




Safehome, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021



Safehome, Inc.
December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Safehome, Inc.
Overland Park, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Safehome, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 10* to the financial statements, in 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal 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*, as listed in the table of contents, 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 and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. 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 July 25, 2023, on our consideration of the Organization'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 solely 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

FORVIS, LLP

Kansas City, Missouri
July 25, 2023

Safehome, Inc.
Statements of Financial Position
December 31, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	\$ 459,372	\$ 562,366
Grants and contributions receivable, net of allowance, 2022 - \$0, 2021 - \$17,786	416,655	909,614
Prepaid expenses	-	6,165
Inventories	84,107	45,807
Investments	2,470,383	2,333,365
Property and equipment, net of accumulated depreciation, 2022 - \$3,054,730, 2021 - \$2,770,834	3,013,491	3,238,063
Total assets	\$ 6,444,008	\$ 7,095,380

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 10,582	\$ 6,292
Accrued expenses	194,003	214,425
Refundable advances and deposits	16,503	5,874
Paycheck Protection Program loan	-	300,000
Total liabilities	221,088	526,591

Net Assets

Net assets without donor restrictions	5,107,956	5,017,700
Net assets with donor restrictions	1,114,964	1,551,089
Total net assets	6,222,920	6,568,789
Total liabilities and net assets	\$ 6,444,008	\$ 7,095,380

Safehome, Inc.
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Government grants and contracts	\$ 2,366,116	\$ -	\$ 2,366,116
Contributions of cash and other financial assets	1,053,835	246,839	1,300,674
Contributions of nonfinancial assets	226,378	-	226,378
Special events revenue, net of costs of direct benefits to donors	228,389	-	228,389
Investment losses	(186,315)	(156,669)	(342,984)
Other income	3,473	-	3,473
PPP loan forgiveness	300,000	-	300,000
Net assets released from restrictions	526,295	(526,295)	-
Total revenues, gains and other support	<u>4,518,171</u>	<u>(436,125)</u>	<u>4,082,046</u>
Expenses and Losses			
Program services			
Shelter	2,130,348	-	2,130,348
Counseling	511,188	-	511,188
Outreach	840,951	-	840,951
Children's	90,269	-	90,269
Total program services	<u>3,572,756</u>	<u>-</u>	<u>3,572,756</u>
Support services			
Management and general	373,937	-	373,937
Fundraising	481,222	-	481,222
Total support services	<u>855,159</u>	<u>-</u>	<u>855,159</u>
Total expenses and losses	<u>4,427,915</u>	<u>-</u>	<u>4,427,915</u>
Change in Net Assets	90,256	(436,125)	(345,869)
Net Assets, Beginning of Year	<u>5,017,700</u>	<u>1,551,089</u>	<u>6,568,789</u>
Net Assets, End of Year	<u>\$ 5,107,956</u>	<u>\$ 1,114,964</u>	<u>\$ 6,222,920</u>

Safehome, Inc.
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Government grants and contracts	\$ 2,156,216	\$ -	\$ 2,156,216
Contributions of cash and other financial assets	972,009	998,683	1,970,692
Contributions of nonfinancial assets	191,955	-	191,955
Special events revenue, net of costs of direct benefits to donors	296,204	-	296,204
Investment return, net	107,453	82,716	190,169
Other income	3,583	-	3,583
PPP loan forgiveness	127,000	-	127,000
Net assets released from restrictions	921,584	(921,584)	-
	<u>4,776,004</u>	<u>159,815</u>	<u>4,935,819</u>
Expenses and Losses			
Program services			
Shelter	1,910,644	-	1,910,644
Counseling	565,490	-	565,490
Outreach	949,448	-	949,448
Children's	70,322	-	70,322
	<u>3,495,904</u>	<u>-</u>	<u>3,495,904</u>
Support services			
Management and general	427,768	-	427,768
Fundraising	419,278	-	419,278
	<u>847,046</u>	<u>-</u>	<u>847,046</u>
Total expenses and losses	<u>4,342,950</u>	<u>-</u>	<u>4,342,950</u>
Change in Net Assets	433,054	159,815	592,869
Net Assets, Beginning of Year	<u>4,584,646</u>	<u>1,391,274</u>	<u>5,975,920</u>
Net Assets, End of Year	<u>\$ 5,017,700</u>	<u>\$ 1,551,089</u>	<u>\$ 6,568,789</u>

Safehome, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Total Program Services	Support Services			Total
	Shelter	Counseling	Outreach	Children's		Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 1,126,564	\$ 343,224	\$ 510,940	\$ 62,714	\$ 2,043,442	\$ 266,909	\$ 311,969	\$ 578,878	\$ 2,622,320
Client assistance	327,550	1,272	144,893	2,492	476,207	-	-	-	476,207
Payroll taxes and employee benefits	212,830	62,059	100,004	7,325	382,218	44,654	51,702	96,356	478,574
Depreciation	121,913	59,655	34,138	10,113	225,819	29,813	28,263	58,076	283,895
Occupancy	100,797	7,234	4,140	1,226	113,397	3,616	3,427	7,043	120,440
Contract labor	35,801	1,858	1,063	315	39,037	929	13,896	14,825	53,862
Office supplies and expenses	59,638	8,997	13,318	1,618	83,571	6,889	8,049	14,938	98,509
Materials and supplies	5,082	632	1,026	156	6,896	491	17,209	17,700	24,596
Telephone and internet	42,753	1,729	2,683	293	47,458	865	2,507	3,372	50,830
Professional fees	34,363	5,814	8,655	1,062	49,894	4,521	5,284	9,805	59,699
Bank and investment fees	-	-	-	-	-	5,453	2,265	7,718	7,718
Dues and subscriptions	16,459	5,508	6,993	712	29,672	2,769	21,517	24,286	53,958
Travel	4,082	469	874	86	5,511	364	1,178	1,542	7,053
Other personnel costs	23,687	4,576	5,490	772	34,525	2,548	3,636	6,184	40,709
Printing and postage	1,613	132	2,127	24	3,896	102	1,232	1,334	5,230
Insurance	16,382	8,016	4,587	1,359	30,344	4,006	3,798	7,804	38,148
Miscellaneous	834	13	20	2	869	8	5,290	5,298	6,167
Total expenses included in the expense section on the statement of activities	2,130,348	511,188	840,951	90,269	3,572,756	373,937	481,222	855,159	4,427,915
Cost of direct benefits to donors included in special events revenues on the statement of activities	-	-	-	-	-	-	-	-	80,184
Total expenses	\$ 2,130,348	\$ 511,188	\$ 840,951	\$ 90,269	\$ 3,572,756	\$ 373,937	\$ 481,222	\$ 855,159	\$ 4,508,099

Safehome, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services					Support Services				Total
	Shelter	Counseling	Outreach	Children's	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries and wages	\$ 928,950	\$ 373,026	\$ 574,860	\$ 42,952	\$ 1,919,788	\$ 286,377	\$ 257,015	\$ 543,392	\$ 2,463,180	
Client assistance	363,974	1,405	147,968	2,005	515,352	-	267	267	515,619	
Payroll taxes and employee benefits	172,963	64,521	104,559	6,790	348,833	65,795	51,455	117,250	466,083	
Depreciation	115,641	56,586	32,382	9,593	214,202	28,280	26,809	55,089	269,291	
Occupancy	119,966	10,061	6,457	1,706	138,190	5,027	4,766	9,793	147,983	
Contract labor	9,512	4,655	2,664	789	17,620	2,326	9,141	11,467	29,087	
Office supplies and expenses	78,553	17,760	24,427	1,708	122,448	11,384	10,279	21,663	144,111	
Materials and supplies	5,034	591	5,111	76	10,812	441	13,951	14,392	25,204	
Telephone and internet	37,645	1,956	3,665	332	43,598	977	2,193	3,170	46,768	
Professional fees	29,677	11,917	18,365	1,372	61,331	9,148	8,211	17,359	78,690	
Bank and investment fees	-	-	-	-	-	5,195	1,790	6,985	6,985	
Dues and subscriptions	11,540	4,594	8,379	529	25,042	3,528	6,340	9,868	34,910	
Travel	566	(95)	381	(11)	841	(73)	660	587	1,428	
Other personnel costs	15,524	8,447	9,438	840	34,249	4,141	3,943	8,084	42,333	
Printing and postage	772	306	1,346	24	2,448	158	18,116	18,274	20,722	
Insurance	18,515	9,060	8,367	1,536	37,478	4,527	4,292	8,819	46,297	
Miscellaneous	1,812	700	1,079	81	3,672	537	50	587	4,259	
Total expenses included in the expense section on the statement of activities	1,910,644	565,490	949,448	70,322	3,495,904	427,768	419,278	847,046	4,342,950	
Cost of direct benefits to donors included in special events revenues on the statement of activities	-	-	-	-	-	-	-	-	52,498	
Total expenses	\$ 1,910,644	\$ 565,490	\$ 949,448	\$ 70,322	\$ 3,495,904	\$ 427,768	\$ 419,278	\$ 847,046	\$ 4,395,448	

Safehome, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Government grants and contract payments received	\$ 2,827,634	\$ 1,913,214
Contributions received	1,446,300	1,748,181
Other cash receipts	35,987	33,561
Payments for salaries, benefits and payroll taxes	(3,121,316)	(2,921,067)
Payments to vendors	<u>(806,293)</u>	<u>(943,158)</u>
Net cash provided by (used in) operating activities	<u>382,312</u>	<u>(169,269)</u>
Investing Activities		
Purchases of investments	(1,345,710)	(912,900)
Proceeds from sales of investments	916,727	1,189,687
Purchases of property and equipment	<u>(59,323)</u>	<u>(325,633)</u>
Net cash used in investing activities	<u>(488,306)</u>	<u>(48,846)</u>
Financing Activities		
Net borrowings on line of credit	-	(150,000)
Proceeds from Paycheck Protection Program loan	-	300,000
Proceeds from contributions restricted for capital improvements	<u>3,000</u>	<u>475,000</u>
Net cash provided by financing activities	<u>3,000</u>	<u>625,000</u>
Increase (Decrease) in Cash and Cash Equivalents	(102,994)	406,885
Cash and Cash Equivalents, Beginning of Year	<u>562,366</u>	<u>155,481</u>
Cash and Cash Equivalents, End of Year	<u>\$ 459,372</u>	<u>\$ 562,366</u>

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Safehome, Inc. (the “Organization”) provides a healing atmosphere where survivors of domestic violence gain inner strength, build self-esteem, explore options, and establish a life free of violence. Through the Organization’s shelter and community services, approximately 2,700 individuals each year receive the support they need to lead healthy, independent lives. Its vision is to create a community free of domestic violence and partner abuse. The Organization’s mission is to break the cycle of domestic violence and partner abuse for victims and their children by providing shelter, advocacy, counseling and prevention education in its community.

Domestic violence is a significant and growing public safety issue that affects the health and well-being of millions of people in the United States each year regardless of race, ethnicity, gender, socio-economic status or sexual orientation. The effects of domestic violence are devastating. Victims of domestic violence struggle with physical and emotional trauma, a diminished sense of self, and often express self-blame for the abuse they have suffered. In addition to physical abuse and threats of violence, victims are often barred from any independent activities, denied access to the family finances, discouraged or forbidden from seeking employment and not permitted to spend time with family and friends.

Safehome, Inc. is a 501(c)(3) nonprofit organization established in 1980. The Organization is supported primarily by several federal, state, and local grants, and contributions from donors in the Kansas City metro area. Donations received by the Organization are tax deductible.

Program Descriptions – Safehome, Inc. is the largest domestic violence agency in the state of Kansas and the only agency in Johnson County, Kansas. The Organization serves the entire Kansas City metro area with an emphasis in Johnson and Miami Counties in Kansas. In 2022, Safehome, Inc. provided services to approximately 2,400 individuals through its four primary comprehensive services. All of the Organization’s services are available in English and Spanish, and other language translation is provided as needed. Safehome, Inc. provides all of its services confidentially and free of charge.

Shelter – The Organization’s emergency shelter consists of 14 family units, 10 single units, and the option to provide two large family units, providing a confidential, safe, and healing atmosphere for adults and children to love, gain inner strength, build self-esteem, and heal. In 2022, the Organization provided 254 adults and children escaping from domestic violence with 16,318 shelter bed nights of refuge to find safety, help and hope. The Organization’s shelter includes a crisis hotline that is available 24 hours a day, 7 days a week to provide a listening ear, help with immediate safety planning, and connect victims with the Organization’s or other community resources they need to escape domestic violence situations. In 2022, the Organization responded to 4,706 hotline calls. The Organization also provides rent assistance and supportive services to families who transition to independent living.

Counseling – Licensed therapists provide individual counseling for adults and children who are victims of domestic violence. Additionally, support groups are offered on a variety of special interest topics. In 2022, the Organization provided 4,849 hours of counseling services to 452 adults and eight children and facilitated 45 support groups.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Outreach and Advocacy

Healthcare Advocacy – Healthcare advocates offer help to victims of domestic violence in health care settings such as hospitals and medical clinics. Through its healthcare advocacy program, the Organization educated 813 individuals and trained 962 medical professionals in 2022 to recognize and respond to victims of domestic violence.

Community Education – The Organization educates victims and the community at large about domestic violence issues. Economic advocates assist clients with budgeting and financial management education individually and in structured classes. In 2022, the Organization reached 9,509 individuals through its community education programs.

Court and Legal Services Advocacy – The Organization provides assistance to victims at the district court. The Organization is the only domestic violence agency in the Kansas City metro area or in the state of Kansas to have a full-time attorney on staff. In 2022, the Organization assisted 138 individuals with legal services directly from its full-time attorney, and assisted 1,159 victims with learning about domestic violence, protection from abuse orders and the legal process in district court through its legal advocacy services.

Children’s Services – Children receive supportive services for school, health care, and daily needs. The Organization’s licensed child and family therapists are skilled in working with children exposed to or affected by domestic violence. Safehome also provides a staffed Children’s Center for clients’ children to utilize during clients’ therapy sessions, legal counsel and court appearances. A summer program, with a summer camp counselor, provides extracurricular summer activities to children and their families.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market accounts with brokers. At December 31, 2022, the Organization’s cash accounts exceeded federally insured limits by approximately \$43,000.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Grants and Contributions Receivable

Grants and contributions receivable primarily consist of amounts due from foundations and governmental agencies based on amounts defined in the contract or grant agreement. Grants receivable are typically paid by the granting agency in their normal course of business (usually within 90 days).

The Organization provides an allowance for uncollectable grants and contributions receivable, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Inventories

Inventories consist of clothing, food, health and beauty and other miscellaneous household items. Inventory is stated at estimated fair value at date of donation.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Certificates of deposit are carried at cost.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	30 years
Land and building improvements	10 - 15 years
Furniture and fixtures	5 - 10 years
Equipment	3 - 10 years
Software	3 years

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2022 and 2021.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Government Grants and Contracts

Support funded by government grants and contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction. Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Special Events Revenue

The portion of the special events revenue that relates to the commensurate value the donor received in return is recognized when the related events are held and performance obligations are met. The transaction price is determined based on the value of direct benefits provided to donors, which was \$80,184 and \$52,498 for the years ended December 31, 2022 and 2021, respectively. All special events revenue is recognized as of the point in time the event is held and benefits are provided to the donor, which is when the performance obligations are met. The portion of special events revenue considered to be a contribution is recognized in accordance with the Organization's contribution revenue policies.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on estimated time expended, square footage or management's estimate of usage.

Revisions

Certain immaterial revisions have been made to the 2021 financial statements related to the presentation of investment return with donor restrictions and net assets released from restrictions on the statement of activities and the related presentation in the endowment footnote. Additionally, the statement of cash flows was revised to remove the value of contributed nonfinancial assets within the net cash provided by (used in) operating activities. These revisions did not have a significant impact on the financial statement lines impacted.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Availability and Liquidity of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 459,372	\$ 562,366
Investments	2,470,383	2,333,365
Grants and contributions receivable	416,655	909,614
	<u>3,346,410</u>	<u>3,805,345</u>
Less amounts not available to be used within one year		
Board designated - operating reserve	(54,497)	(157,516)
Board designated - endowment	(1,094,324)	(1,285,819)
Donor endowments to be held in perpetuity	(733,733)	(890,030)
Donor-restricted for capital improvements	(39,602)	(112,943)
Donor-restricted for long-term purposes	(80,370)	(99,268)
Total financial assets not available to be used within one year	<u>(2,002,526)</u>	<u>(2,545,576)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,343,884</u>	<u>\$ 1,259,769</u>

The Organization receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended December 31, 2022 and 2021, restricted contributions of \$244,734 and \$448,848, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Donor-restricted endowment funds are not available for general expenditure. Although the Organization does not intend to spend from its board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary. The underlying investments are mutual funds, and there are no withdrawal restrictions.

The board has also designated an amount for the purposes of establishing a prudent operating reserve. The operating reserve is intended to cover approximately six months of operating expense. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$250,000, which it could draw upon.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of the Organization’s liquidity management plan, the Organization invests cash in excess of daily requirement in short-term, low-risk investments.

Note 3: Conditional Grant Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2022 and 2021, have been recorded as receivables. Following are the conditional grant commitments that extend beyond December 31, 2022 and 2021:

Grant	Conditional Grant Amount	Recognized as of December 31, 2022	Funding Available
Conditional upon incurrence of allowable qualifying expenses	\$ 2,303,863	\$ 676,599	\$ 1,627,264
Conditional upon availability of funds	<u>368,805</u>	<u>168,756</u>	<u>200,049</u>
	<u><u>\$ 2,672,668</u></u>	<u><u>\$ 845,355</u></u>	<u><u>\$ 1,827,313</u></u>

Grant	Conditional Grant Amount	Recognized as of December 31, 2021	Funding Available
Conditional upon incurrence of allowable qualifying expenses	\$ 1,939,728	\$ 394,223	\$ 1,545,505
Conditional upon availability of funds	<u>367,836</u>	<u>178,271</u>	<u>189,565</u>
	<u><u>\$ 2,307,564</u></u>	<u><u>\$ 572,494</u></u>	<u><u>\$ 1,735,070</u></u>

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 4: Contributions Receivable

Contributions receivable consisted of the following:

	<u>2022</u>	<u>2021</u>
Due within one year	<u>\$ -</u>	<u>\$ 42,070</u>

Note 5: Investments and Fair Value Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

The following table presents the investment balances and the fair value measurements recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022 and 2021:

	Total Investments	Fair Value Measurements Using			At Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2022					
Money market funds	\$ 600,628	\$ 600,628	\$ -	\$ -	\$ -
Mutual Funds:					
Equity - domestic	660,006	660,006	-	-	-
Equity - international	162,760	162,760	-	-	-
Fixed income	818,719	818,719	-	-	-
Other	109,313	109,313	-	-	-
Common stock	64,460	64,460	-	-	-
Certificates of deposit	54,497	-	-	-	54,497
	<u>\$ 2,470,383</u>	<u>\$ 2,415,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,497</u>
Total investments					
	<u>\$ 2,470,383</u>	<u>\$ 2,415,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,497</u>
December 31, 2021					
Money market funds	\$ 107,777	\$ 107,777	\$ -	\$ -	\$ -
Mutual Funds:					
Equity - domestic	846,857	846,857	-	-	-
Equity - international	199,614	199,614	-	-	-
Fixed income	912,083	912,083	-	-	-
Other	109,518	109,518	-	-	-
Certificates of deposit	157,516	-	-	-	157,516
	<u>\$ 2,333,365</u>	<u>\$ 2,175,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,516</u>
Total investments					
	<u>\$ 2,333,365</u>	<u>\$ 2,175,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,516</u>

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 6: Property and Equipment

Property and equipment at December 31, 2022 and 2021 consists of:

	2022	2021
Land	\$ 555,000	\$ 555,000
Land improvements	327,261	327,261
Building	3,099,889	3,099,889
Building improvements	1,558,012	1,492,688
Furniture and fixtures	291,770	291,770
Equipment and software	236,289	236,289
Construction in progress	-	6,000
	6,068,221	6,008,897
Less accumulated depreciation and amortization	(3,054,730)	(2,770,834)
	\$ 3,013,491	\$ 3,238,063

Note 7: Line of Credit

The Organization has a \$250,000 revolving line of credit expiring in December 2023. At December 31, 2022 and 2021, there was \$0 borrowed against this line. The line is collateralized by substantially all of the Organization's assets. Interest varies based upon *Wall Street Journal* Prime plus 0.5 percent, adjusted annually, with a minimum rate of 4.0 percent. Interest was 8.0 percent and 4.0 percent at December 31, 2022 and 2021, respectively, and is payable quarterly.

Note 8: Paycheck Protection Program (PPP) Loan

The Organization received two PPP loans established by the CARES Act and amended by the 2021 *Consolidated Appropriations Act* and has elected to account for the funding as loans in accordance with ASC Topic 470, *Debt*. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loans are recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender, as a result of such audit, adjustments could be required to any gain recognized.

The Organization received a loan (first draw) in April 2020 in the amount of \$127,000. In June 2021, the Organization received notification from the SBA that the forgiveness application for the first draw PPP loan had been approved. Forgiveness of the PPP loan is as a separate line in the December 31, 2021 statement of activities.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

The Organization received a loan (second draw) in March 2021 in the amount of \$300,000. In July 2022, the Organization received notification from the SBA that the forgiveness application for the second draw PPP loan had been approved. Forgiveness of the PPP loan is as a separate line in the December 31, 2022 statement of activities.

Note 9: Retirement Plan

The Organization has implemented a retirement plan for its permanent employees, which is a qualified employee benefit plan under Internal Revenue Code Section 403(b). Discretionary employer contributions to the plan totaled \$14,749 and \$10,902 for the years ended December 31, 2022 and 2021, respectively.

Note 10: Contributed Nonfinancial Assets

Change in Accounting Principle

In 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation, methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

Nonfinancial Contributions Category	Type of Contributions for Beneficiaries	Valuation	2022	2021
		Fair value on the basis of estimates to purchase		
Household goods, food, and clothing	For use in shelters by residents	similar items	\$ 226,378	\$ 191,955

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 11: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021, are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Shelter services	\$ 21,844	\$ 47,771
Volunteer program	9,046	9,046
Counseling services	51,730	195,198
Community education programs	23,297	27,980
Children's program	12,355	11,823
Healthcare	46,485	48,220
Transitional living	40,027	41,333
Repairs, maintenance and technology	-	12,443
Capital projects	39,602	112,943
Staffing and staff training	13,124	53,069
Pet housing	80,370	99,268
Court and legal advocacy	26,826	1,965
	<u>364,706</u>	<u>661,059</u>
Subject to the passage of time		
Other	16,525	-
	<u>16,525</u>	<u>-</u>
Endowment held in perpetuity, income to be used for general operations	733,733	890,030
	<u>733,733</u>	<u>890,030</u>
Total net assets with donor restrictions	<u>\$ 1,114,964</u>	<u>\$ 1,551,089</u>

Safeshome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31, 2022 and 2021, have been designated for the following purposes:

	2022	2021
Designated by board for operating reserve	\$ 54,497	\$ 157,516
Designated by board for endowment	1,094,324	1,285,819
Net investment in property and equipment	3,013,491	3,238,063
Undesignated	945,644	336,302
	<hr/>	<hr/>
Total net assets without donor restrictions	<u>\$ 5,107,956</u>	<u>\$ 5,017,700</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2022	2021
Satisfaction of purpose restrictions		
Shelter services	\$ 43,191	\$ 130,502
Counseling services	143,468	138,727
Community education programs	4,683	-
Children's program	12,969	5,667
Healthcare	1,735	5,898
Transitional living	86,306	139,645
Repairs, maintenance and technology	12,443	13,528
Capital projects	76,340	362,968
Staffing and staff training	64,945	24,376
Pet housing	25,898	8,472
Court and legal advocacy	43,817	9,085
Outreach	10,500	-
Endowment appropriations for general purpose	<hr/> -	<hr/> 82,716
Net assets released from restrictions	<u>\$ 526,295</u>	<u>\$ 921,584</u>

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 12: Endowment

The Organization's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Organization's endowment consists of three funds established to support the operations of the Organization. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

The composition of net assets by type of endowment fund at December 31, 2022 and 2021, was:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2022</u>			
Board-designated endowment funds	\$ 1,094,324	\$ -	\$ 1,094,324
Donor-restricted endowment funds			
Original donor-restricted gift amount required to be maintained in perpetuity	-	890,030	890,030
Accumulated investment losses	-	(156,297)	(156,297)
	<u> </u>	<u> </u>	<u> </u>
Total endowment funds	<u><u>\$ 1,094,324</u></u>	<u><u>\$ 733,733</u></u>	<u><u>\$ 1,828,057</u></u>
<u>December 31, 2021</u>			
Board-designated endowment funds	\$ 1,285,819	\$ -	\$ 1,285,819
Donor-restricted endowment funds			
Original donor-restricted gift amount required to be maintained in perpetuity	-	890,030	890,030
	<u> </u>	<u> </u>	<u> </u>
Total endowment funds	<u><u>\$ 1,285,819</u></u>	<u><u>\$ 890,030</u></u>	<u><u>\$ 2,175,849</u></u>

Change in endowment net assets for the years ended December 31, 2022 and 2021 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2021	\$ 1,102,415	\$ 890,030	\$ 1,992,445
Investment return, net	100,688	82,716	183,404
Appropriation and transfer to board-designated endowment	82,716	(82,716)	-
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, December 31, 2021	1,285,819	890,030	2,175,849
Investment loss	(191,495)	(156,297)	(347,792)
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, December 31, 2022	<u><u>\$ 1,094,324</u></u>	<u><u>\$ 733,733</u></u>	<u><u>\$ 1,828,057</u></u>

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Organization's policies, endowment assets are invested in a manner that is intended to produce results that meet or exceed the market index while assuming an investment risk levels consistent with the market. The Organization expects its endowment funds to provide an average rate of return to meet or exceed the market index for the appropriate benchmark market over time, relative to the investment objectives, goals, and guidelines set forth by the Organization. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places an equal emphasis on equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

The Organization's policy is to appropriate the earnings on the donor endowment every year for general operations and transfer to the board-designated endowment fund. In April 2021, the Organization adopted a spending policy that allows it to draw up to 5 percent of the asset value of the board-designated portfolio on an annual basis. In establishing this policy, the Organization considered the long-term expected return on its endowment. Prior to April 2021, the Organization did not have a formal spending policy and appropriated for expenditures on an as-needed basis as approved by the Board of Directors.

Underwater Endowments

The governing body of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater endowment funds in accordance with the prudent measures required under the law.

At December 31, 2022, funds with original gift value of \$890,030 and fair value of \$733,733 and deficiency of \$156,297 were reported in net assets with donor restrictions. This deficiency resulted from unfavorable market fluctuations. There were no underwater endowments as of December 31, 2021.

Safehome, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Government Grants and Contracts

The Organization received grant funding under the *Victims of Crime Act* totaling \$1,409,765 and \$1,247,916 during the years ended December 31, 2022 and 2021, respectively. This accounted for approximately 60 percent and 58 percent of the Organization's total grant revenue and support for the years ended December 31, 2022 and 2021, respectively.

Contributions

Approximately 22 percent of all contributions were received from one donor in 2021. The threshold used for evaluating concentrations is 10 percent of total contributions included on the statements of activities.

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Expenses

See *Note 1* for estimates relating to depreciation expense and allocation of functional expense.

Contributed Nonfinancial Assets

See *Note 10* for estimates relating to contributed nonfinancial assets.

Note 14: Subsequent Events

Subsequent events have been evaluated through July 25, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

Safehome, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>U.S. Department of Justice</i>				
Passed through from State of Kansas Office of Governor Crime Victim Assistance	16.575	2019-V2-GX-0069 15POVC-22-GG-00746-ASSI	\$ -	\$ 1,409,765
Violence Against Women Formula Grants	16.588	2020-WF-AX-0027	-	41,617
<i>U.S. Department of Health and Human Services</i>				
Passed through from State of Kansas Office of Governor Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	93.671	2002KSFVPS 2102KSFVPS 2202KSFVPS	-	142,086
COVID-19 Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	93.671	2102KSFVC6 2202KSFTC6	-	170,031
Subtotal	93.671		-	312,117
Passed through from Kansas Department for Children and Families Temporary Assistance for Needy Families	93.558	EES-2020-DVSA-04	-	51,723
<i>U.S. Department of Treasury</i>				
Passed through from Johnson County, Kansas COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0226	-	1,554
<i>U.S. Department of Housing and Urban Development</i>				
Supportive Housing Program	14.235	N/A	-	135,435
Emergency Solutions Grant Program	14.231	N/A	-	6,670
Passed through from Johnson County, Kansas Community Development Block Grants / Entitlement Grants - CDBG Entitlement Grants Cluster	14.218	B-20-UW-20-0001	-	9,000
COVID-19 Community Development Block Grants / Entitlement Grants - CDBG Entitlement Grants Cluster	14.218	B-20-UW-20-0001	-	5,850
Passed through from Overland Park, Kansas Community Development Block Grants / Entitlement Grants - CDBG Entitlement Grants Cluster	14.218	B-21-MV-20-0002	-	15,110
COVID-19 Community Development Block Grants / Entitlement Grants - CDBG Entitlement Grants Cluster	14.218	B-20-MW-20-0002	-	23,788
Subtotal - CDBG Entitlement Grants Cluster	14.218		-	53,748
			\$ -	\$ 2,012,629

Safehome, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Safehome, Inc. (the “Organization”) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the 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 presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Independent Auditor's Report

Board of Directors
Safehome, Inc.
Overland Park, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Safehome, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, 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 July 25, 2023, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Kansas City, Missouri
July 25, 2023

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Safehome, Inc.
Overland Park, Kansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Safehome, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Board of Directors
Safehome, Inc.
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

FORVIS,LLP

Kansas City, Missouri
July 25, 2023

Safehome, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified Qualified Adverse Disclaimer
2. Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported
3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over the major federal award program:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported
5. Type of auditor’s report issued on compliance for the major federal award program:
 Unmodified Qualified Adverse Disclaimer
6. Any audit findings disclosed that are required to be by 2 CFR 200.516(a)? Yes No
7. Identification of major federal program:

Name of Federal Program or Cluster	Assistance Listing Number
Crime Victim Assistance	16.575

8. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Auditee qualified as a low-risk auditee? Yes No

Safehome, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2022

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Safehome, Inc.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

No matters are reportable.