

**ADVOCATE SAFEHOUSE
PROJECT**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

ADVOCATE SAFEHOUSE PROJECT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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Taylor, Roth & Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

March 8, 2017

Independent Auditors' Report

Board of Directors
Advocate Safehouse Project
Glenwood Springs, Colorado

We have audited the accompanying financial statements of **Advocate Safehouse Project** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Advocate Safehouse Project as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Advocate Safehouse Project, Inc.'s fiscal year 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor, Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

ADVOCATE SAFEHOUSE PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 218,451	\$ 211,357
Grants and contracts receivable (Note 3)	48,539	19,900
Prepaid expenses	9,426	8,335
Investments (Note 4)	124,050	123,727
Property and equipment, net (Note 5)	<u>521,649</u>	<u>539,675</u>
Total assets	<u>\$ 922,115</u>	<u>\$ 902,994</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 1,549	\$ 2,915
Accrued payroll expenses	12,329	8,779
Deferred revenue	<u>600</u>	<u>1,000</u>
Total liabilities	<u>14,478</u>	<u>12,694</u>
 <u>Net assets</u>		
<u>Unrestricted</u>		
Operating	306,788	271,425
Net investment in property and equipment	521,649	539,675
Board-designated operating reserve	<u>79,200</u>	<u>79,200</u>
Total net assets	<u>907,637</u>	<u>890,300</u>
Total liabilities and net assets	<u>\$ 922,115</u>	<u>\$ 902,994</u>

The accompanying notes are an integral part of these financial statements

ADVOCATE SAFEHOUSE PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
<u>Revenue and other support</u>		
Government grants and contracts	\$ 263,431	\$ 224,692
Foundation grants	103,100	71,750
Special events (Note 6)	97,988	91,705
Less: direct expenses for special events	(28,896)	(20,311)
Individuals	37,615	38,904
Corporations	8,500	8,500
United Way	4,763	3,763
All other	7,610	3,869
In-kind contributions - operating (Note 7)	<u>44,395</u>	<u>45,302</u>
Total revenue and other support	<u>538,506</u>	<u>468,174</u>
 <u>Expense</u>		
Program services	423,379	352,888
Supporting services		
Management and general	71,611	71,954
Fund-raising	<u>26,179</u>	<u>26,140</u>
Total expense	<u>521,169</u>	<u>450,982</u>
Change in net assets	17,337	17,192
Net assets, beginning of year	<u>890,300</u>	<u>873,108</u>
Net assets, end of year	<u>\$ 907,637</u>	<u>\$ 890,300</u>

The accompanying notes are an integral part of these financial statements

ADVOCATE SAFEHOUSE PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

<u>Description</u>	2016			2015	
	<u>Supporting Services</u>			Total	Total
	Program Services	Management and General	Fund- raising		
Salaries	\$ 217,763	\$ 40,038	\$ 10,130	\$ 267,931	\$ 226,731
Payroll taxes and benefits	49,169	6,274	1,340	56,783	41,847
Promotion	18,958	527	6,846	26,331	27,668
Supplies	22,001	2,251	225	24,477	25,294
Repairs and maintenance	14,263	487	-	14,750	8,201
Telephone	11,504	1,044	284	12,832	11,212
Client assistance	12,505	-	-	12,505	14,705
Accounting	2,375	9,050	-	11,425	12,040
Insurance	8,095	415	543	9,053	8,957
Training	7,717	746	87	8,550	3,724
Utilities	7,525	320	64	7,909	7,635
Travel	6,856	410	446	7,712	7,092
Volunteers	5,947	725	509	7,181	4,740
Contracted counseling services	2,043	2,077	1,750	5,870	2,212
Printing	2,449	356	2,156	4,961	7,933
Information technology	3,788	622	158	4,568	2,180
Dues and subscriptions	2,106	1,098	700	3,904	2,928
Meetings	1,635	697	165	2,497	1,709
Postage	1,172	493	511	2,176	2,201
Board expenses	-	1,811	-	1,811	1,149
All other	594	845	-	1,439	1,980
	398,465	70,286	25,914	494,665	422,138
Depreciation	24,914	1,325	265	26,504	28,844
Total expenses	<u>\$ 423,379</u>	<u>\$ 71,611</u>	<u>\$ 26,179</u>	<u>\$ 521,169</u>	<u>\$ 450,982</u>

The accompanying notes are an integral part of these financial statements

ADVOCATE SAFEHOUSE PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 17,337	\$ 17,192
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	26,504	28,844
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and contracts receivable	(28,639)	1,603
(Increase)decrease in prepaid expenses	(1,091)	(874)
Increase(decrease) in accounts payable	(1,366)	1,048
Increase(decrease) in accrued payroll expenses	3,550	426
Increase(decrease) in deferred revenue	(400)	(1,000)
Net cash provided(used) by operating activities	<u>15,895</u>	<u>47,239</u>
<u>Cash flows from investing activities</u>		
Maturities of investments	-	55,483
(Reinvestment) of dividends and interest	(323)	(596)
(Additions) to property and equipment	<u>(8,478)</u>	<u>(30,534)</u>
Net cash provided(used) by investing activities	<u>(8,801)</u>	<u>24,353</u>
Net increase(decrease) in cash and cash equivalents	7,094	71,592
Cash and cash equivalents, beginning of year	<u>211,357</u>	<u>139,765</u>
Cash and cash equivalents, end of year	<u>\$ 218,451</u>	<u>\$ 211,357</u>

The accompanying notes are an integral part of these financial statements

ADVOCATE SAFEHOUSE PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - NATURE OF ACTIVITIES

Advocate Safehouse Project (the Organization) is a Colorado nonprofit corporation incorporated in 1987 to promote healthy relationships free from violence through education, advocacy, empowerment, and safehousing. The Organization is supported primarily through government grants and contracts, foundation grants, and special events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Restricted and Unrestricted Revenue

Contributions received are recorded as increase in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

5. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

6. Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. No allowance was deemed necessary at December 31, 2016.

7. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$750. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives range from 5 to 40 years.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. Income Taxes

The Advocate Safehouse Project has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

10. Functional Reporting of Expenses

For the year ended December 31, 2016, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

11. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

12. Subsequent Events

Management has evaluated subsequent events through March 8, 2017, the date the financial statements were available to be issued.

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent \$48,539 in grants awarded on or before December 31, 2016. No provision for uncollectible amounts was deemed necessary by management at December 31, 2016.

NOTE 4 - INVESTMENTS

At year-end, investments consisted of certificates of deposit valued at \$124,050. The certificates of deposit have maturities ranging from 3 months to 5 years. The investments are valued using Level 1 measurements. Level 1 measurements for investments include those valued at fair market value based on quoted prices in active markets and other information generated by market transactions. Interest earned on investments and operating cash balances for the year was \$610.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

At year-end, the cost of assets and their related accumulated depreciation was:

<u>Description</u>	<u>Amount</u>
Land	\$ 50,000
Building and improvements	750,827
Equipment	35,590
Furniture	36,985
Total	873,402
Less: accumulated depreciation	(351,753)
Net property and equipment	<u>\$ 521,649</u>

Depreciation expense for the year was \$26,504.

NOTE 6 - SPECIAL EVENTS

Special events revenue for the year consisted of:

<u>Description</u>	<u>Amount</u>
Safe Nights	\$ 18,737
Holiday appeal	21,185
Mother's Day Mile	31,496
Horse show	14,975
Lunafest	11,595
Total	<u>\$ 97,988</u>

Direct special events expense consists of items that are of direct benefit to the attendees. Expenses of \$28,896 for special events are recorded on the Statement of Activities.

NOTE 7 - IN-KIND CONTRIBUTIONS

Donated supplies, materials, and facilities are reflected in the accompanying statements at their estimated values at date of receipt. Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The values of services, supplies, materials, and facilities included in the financial statements for the year are as follows:

<u>Description</u>	<u>Amount</u>
Fund-raising and promotion	\$ 19,475
Household supplies	9,345
Accounting services	6,675
Client assistance	4,185
Office supplies	2,768
Other expenses	1,947
Total	<u>\$ 44,395</u>

An additional \$9,211 in non-cash contributions are included in *Special events revenue and expense* at December 31, 2016 (Note 6).

The Organization also received contributed services that are not recognized in the financial statements because they did not meet the criteria for recognition. Those services, valued at \$103,782, are as follows:

<u>Description</u>	<u>Hours</u>
Volunteer advocates and other volunteers	6,063
Special events fund-raising	1,001
Board of directors	349
Total	<u>7,413</u>

NOTE 8 - PENSION PLAN

The Organization offers a Simple IRA retirement plan for all employees. Eligibility is limited to employees who received at least \$5,000 in the previous year and are reasonably expected to receive at least \$5,000 in the subsequent calendar year. Once eligible, an employee may choose to designate part of their salary to be placed in the tax-deferred Simple IRA plan. The Organization will contribute 100% of the employee's contributed amount to the plan, up to a maximum of 3% of the employee's compensation. Employees are 100% vested upon the first elected deferral contribution. The Organization's contributions for the year ended December 31, 2016, were \$6,868.

NOTE 9 - CONTINGENCIES

Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in disallowed claims or questioned costs and may constitute a liability of the Organization.