

**Safehome, Inc.**

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019



## Independent Auditor's Report

Board of Directors  
Safehome, Inc.  
Overland Park, Kansas

### Report on the Financial Statements

We have audited the accompanying financial statements of Safehome, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safehome, Inc. as of December 31, 2020 and 2019, 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.

### **Other Matters**

#### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 auditing standards generally accepted in the United States of America. 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 also have issued our report dated July 14, 2021, on our consideration of Safehome, Inc.'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 Safehome, Inc.'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 Safehome, Inc.'s internal control over financial reporting and compliance.

**BKD, LLP**

Kansas City, Missouri  
July 14, 2021

**Safehome, Inc.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

**Assets**

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 155,481	\$ 268,117
Grants and contributions receivable, net of allowance, 2020 - \$17,786, 2019 - \$20,069	656,297	632,706
Prepaid expenses	13,768	52,891
Inventories	41,869	76,932
Investments	2,449,961	2,257,067
Property and equipment, net of accumulated depreciation 2020 - \$2,501,544, 2019 - \$2,267,204	3,181,721	3,089,800
Total assets	<u>\$ 6,499,097</u>	<u>\$ 6,377,513</u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 4,612	\$ 15,820
Accrued expenses	206,229	229,762
Refundable advances and deposits	35,336	23,265
Line of credit	150,000	-
Paycheck Protection Program loan	127,000	-
Total liabilities	<u>523,177</u>	<u>268,847</u>

**Net Assets**

Net assets without donor restrictions	4,584,646	4,311,866
Net assets with donor restrictions	<u>1,391,274</u>	<u>1,796,800</u>
Total net assets	<u>5,975,920</u>	<u>6,108,666</u>
Total liabilities and net assets	<u>\$ 6,499,097</u>	<u>\$ 6,377,513</u>

**Safehome, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Government grants and contracts	\$ 2,058,455	\$ -	\$ 2,058,455
Contributions	1,123,909	496,545	1,620,454
Special events revenue, net of costs of direct benefits to donors	160,442	-	160,442
Investment return, net	205,175	-	205,175
Other income	7,223	-	7,223
Net assets released from restrictions	902,071	(902,071)	-
	<u>4,457,275</u>	<u>(405,526)</u>	<u>4,051,749</u>
Total revenues, gains and other support			
<b>Expenses and Losses</b>			
Program services			
Shelter	1,743,505	-	1,743,505
Counseling	630,551	-	630,551
Outreach	889,405	-	889,405
Children's	71,824	-	71,824
	<u>3,335,285</u>	<u>-</u>	<u>3,335,285</u>
Total program services			
Support Services			
Management and general	425,367	-	425,367
Fundraising	423,843	-	423,843
	<u>849,210</u>	<u>-</u>	<u>849,210</u>
Total support services			
Total expenses and losses	<u>4,184,495</u>	<u>-</u>	<u>4,184,495</u>
<b>Change in Net Assets</b>	272,780	(405,526)	(132,746)
<b>Net Assets, Beginning of Year</b>	<u>4,311,866</u>	<u>1,796,800</u>	<u>6,108,666</u>
<b>Net Assets, End of Year</b>	<u>\$ 4,584,646</u>	<u>\$ 1,391,274</u>	<u>\$ 5,975,920</u>

**Safehome, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Government grants and contracts	\$ 1,712,408	\$ -	\$ 1,712,408
Contributions	983,408	877,459	1,860,867
Special events revenue, net of costs of direct benefits to donors	205,698	-	205,698
Investment return, net	270,442	-	270,442
Other income	3,691	-	3,691
Net assets released from restrictions	579,450	(579,450)	-
	<u>3,755,097</u>	<u>298,009</u>	<u>4,053,106</u>
Total revenues, gains and other support			
<b>Expenses and Losses</b>			
Program services			
Shelter	1,367,662	-	1,367,662
Counseling	719,947	-	719,947
Outreach	849,437	-	849,437
Children's	82,743	-	82,743
Transitional living	6,734	-	6,734
	<u>3,026,523</u>	<u>-</u>	<u>3,026,523</u>
Total program services			
Support Services			
Management and general	385,566	-	385,566
Fundraising	456,969	-	456,969
	<u>842,535</u>	<u>-</u>	<u>842,535</u>
Total support services			
Total expenses and losses	<u>3,869,058</u>	<u>-</u>	<u>3,869,058</u>
<b>Change in Net Assets</b>	(113,961)	298,009	184,048
<b>Net Assets, Beginning of Year</b>	<u>4,425,827</u>	<u>1,498,791</u>	<u>5,924,618</u>
<b>Net Assets, End of Year</b>	<u>\$ 4,311,866</u>	<u>\$ 1,796,800</u>	<u>\$ 6,108,666</u>

# Safehome, Inc.

## Statement of Functional Expenses

### Year Ended December 31, 2020

	Program Services				Total	Support Services			
	Shelter	Counseling	Outreach	Children's	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	\$ 949,211	\$ 416,382	\$ 563,954	\$ 44,292	\$ 1,973,839	\$ 283,125	\$ 233,569	\$ 516,694	\$ 2,490,533
Client assistance	271,074	10,953	84,576	1,554	368,157	-	-	-	368,157
Payroll taxes and employee benefits	154,626	76,248	113,872	6,328	351,074	69,371	40,874	110,245	461,319
Depreciation	100,632	49,242	28,179	8,348	186,401	24,609	23,330	47,939	234,340
Occupancy	89,193	9,774	8,056	1,705	108,728	4,884	4,630	9,514	118,242
Contract labor	6,015	2,943	3,284	499	12,741	1,471	46,970	48,441	61,182
Office supplies and expenses	65,575	23,230	36,053	4,724	129,582	14,218	11,732	25,950	155,532
Materials and supplies	4,121	2,414	2,333	430	9,298	1,023	20,898	21,921	31,219
Telephone and internet	37,992	3,185	3,250	540	44,967	1,591	2,002	3,593	48,560
Professional fees	24,379	10,694	14,484	1,138	50,695	7,272	5,999	13,271	63,966
Bank and investment fees	-	-	-	-	-	6,668	2,818	9,486	9,486
Dues and subscriptions	11,239	5,010	7,789	524	24,562	3,354	3,819	7,173	31,735
Travel	3,147	2,184	2,461	134	7,926	853	905	1,758	9,684
Other personnel costs	13,772	12,753	7,724	746	34,995	3,588	3,045	6,633	41,628
Printing and postage	2,481	1,036	5,433	110	9,060	704	18,395	19,099	28,159
Insurance	8,848	4,330	6,823	734	20,735	2,164	2,051	4,215	24,950
Miscellaneous	1,200	173	1,134	18	2,525	472	2,806	3,278	5,803
Total expenses included in the expense section on the statement of activities	1,743,505	630,551	889,405	71,824	3,335,285	425,367	423,843	849,210	4,184,495
Cost of direct benefits to donors included in special event revenues on the statement of activities	-	-	-	-	-	-	-	-	74,122
Total expenses	\$ 1,743,505	\$ 630,551	\$ 889,405	\$ 71,824	\$ 3,335,285	\$ 425,367	\$ 423,843	\$ 849,210	\$ 4,258,617

See Notes to Financial Statements

# Safehome, Inc.

	Program Services					Support Services				
	Shelter	Counseling	Outreach	Children's	Transitional Living	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	\$ 784,975	\$ 518,794	\$ 547,369	\$ 58,466	\$ 5,350	\$ 1,914,954	\$ 275,454	\$ 282,064	\$ 557,518	\$ 2,472,472
Client assistance	126,531	3,972	107,019	1,186	-	238,708	-	48	48	238,756
Payroll taxes and employee benefits	121,403	85,211	104,188	6,606	1,098	318,506	56,517	48,639	105,156	423,662
Depreciation	101,353	49,595	28,381	8,408	-	187,737	24,785	23,497	48,282	236,019
Occupancy	121,350	10,827	8,724	1,662	-	142,563	4,781	4,532	9,313	131,876
Contract labor	2,305	3,078	2,495	191	-	8,069	564	13,740	14,304	22,373
Office supplies and expenses	25,414	9,517	10,321	1,495	58	46,805	2,987	4,962	7,949	54,754
Materials and supplies	4,884	4,522	3,109	730	15	13,260	790	38,654	52,704	54,754
Telephone and internet	36,747	2,464	2,657	414	-	42,282	1,220	1,397	39,444	44,899
Professional fees	13,892	9,181	9,702	1,035	95	33,905	4,876	4,992	9,868	43,773
Bank and investment fees	103	-	4	-	-	107	5,913	3,680	9,593	9,700
Dues and subscriptions	6,763	4,305	5,420	480	44	17,012	2,260	4,775	7,035	24,047
Travel	715	715	5,323	75	7	8,913	356	1,412	1,768	10,681
Other personnel costs	10,460	13,129	7,570	1,291	59	32,509	3,054	3,611	6,665	39,174
Printing and postage	477	510	1,517	33	3	2,540	157	12,588	12,745	15,285
Insurance	7,386	3,614	5,097	613	-	16,710	1,806	1,712	3,518	20,228
Miscellaneous	826	513	541	58	5	1,943	46	6,666	6,712	8,655
Total expenses included in the expense section on the statement of activities	1,367,662	719,947	849,437	82,743	6,734	3,026,523	385,566	456,969	842,535	3,869,058
Cost of direct benefits to donors included in special event revenues on the statement of activities	-	-	-	-	-	-	-	-	-	76,540
Total expenses	\$ 1,367,662	\$ 719,947	\$ 849,437	\$ 82,743	\$ 6,734	\$ 3,026,523	\$ 385,566	\$ 456,969	\$ 842,535	\$ 3,945,598

See Notes to Financial Statements

**Safehome, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Government grants and contract payments received	\$ 2,022,333	\$ 1,240,220
Contributions received	1,782,498	1,822,216
Other cash receipts	38,400	44,482
Payments for salaries, benefits and payroll taxes	(2,975,385)	(2,823,153)
Payments to vendors	<u>(935,325)</u>	<u>(794,452)</u>
Net cash used in operating activities	<u>(67,479)</u>	<u>(510,687)</u>
<b>Investing Activities</b>		
Purchases of investments	(460,854)	(291,908)
Proceeds from sales of investments	441,958	388,469
Purchases of property and equipment	<u>(326,261)</u>	<u>(42,769)</u>
Net cash provided by (used in) investing activities	<u>(345,157)</u>	<u>53,792</u>
<b>Financing Activities</b>		
Net borrowings on line of credit	150,000	-
Proceeds from Paycheck Protection Program loan	127,000	-
Proceeds from contributions restricted for capital improvements	<u>23,000</u>	<u>275,000</u>
Net cash provided by financing activities	<u>300,000</u>	<u>275,000</u>
<b>Decrease in Cash and Cash Equivalents</b>	(112,636)	(181,895)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>268,117</u>	<u>450,012</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 155,481</u></u>	<u><u>\$ 268,117</u></u>

**Safehome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**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 can gain inner strength, build self-esteem, explore options, and establish a life free of violence. Through the Organization’s shelter and community services, approximately 4,350 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 only domestic violence agency in Johnson County, Kansas. The Organization serves the entire Kansas City metro area with emphasis in Johnson and Miami Counties in Kansas. The outbreak of the COVID-19 pandemic and the measures adopted by the Organization to mitigate its spread impacted the services provided by Safehome during 2020. Although the Organization was able to continue operation throughout 2020 during the pandemic, the mitigation measures taken by the Organization required it to suspend or reduce some of its services during 2020. This negatively impacted the Organization’s client service outcomes for the year 2020. In 2020, Safehome, Inc. provided services to approximately 4,350 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 23-bed emergency shelter offers a confidential, safe, and healing atmosphere for adults and children to love, gain inner strength, build self-esteem, and heal. In 2020, the Organization provided 116 adults and 106 children escaping from domestic violence with 10,347 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 2020, the Organization responded to 3,271 hotline calls. The Organization also provides rent assistance and supportive services to families who transition to independent living. In 2020, the Organization assisted 42 adult clients and 51 children to obtain their own independent housing.

**Safehome, Inc.**  
**Notes to Financial Statements**  
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**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 2020, the Organization provided 5,634 hours of counseling services to 664 adults and 109 children.

***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 422 individuals and trained 710 medical professionals in 2020 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 2020, the Organization reached 15,234 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 2020, the Organization assisted 101 individuals with legal services directly from its full-time attorney, and assisted 860 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.

**Safehome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***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. Deposit accounts restricted internally by the Board are considered to be cash and cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers. At December 31, 2020, the Organization's cash accounts did not exceed federally insured limits.

***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.

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 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.

**Safehome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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

***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, 2020 and 2019.

***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, 2020 and 2019**

**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.

**Safeshome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***In-kind Contributions***

In addition to receiving cash contributions, the Organization receives in-kind contributions of clothing, food, and household items from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount. For the years ended December 31, 2020 and 2019, \$140,921 and \$74,000, respectively, was received in in-kind contributions.

***Special Events Revenue***

The portion of the special event 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 \$74,122 and \$76,540 for the years ended December 31, 2020 and 2019, respectively. All special event 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.

***Change in Accounting Principle***

On January 1, 2020, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606), (ASU 2014-09) using a modified retrospective method of adoption to all contracts with customers at January 1, 2020.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services.

**Safehome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

The amount to which the Organization expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for those goods or services. Revenues recognized during the year ended December 31, 2020 from contracts with customers was \$74,122 and is included in special event revenue on the statement of activities.

Adoption of ASU 2014-09 did not result in a change to the timing of revenue recognition; however, resulted in changes in disclosures in the notes to the financial statements.

**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, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 155,481	\$ 268,117
Investments	2,449,961	2,257,067
Grants and contributions receivable	<u>656,297</u>	<u>632,706</u>
Total financial assets	<u>3,261,739</u>	<u>3,157,890</u>
Less amounts not available to be used within one year		
Board designated - operating reserve	(457,516)	(589,671)
Board designated - endowment	(1,102,415)	(905,599)
Donor endowments to be held in perpetuity	(890,030)	(890,030)
Donor-restricted for capital improvements	(911)	(266,102)
Donor-restricted for long-term purposes	<u>(107,740)</u>	<u>(111,762)</u>
Total financial assets not available to be used within one year	<u>(2,558,612)</u>	<u>(2,763,164)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 703,127</u>	<u>\$ 394,726</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, 2020 and 2019, restricted contributions of \$392,593 and \$528,906, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

**Safehome, Inc.**  
**Notes to Financial Statements**  
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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 exchange traded 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.

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, 2020, have been recorded as receivables. Following are the conditional grant commitments that extend beyond December 31, 2020:

Grant	Conditional Grant Amount	Recognized as of December 31, 2020	Funding Available
Conditional upon incurrence of allowable qualifying expenses	\$ 1,768,055	\$ 369,439	\$ 1,398,616
Conditional upon availability of funds	<u>381,958</u>	<u>169,946</u>	<u>212,012</u>
	<u>\$ 2,150,013</u>	<u>\$ 539,385</u>	<u>\$ 1,610,628</u>

**Safehome, Inc.**  
**Notes to Financial Statements**  
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**Note 4: Contributions Receivable**

Contributions receivable consisted of the following:

	<b>2020</b>	<b>2019</b>
Due within one year	\$ 41,423	\$ 68,141
Due within one to five years	-	167
	<u>41,423</u>	<u>68,308</u>
Less		
Allowance for uncollectible contributions	(17,786)	(20,069)
Unamortized discount at 7%	<u>(1,779)</u>	<u>(1,779)</u>
	<u><u>\$ 21,858</u></u>	<u><u>\$ 46,460</u></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.**  
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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, 2020 and 2019:

		Fair Value Measurements Using				
	Total Investments	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	At Cost	
<b>December 31, 2020</b>						
Money market funds	\$ 74,528	\$ 74,528	\$ -	\$ -	\$ -	
Exchange-traded funds	154,000	154,000	-	-	-	
Mutual Funds:						
Equity - domestic	691,663	691,663	-	-	-	
Equity - international	208,512	208,512	-	-	-	
Fixed income	863,742	863,742	-	-	-	
Certificates of deposit	457,516	-	-	-	457,516	
Total investments	\$ 2,449,961	\$ 1,992,445	\$ -	\$ -	\$ 457,516	
<b>December 31, 2019</b>						
Money market funds	\$ 73,897	\$ 73,897	\$ -	\$ -	\$ -	
Exchange-traded funds	120,110	120,110	-	-	-	
Mutual Funds:						
Equity - domestic	550,074	550,074	-	-	-	
Equity - international	193,214	193,214	-	-	-	
Fixed income	819,620	819,620	-	-	-	
Alternatives	42,636	42,636	-	-	-	
Certificates of deposit	457,516	-	-	-	457,516	
Total investments	\$ 2,257,067	\$ 1,799,551	\$ -	\$ -	\$ 457,516	

**Safehome, Inc.**  
**Notes to Financial Statements**  
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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, 2020.

**Note 6: Property and Equipment**

Property and equipment at December 31, 2020 and 2019 consists of:

	<b>2020</b>	<b>2019</b>
Land	\$ 555,000	\$ 555,000
Land improvements	327,261	249,745
Building	3,099,889	3,099,889
Building improvements	1,215,863	967,118
Furniture and fixtures	264,708	264,708
Equipment and software	220,544	220,544
	5,683,265	5,357,004
Less accumulated depreciation and amortization	(2,501,544)	(2,267,204)
	<u>\$ 3,181,721</u>	<u>\$ 3,089,800</u>

**Note 7: Line of Credit**

The Organization has a \$250,000 revolving line of credit expiring in December 2021. At December 31, 2020 and 2019, there was \$150,000 and \$0 borrowed against this line, respectively. 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 4.75 percent. Interest was 4.75 percent and 5.25 percent at December 31, 2020 and 2019, respectively, and is payable quarterly.

**Safeshome, Inc.**  
**Notes to Financial Statements**  
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**Note 8: Paycheck Protection Program (PPP) Loan**

In April 2020, the Organization received a PPP loan established by the CARES Act and has elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan is 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, or lender, as a result of such audit, adjustments could be required to any gain recognized.

The loan matures in two years and is payable monthly including 1.0 percent interest beginning after the applicable deferral period. The payment deferral period is defined as either a) if forgiveness application is submitted, the date of notice from the SBA if the loan is forgiven or not entitled to forgiveness or b) if no forgiveness application is submitted, 10 months after the end of the covered period (August 2021). At December 31, 2020, the balance of the loan was \$127,000.

In June 2021, the Organization received notification from the SBA that the loan forgiveness had been approved in full.

**Note 9: Operating Leases**

Noncancellable operating leases for office equipment expire in 2021. Future minimum lease payments at December 31, 2020, were:

2021	\$ 13,902
2022	9,306
2023	9,306
2024	9,306
2025	9,306
	<hr/>
	\$ 51,126

Rental expense for this lease was \$18,141 and \$18,472 for the years ended December 31, 2020 and 2019, respectively.

**Note 10: 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 \$10,151 and \$8,928 for the years ended December 31, 2020 and 2019, respectively.

**Safehome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 11: Net Assets**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31, 2020 and 2019, are restricted for the following purposes or periods:

	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose		
Shelter services	\$ 82,886	\$ 152,474
Volunteer program	9,046	4,407
Counseling services	158,925	163,125
Community education programs	27,980	46,692
Children's program	11,491	6,950
Healthcare	49,119	47,320
Transitional living	9,547	19,354
Repairs, maintenance and technology	25,970	32,556
Capital projects	911	266,102
Staffing and staff training	17,629	51,444
Pet housing	107,740	111,762
Total purpose restrictions	<u>501,244</u>	<u>902,186</u>
Subject to the passage of time		
Contributions receivable	<u>-</u>	<u>4,584</u>
Endowment held in perpetuity, income to be used for general operations	<u>890,030</u>	<u>890,030</u>
Total net assets with donor restrictions	<u><u>\$ 1,391,274</u></u>	<u><u>\$ 1,796,800</u></u>

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions at December 31, 2020 and 2019, have been designated for the following purposes:

	<b>2020</b>	<b>2019</b>
Designated by board for operating reserve	\$ 457,516	\$ 589,671
Designated by board for endowment	1,102,415	905,599
Net investment in property and equipment	3,181,721	3,089,800
Undesignated deficit	<u>(157,006)</u>	<u>(273,204)</u>
Total net assets without donor restrictions	<u><u>\$ 4,584,646</u></u>	<u><u>\$ 4,311,866</u></u>

**Safehome, Inc.**  
**Notes to Financial Statements**  
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**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.

	<b>2020</b>	<b>2019</b>
Expiration of time restrictions	\$ 4,584	\$ 33,608
Satisfaction of purpose restrictions		
Shelter services	204,612	129,717
Volunteer program	361	4,005
Counseling services	204,200	194,599
Community education programs	18,962	23,331
Children's program	7,240	26,427
Healthcare	4,316	17,535
Transitional living	9,807	13,144
Repairs, maintenance and technology	65,743	71,814
Capital projects	288,191	8,898
Staffing and staff training	90,033	37,674
Pet housing	4,022	14,251
Other	-	4,447
Net assets released from restrictions	<u>\$ 902,071</u>	<u>\$ 579,450</u>

**Note 12: Endowment**

The Organization's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). 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, 2020 and 2019**

The composition of net assets by type of endowment fund at December 31, 2020 and 2019, was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<u>December 31, 2020</u>			
Board-designated endowment funds	\$ 1,102,415	\$ -	\$ 1,102,415
Donor-restricted endowment funds			
Original donor-restricted gift amount required to be maintained in perpetuity	<u>-</u>	<u>890,030</u>	<u>890,030</u>
Total endowment funds	<u>\$ 1,102,415</u>	<u>\$ 890,030</u>	<u>\$ 1,992,445</u>
<u>December 31, 2019</u>			
Board-designated endowment funds	\$ 905,599	\$ -	\$ 905,599
Donor-restricted endowment funds			
Original donor-restricted gift amount required to be maintained in perpetuity	<u>-</u>	<u>890,030</u>	<u>890,030</u>
Total endowment funds	<u>\$ 905,599</u>	<u>\$ 890,030</u>	<u>\$ 1,795,629</u>

Change in endowment net assets for the years ended December 31, 2020 and 2019 were:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, January 1, 2019	\$ 645,310	\$ 890,030	\$ 1,535,340
Investment return, net	<u>260,289</u>	<u>-</u>	<u>260,289</u>
Endowment net assets, December 31, 2019	905,599	890,030	1,795,629
Investment return, net	<u>196,816</u>	<u>-</u>	<u>196,816</u>
Endowment net assets, December 31, 2020	<u>\$ 1,102,415</u>	<u>\$ 890,030</u>	<u>\$ 1,992,445</u>

**Safeshome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***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.

In accordance with management's interpretation of donor intentions, earnings on the donor-restricted endowment funds are classified as board-designated and commingled with earnings on the board-designated endowment fund. The Organization does not have a formal spending policy, but rather appropriates for expenditure on an as-needed basis as approved by the Board of Directors.

**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:

***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.

**Safehome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Government Grants and Contracts**

The Organization received grant funding under the *Victims of Crime Act* totaling \$1,240,318 and \$899,184 during the years ended December 31, 2020 and 2019, respectively. This accounted for approximately 61 percent and 53 percent, respectively, of the Organization's total grant revenue and support for the years ended December 31, 2020 and 2019, respectively.

**Contributions**

Approximately 15 percent of all contributions were received from one donor in 2020 and approximately 56 percent of all contributions were received from three donors in 2019. The threshold used for evaluating concentrations is 10 percent of total contributions included on the statement of activities.

**Note 14: Subsequent Events**

Subsequent events have been evaluated through July 14, 2021, which is the date the financial statements were available to be issued.

The Organization received notification in January 2021 that were awarded a \$475,000 grant restricted for capital improvement projects.

On March 24, 2021, the Organization received a second loan in the amount of \$300,000 through the Paycheck Protection Program established by the CARES Act and extended by the 2021 Consolidated Appropriations Act. A portion or all of this loan may be forgiven under the Consolidated Appropriations Act.

In June 2021, the Organization received notification from the SBA that the loan forgiveness for the first Paycheck Protection Program loan had been approved in full.

**Safeshome, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 15: Future Change in Accounting Principle**

***Accounting for Leases***

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

## **Supplementary Information**

**Safehome, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

<b>Federal Grantor/Pass Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<i>U.S. Department of Justice</i>				
Passed through from State of Kansas Office of Governor Crime Victim Assistance	16.575	2018-V2-GX-0003	\$ -	\$ 1,240,318
Violence Against Women Formula Grant	16.588	2018-WF-AX-0017	-	41,058
<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	1901KSFVPS 2002KSFVPS	-	137,336
COVID-19 Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	93.671	2001KSFVC3	-	15,684
Subtotal	93.671		-	153,020
Passed through from Kansas Department for Children and Families Temporary Assistance for Needy Families	93.558	EES-2020-DV/SA-04	-	37,262
<i>U.S. Department of Housing and Urban Development</i>				
Supportive Housing Program	14.235	N/A	-	189,774
COVID-19 Emergency Solutions Grant Program	14.231	N/A	-	20,000
Passed through from Johnson County, Kansas CDBG - Entitlement Grants Cluster	14.218	B-17-MV-20-0002	-	5,250
			\$ -	\$ 1,686,682

*The accompanying notes are an integral part of this Schedule*

**Safehome, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

**Notes to Schedule**

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Safehome, Inc. under programs of the federal government for the year ended December 31, 2020. 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 Safehome, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Safehome, Inc.
2. 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. Safehome, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.