Housing Program Grant	14.235	-	93,453	-	-
Supportive Housing Program Grant	14.235	TX0102L6T011407	25,123	-	-
			200,505	-	-
Tarrant County:					
Continuum of Care Program	14.267	TX0321L6T011402	2,945	-	-
Continuum of Care Program	14.267	TX0321L6T011503	106,876	-	-
Continuum of Care Program	14.267	TX0346L6T011502	67,646	-	-
Continuum of Care Program	14.267	TX0346L6T011603	74,745	-	-
			252,212	-	-
Total U.S. Department of Housing and Urban Development			771,477	-	-

See notes to schedule of expenditures of federal and state awards.

SafeHaven of Tarrant County
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2017

Federal or State Agency/ Pass-through Grantor/Program Title	CFDA #	Pass-through Grantor's #	Federal Expenditures	State Expenditures	Payments to Subrecipients
U.S. Department of Justice:					
Texas Department of Criminal Justice:					
Crime Victim Assistance	16.575	2776202	\$ 1,294,014	\$ -	\$ -
Direct Assistance:					
Legal Assistance for Victims	16.524	2014-WL-AX-0011	166,669	-	40,013
Direct Assistance:					
Transitional Housing	16.736	2014-WH-AX-0017	86,472	-	1,550
Direct Assistance:					
Consolidated Youth Program	16.888	2013-CY-AX-K012	253,397	-	118,717
Total U.S. Department of Justice			1,800,552	-	160,280
U.S. Department of Agriculture:					
Texas Department of Agriculture:					
Child and Adult Care Food Program	10.588	03187	84,233	-	-
U.S. Department of Homeland Security:					
Emergency Food and Shelter Program	97.024	Phase 33	29,700	-	-
Emergency Food and Shelter Program	97.024	Phase 34	15,000	-	-
Total U.S. Department of Homeland Security			44,700	-	-
Texas Department of Criminal Justice:					
Diversion Program	-	220-007	-	34,549	-
Office of Attorney General of Texas:					
Other Victims Assistance Grants	-	1769504	-	42,000	-
Other Victims Assistance Grants	-	1879949	-	2,532	-
			-	44,532	-
Total expenditures of federal and state awards			\$ 3,462,172	\$ 562,873	\$ 160,280

See notes to schedule of expenditures of federal and state awards.

SafeHaven of Tarrant County
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal grant activity of SafeHaven of Tarrant County. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule only presents a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.