



SafeHaven of Tarrant County

**Financial Statements with Compliance Reports
and Supplemental Information
September 30, 2019 and 2018**

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, 2019 and 2018, 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, 2019 and 2018, 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 May 28, 2020, 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, and 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 the effectiveness of SafeHaven of Tarrant County's 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
May 28, 2020

SafeHaven of Tarrant County
Statements of Financial Position
September 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 685,779	\$ 1,209,017
Investments	673,467	294,134
Grants receivable	461,483	390,788
Prepaid expenses	53,164	84,370
Total current assets	1,873,893	1,978,309
Property and equipment, net	4,012,201	3,953,588
Other assets:		
Cash restricted for building acquisition	46,500	-
Investments	747,357	747,357
Endowment investments	1,651,457	1,573,397
Total other assets	2,445,314	2,320,754
Total assets	\$ 8,331,408	\$ 8,252,651
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 97,307	\$ 72,294
Accrued expenses	202,389	171,052
Deferred revenue	53,555	202,146
Current maturities of long-term debt	44,278	42,334
Total current liabilities	397,529	487,826
Long-term debt, net of current maturities	322,821	365,721
Total liabilities	720,350	853,547
Net assets:		
Net assets without donor restrictions:		
Undesignated	5,813,101	5,725,707
Board designated endowment	1,651,457	1,573,397
Total net assets without donor restrictions	7,464,558	7,299,104
Net assets with donor restrictions	146,500	100,000
Total net assets	7,611,058	7,399,104
Total liabilities and net assets	\$ 8,331,408	\$ 8,252,651

See notes to financial statements.

SafeHaven of Tarrant County
Statements of Activities
Years Ended September 30, 2019 and 2018

	2019	2018
Net assets without donor restrictions:		
Revenue and support:		
Public contributions	\$ 2,457,963	\$ 1,731,743
Government grants and contracts	4,867,955	4,459,921
United Way	226,621	232,768
Special events	283,929	207,633
Thrift store sales	599,594	544,279
Program service fees	97,185	54,943
Interest and dividend income, net	63,953	109,215
Net realized and unrealized gains on investments	62,888	23,582
Oil and gas receipts	558,519	1,320,936
Other income	13,918	340
Total revenue and support	9,232,525	8,685,360
Net assets released from restrictions -		
Satisfaction of program restrictions	-	208,698
Total revenue, support and releases	9,232,525	8,894,058
Expenses:		
Shelter and transitional services	4,403,783	4,263,092
Children and youth programs	416,440	429,811
Clinical intervention services	773,387	859,023
Victims assistance and legal services	899,522	854,330
Community services and volunteer programs	515,068	529,097
Thrift store	365,123	352,987
Fundraising	491,487	478,901
Management and general	1,202,261	930,881
Total expenses	9,067,071	8,698,122
Change in net assets without donor restrictions	165,454	195,936
Net assets with donor restrictions:		
Public contributions	46,500	-
Net assets released from restrictions	-	(208,698)
Change in net assets with donor restrictions	46,500	(208,698)
Change in net assets	211,954	(12,762)
Net assets at beginning of year	7,399,104	7,411,866
Net assets at end of year	\$ 7,611,058	\$ 7,399,104

See notes to financial statements.

SafeHaven of Tarrant County
Statement of Functional Expenses
Year Ended September 30, 2019

	Shelter and Transitional Services	Children and Youth Programs	Clinical Intervention Services	Victims Assistance and Legal Services	Community Services and Volunteer Programs	Thrift Store	Fundraising	Management and General	Total
Salary and wages	\$ 2,023,536	\$ 310,214	\$ 560,098	\$ 657,690	\$ 404,939	\$ 163,005	\$ 256,478	\$ 698,208	\$ 5,074,168
Payroll taxes	146,710	22,765	41,334	46,477	29,592	11,872	29,927	51,201	379,878
Employer contributions	12,988	2,336	5,758	7,186	3,727	-	2,603	7,832	42,430
Other employee benefits	230,002	31,113	37,077	54,278	36,464	27,187	28,910	59,990	505,021
Total compensation expense	2,413,236	366,428	644,267	765,631	474,722	202,064	317,918	817,231	6,001,497
Food and household supplies	216,434	1,212	947	717	1,023	1,636	898	3,874	226,741
Program	17,644	10,669	1,722	1,189	1,929	-	651	36	33,840
Client assistance	894,928	990	-	-	-	-	-	-	895,918
Insurance	30,372	8,188	6,361	1,504	2,940	5,298	1,157	9,256	65,076
Maintenance	140,814	128	1,274	-	-	23,794	-	174	166,184
Utilities and telephone	135,851	5,550	11,223	8,513	4,083	14,731	2,192	6,370	188,513
Transportation	38,560	9,559	1,769	8,744	9,955	8,850	337	1,649	79,423
Dues, fees and subscriptions	5,152	1,108	405	1,966	1,101	1,915	7,239	25,783	44,669
Professional fees/outside services	37,913	5,485	9,656	17,022	4,038	10,127	2,330	153,973	240,544
Accounting	-	-	-	-	-	-	-	22,000	22,000
Rent and office	28,822	5,162	90,196	42,418	9,457	37,226	17,002	83,955	314,238
Conferences and training	7,324	777	4,276	926	3,320	-	5,586	21,566	43,775
Special events	-	-	-	-	-	-	127,729	9,042	136,771
Interest	-	-	-	-	-	-	-	12,532	12,532
Other	-	-	-	-	-	11,277	7,782	7,501	26,560
Payments to subrecipients	34,737	-	-	47,445	2,500	-	-	-	84,682
Total expenses before depreciation	4,001,787	415,256	772,096	896,075	515,068	316,918	490,821	1,174,942	8,582,963
Depreciation	401,996	1,184	1,291	3,447	-	48,205	666	27,319	484,108
Total expenses	\$ 4,403,783	\$ 416,440	\$ 773,387	\$ 899,522	\$ 515,068	\$ 365,123	\$ 491,487	\$ 1,202,261	\$ 9,067,071

See notes to financial statements.

**SafeHaven of Tarrant County
Statement of Functional Expenses
Year Ended September 30, 2018**

	Shelter and Transitional Services	Children and Youth Programs	Clinical Intervention Services	Victims Assistance and Legal Services	Community Services and Volunteer Programs	Thrift Store	Fundraising	Management and General	Total
Salary and wages	\$ 1,952,615	\$ 317,930	\$ 623,404	\$ 586,997	\$ 390,506	\$ 150,916	\$ 263,293	\$ 632,351	\$ 4,918,012
Payroll taxes	141,856	22,899	45,652	41,762	28,821	10,789	31,349	46,434	369,562
Employer contributions	13,028	1,344	7,373	5,674	4,211	198	2,268	4,998	39,094
Other employee benefits	208,628	29,381	54,978	51,040	35,940	22,722	24,449	47,518	474,656
Total compensation expense	2,316,127	371,554	731,407	685,473	459,478	184,625	321,359	731,301	5,801,324
Food and household supplies	207,308	176	534	277	1,211	523	435	2,312	212,776
Program	22,498	12,940	671	465	2,635	807	-	-	40,016
Client assistance	608,439	1,670	-	-	-	-	-	-	610,109
Insurance	32,606	8,790	6,829	1,614	3,156	5,688	1,655	9,744	70,082
Maintenance	161,257	8,141	1,245	51	36	30,693	19	56	201,498
Utilities and telephone	135,850	5,292	10,009	5,360	4,498	14,826	2,556	5,047	183,438
Transportation	35,696	6,156	2,585	5,971	12,933	5,377	868	2,080	71,666
Dues, fees and subscriptions	4,719	830	984	2,453	824	1,900	7,467	22,897	42,074
Professional fees/outside services	59,494	5,162	11,790	60,610	25,623	11,454	3,010	15,040	192,183
Accounting	-	-	-	-	-	-	-	20,500	20,500
Rent and office	28,015	5,555	87,020	30,556	11,174	43,125	20,170	64,909	290,524
Conferences and training	10,380	2,360	4,751	3,822	3,632	189	9,045	12,708	46,887
Special events	-	-	-	-	-	-	102,735	-	102,735
Interest	-	-	-	-	-	-	-	13,323	13,323
Other	-	-	-	-	-	5,986	8,995	6,151	21,132
Payments to subrecipients	218,506	-	-	53,829	3,897	-	-	-	276,232
Total expenses before depreciation	3,840,895	428,626	857,825	850,481	529,097	305,193	478,314	906,068	8,196,499
Depreciation	422,197	1,185	1,198	3,849	-	47,794	587	24,813	501,623
Total expenses	\$ 4,263,092	\$ 429,811	\$ 859,023	\$ 854,330	\$ 529,097	\$ 352,987	\$ 478,901	\$ 930,881	\$ 8,698,122

See notes to financial statements.

SafeHaven of Tarrant County
Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 211,954	\$ (12,762)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	484,108	501,623
Net realized and unrealized gains on investments	(62,888)	(23,582)
Contributions restricted for purchase of building	(46,500)	-
Changes in assets and liabilities:		
Grants receivable	(70,695)	(133,382)
Prepaid expenses	31,206	61,125
Accounts payable and accrued expenses	56,350	(66,311)
Deferred revenue	(148,591)	106,905
Net cash provided by operating activities	454,944	433,616
Cash flows from investing activities:		
Purchases of property and equipment	(542,721)	(422,860)
Proceeds from sale of investments	120,385	(287,215)
Purchases of investments	(514,890)	-
Net cash used by investing activities	(937,226)	(710,075)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	140,000
Repayment of long-term debt	(40,956)	(40,164)
Collections of contributions restricted for purchase of building	46,500	-
Net cash provided by financing activities	5,544	99,836
Net decrease in cash and cash equivalents	(476,738)	(176,623)
Cash and cash equivalents at beginning of year	1,209,017	1,385,640
Cash and cash equivalents at end of year	\$ 732,279	\$ 1,209,017
Supplemental cash flow information - interest paid	\$ 12,532	\$ 14,840
Reconciliation of cash and restricted cash reported within the statements of financial position to the statements of cash flows:		
Cash and cash equivalents	\$ 685,779	\$ 1,209,017
Restricted cash	46,500	-
Total cash and restricted cash shown in the statements of cash flows:	\$ 732,279	\$ 1,209,017

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.

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.

SafeHaven of Tarrant County

Notes to Financial Statements

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.

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:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. The Organization’s governing board has designated, from net assets without donor restrictions, as of September 30, 2019 and 2018 amounts totaling \$1,651,457 and \$1,573,397, respectively. See Note 6.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board approved spending policy. As of September 30, 2019 and 2018, no such net asset restrictions existed.

SafeHaven of Tarrant County

Notes to Financial Statements

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor 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 has adopted a policy to classify donor restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions.

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. The Organization places cash and money market accounts with creditworthy financial institutions. At times, amounts on deposit may exceed the federally insured limits or include uninsured investments in money market mutual funds. At September 30, 2019, the uninsured balance of these funds was \$658,468. The Organization has not experienced losses on such assets.

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 in the board designated endowment as investments as these funds are not readily available for operations.

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.

SafeHaven of Tarrant County

Notes to Financial Statements

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. 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.

Impairment of Long-Lived Assets

The Organization regularly evaluates its long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. No impairment losses were recognized for the years ended September 30, 2019 and 2018.

Deferred Revenue

Deferred revenue consists of cash received for a special event that will take place in the next year. At September 30, 2018 deferred revenue also includes funds received related to a conditional grant totaling \$100,000.

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 program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated on a reasonable basis. Compensation costs have been allocated based on time and effort and insurance, utilities, telephone, rent and office costs have been allocated based on estimated use of square footage.

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, 2019, balances due from three governmental agencies totaled approximately 57% of total grants receivable. At September 30, 2018, balances due from two governmental agencies totaled approximately 52% of total grants receivable.

The Organization received funding from two state agencies during the years ended September 30, 2019 and 2018 totaling approximately 33% and 31% 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 years ended September 30, 2019 and 2018, 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

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, 2019 and 2018, 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.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The effective date of ASU 2014-09 is for annual periods beginning after December 15, 2019.

In 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) Subject to Topic 958, Not-for-Profit Entities or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The standard is effective for annual periods beginning after December 15, 2018.

SafeHaven of Tarrant County

Notes to Financial Statements

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

Accounting Pronouncement Adopted

The Organization adopted FASB ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* as of and for the year ended September 30, 2019 with retrospective application for the 2018 financial statements. As a result, the major changes applicable to the Organization include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) presenting investment return net of external and direct internal investment expenses. The Organization opted to not disclose liquidity and availability information for 2018 as permitted under the ASU in the year of adoption. The adoption of this ASU had no effect on net assets or the change in net asset presented for the years ended September 30, 2019 and 2018.

Reclassification

Certain items in the 2018 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2019 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

SafeHaven of Tarrant County

Notes to Financial Statements

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.

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 using a periodic evaluation performed by professional engineers and also a multiple of annual revenues according to industry standards.

Below are the Organization's financial instruments as of September 30, 2019 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	\$ 406,454	\$ -	\$ -	\$ 406,454
Interest in mineral rights	-	-	747,357	747,357
Mutual funds:				
Foreign	38,998	-	-	38,998
Real estate	51,732	-	-	51,732
Growth	310,137	-	-	310,137
Value	212,281	-	-	212,281
Blend	224,558	-	-	224,558
Bond funds	1,080,764	-	-	1,080,764
	<u>\$ 2,324,924</u>	<u>\$ -</u>	<u>\$ 747,357</u>	<u>\$ 3,072,281</u>

SafeHaven of Tarrant County
Notes to Financial Statements

Below are the Organization’s financial instruments as of September 30, 2018 carried at fair value on a recurring basis by the fair value hierarchy levels described above:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 61,852	\$ -	\$ -	\$ 61,852
Interest in mineral rights	-	-	747,357	747,357
Mutual funds:				
Foreign	43,411	-	-	43,411
Real estate	82,932	-	-	82,932
Growth	275,488	-	-	275,488
Value	169,140	-	-	169,140
Blend	232,302	-	-	232,302
Bond funds	1,002,406	-	-	1,002,406
	<u>\$ 1,867,531</u>	<u>\$ -</u>	<u>\$ 747,357</u>	<u>\$ 2,614,888</u>

4. Property and Equipment

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

	2019	2018
Land and improvements	\$ 498,850	\$ 498,850
Buildings and improvements	8,244,269	7,798,520
Furniture and equipment	3,332,328	3,258,964
Vehicles	158,653	158,653
Construction in progress	128,380	104,772
	<u>12,362,480</u>	<u>11,819,759</u>
Accumulated depreciation	<u>(8,350,279)</u>	<u>(7,866,171)</u>
	<u>\$ 4,012,201</u>	<u>\$ 3,953,588</u>

5. 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, 2019 and 2018 are \$227,099 and \$268,055, respectively.

The Organization entered into a promissory note dated July 11, 2017, with the City of Fort Worth that is structured as a forgivable deferred payment loan. The note earns 0% interest and is secured by a deed of trust. The principal amount will only be required to be repaid if the Organization does not comply with the terms of the loan during the five year compliance period ending on August 31, 2023. If principal is not forgiven, the interest rate on the unpaid principal will be 6%. The balance at September 30, 2019 and 2018 was \$140,000.

SafeHaven of Tarrant County
Notes to Financial Statements

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 (5% at September 30, 2019) with a final payment due on February 28, 2020. The note is collateralized by the Organization's property in Fort Worth, Texas. At September 30, 2019 and 2018, no balances were outstanding on the revolving promissory note.

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

2020	\$	44,278
2021		46,314
2022		48,441
2023		50,666
2024		177,400
		177,400
	\$	367,099

6. Board Designated Endowment

As of September 30, 2019 and 2018, the board of directors had designated \$1,651,457 and \$1,573,397, respectively, of net assets without donor restrictions 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 net assets without donor restrictions.

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 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, 2019 and 2018 are as follows:

	2019	2018
Board designated endowment net assets, beginning of year	\$ 1,573,397	\$ 1,471,767
Net unrealized and realized gains	47,319	27,787
Interest and dividends	35,667	77,797
Fees	(4,926)	(3,954)
	\$ 1,651,457	\$ 1,573,397

SafeHaven of Tarrant County
Notes to Financial Statements

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of September 30:

	2019	2018
Software project	\$ 100,000	\$ 100,000
Building acquisition	46,500	-
	\$ 146,500	\$ 100,000

8. Liquidity and Availability of Resources

The following reflects the Organization’s financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	\$ 732,279
Investments	3,072,281
Grants receivable	461,483
Total financial assets	4,266,043
Less amounts not available for general expenditures within one year:	
Net assets with donor restrictions	146,500
Board designated endowment	1,651,457
Financial assets not available for general expenditures	1,797,957
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,468,086

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, cash in excess of daily needs is invested in both short- and long-term investment instruments. To help manage unanticipated liquidity needs, the Organization’s investment portfolio consists of investments readily convertible to cash. Additionally, the Organization has board-designated endowment funds of \$1,651,457 that, while the Organization does not intend to spend for these purposes, the amounts could be made available for current operations, if necessary.

SafeHaven of Tarrant County

Notes to Financial Statements

9. Leases

The Organization leases program facilities under a non-cancelable operating lease agreement expiring July 2020. Rent expense totaled \$141,990 for the year ended September 30, 2019, and includes donated use of facilities of \$35,000. Rent expense totaled \$131,503 for the year ended September 30, 2018, and includes donated use of facilities of \$35,000. Future minimum lease payments due under the non-cancelable operating lease agreement total \$14,583 for the year ended September, 30, 2019.

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 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 \$42,430 and \$39,094 for the years ended September 30, 2019 and 2018, respectively.

11. Subsequent Events

On October 4, 2019, the Organization purchased a new office building for approximately \$1,750,000 through the issuance of long-term debt in the amount of \$1,400,000 and cash of \$350,000.

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

The Organization evaluated subsequent events through 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, 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, and have issued our report thereon dated May 28, 2020.

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.



A Limited Liability Partnership

Arlington, Texas
May 28, 2020



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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2019.

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.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
May 28, 2020

SafeHaven of Tarrant County
Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ 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 auditors’ 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 14.231 Emergency Solutions Grant Program
CFDA 14.267 Continuum of Care Program

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, 2019

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:					
Temporary Assistance for Needy Families	93.558	529-15-0032-00021	\$ 428,394	\$ 477,505	\$ -
Social Services Block Grant	93.667	529-15-0032-00021	51,005	-	-
Family Violence Prevention and Services	93.671	529-15-0032-00021	226,504	-	-
Domestic Violence Shelter and Supportive Services	93.671	529-15-0006-000009	65,025	-	-
			<u>291,529</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services			770,928	477,505	-
U.S. Department of Housing and Urban Development:					
Tarrant County:					
Community Development Block Grant	14.228	B-18-UC-48-0001	49,521	-	-
Tarrant County:					
Emergency Solutions Grants Program	14.231	E-18-UC-48-0001	35,757	-	-
City of Arlington:					
Emergency Solutions Grants Program	14.231	-	86,836	-	-
City of Fort Worth:					
Emergency Solutions Grants Program	14.231	49973-A1	75,000	-	-
Texas Department of Housing and Community Affairs:					
Emergency Solutions Grants Program	14.231	42186010021	139,350	-	34,737
			336,943	-	34,737
Tarrant County:					
Continuum of Care Program	14.267	TX0321L6T011705	110,909	-	-
Tarrant County:					
Continuum of Care Program	14.267	TX0113L6T011710	199,807	-	-
Direct Assistance:					
Continuum of Care Program	14.267	TX0493L6T011700	202,929	-	-
Continuum of Care Program	14.267	TX0346L6T011805	116,223	-	-
			<u>629,868</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			1,016,332	-	34,737
U.S. Department of Justice:					
Texas Office of the Governor - Criminal Justice Division					
Crime Victim Assistance	16.575	2776203	1,353,347	-	-
Crime Victim Assistance	16.575	3411301	303,105	-	-
Crime Victim Assistance	16.575	3527701	132,286	-	-
			1,788,738	-	-
Direct Assistance:					
Legal Assistance for Victims	16.524	2017-WL-AX-0009	233,003	-	47,445
Direct Assistance:					
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2017-WH-AX-0016	135,797	-	2,500
Tarrant County:					
STOP School Violence	16.839	2018-YS-BX-0154	35,029	-	-
Total U.S. Department of Justice			2,192,567	-	49,945
U.S. Department of Agriculture:					
Texas Department of Agriculture:					
Child and Adult Care Food Program	10.558	03187	93,371	-	-
U.S. Department of Homeland Security:					
Emergency Food and Shelter Program	97.024	LRO 837600005	35,000	-	-
Texas Department of Criminal Justice:					
Diversions Program	-	220-007	-	34,713	-
Office of Attorney General of Texas:					
Crime Victim Compensation	-	1988039	-	39,738	-
Total expenditures of federal and state awards			<u>\$ 4,108,198</u>	<u>\$ 551,956</u>	<u>\$ 84,682</u>

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, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal and state grant activity of SafeHaven of Tarrant County (Organization). 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 not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance and continues to use the cost allocation plan negotiated with its grantors, as applicable.

2. Loan

The Organization received a \$140,000 interest-free forgivable loan from the City of Fort Worth through a grant provided by the United States Department of Housing and Urban Development. The loan is forgivable at the end of the compliance period or August 31, 2023, provided that all program requirements are met and the Organization is not in default of the loan terms or the grant contract. The outstanding balance at September 30, 2019 is \$140,000.