

**SURVIVORS AND ADVOCATES  
FOR EMPOWERMENT, INC.  
AND SUBSIDIARY**

**FINANCIAL REPORT**

**September 30, 2018**

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC.  
AND SUBSIDIARY**

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## Independent Auditors' Report

Board of Directors  
Survivors and Advocates for Empowerment, Inc. and Subsidiary  
Washington, DC

We have audited the accompanying consolidated financial statements of Survivors and Advocates for Empowerment, Inc. (a non-profit organization) and subsidiary, which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement. The financial statements of the subsidiary were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Survivors and Advocates for Empowerment, Inc. and subsidiary as of September 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2019, on our consideration of Survivors and Advocates for Empowerment, 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 the Survivors and Advocates for Empowerment, 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 Survivors and Advocates for Empowerment, Inc.'s internal control over financial reporting and compliance.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities on pages 15 - 18 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, change in net assets, and cash flows of the individual organizations, and are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Dembo Jones, P.C.*

*Rockville, Maryland  
February 27, 2019*

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 66,674	\$ 22,072
Contracts and grants receivable	247,317	282,922
Rent receivable	-	7,500
Prepaid expenses	21,005	50,569
Other current assets	<u>65,766</u>	<u>75,725</u>
Total current assets	<u>400,762</u>	<u>438,788</u>
<b>Property and Equipment, at cost</b>		
Land	3,756,400	3,756,400
Building and improvements	1,638,937	1,638,937
Construction in progress	384,076	-
Furniture, fixtures, and equipment	<u>55,212</u>	<u>55,212</u>
	5,834,625	5,450,549
Less accumulated depreciation and amortization	<u>212,627</u>	<u>93,660</u>
	<u>5,621,998</u>	<u>5,356,889</u>
	<u>\$ 6,022,760</u>	<u>\$ 5,795,677</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current maturities of notes payable	\$ -	\$ 35,732
Bank overdraft	-	52,845
Accounts payable and accrued expenses	342,844	147,407
Security deposits in escrow	22,245	22,245
Deferred revenue	<u>-</u>	<u>8,917</u>
Total current liabilities	<u>365,089</u>	<u>267,146</u>
<b>Long-Term Liabilities</b>		
Note payable, less current maturities	2,920,600	3,000,000
Recoverable grant payable	<u>100,000</u>	<u>-</u>
	3,020,600	3,000,000
<b>Net Assets</b>		
Unrestricted net assets	<u>2,637,071</u>	<u>2,528,531</u>
	<u>\$ 6,022,760</u>	<u>\$ 5,795,677</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Support and Revenues</b>		
Grants	\$ 1,888,309	\$ 4,075,800
Crime victims compensation program fees	577,303	621,450
Rental income	389,148	97,614
In-kind donated services	94,272	-
Contributions	59,716	68,854
Other income	8,663	1,885
Interest income	163	108
	<u>3,017,574</u>	<u>4,865,711</u>
<b>Program and Support Services Expenses</b>		
Program services:		
Crisis housing program	919,829	637,511
Crisis intervention program	483,878	783,430
Supportive advocacy program	879,959	783,430
Total program services	<u>2,283,666</u>	<u>2,204,371</u>
Support services:		
Management and general	611,404	198,754
Fundraising	13,964	32,430
Total support services	<u>625,368</u>	<u>231,184</u>
Total expenses	<u>2,909,034</u>	<u>2,435,555</u>
<b>Change in net assets</b>	108,540	2,430,156
<b>Net assets, beginning of year</b>	<u>2,528,531</u>	<u>98,375</u>
<b>Net assets, end of year</b>	<u>\$ 2,637,071</u>	<u>\$ 2,528,531</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**SURVIVORS AND ADVOCATES FOR EMPowerMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2018**

	Program Services					Management and General	Fundraising	Total Expenses
	Crisis Housing Program	Crisis Intervention Program	Supportive Advocacy Program	Total Program Services				
Salaries	\$ 301,750	\$ 354,302	\$ 631,891	\$ 1,287,943	\$ 70,323	\$ -	\$ 1,358,266	
Occupancy	351,443	-	-	351,443	-	-	351,443	
Employee benefits	54,141	59,013	102,733	215,887	8,287	-	224,174	
Interest	-	-	38	38	162,939	-	162,977	
Depreciation and amortization	-	-	-	-	118,967	-	118,967	
Auditing and accounting	9,600	38,800	35,200	83,600	16,400	-	100,000	
In-kind donated services	-	-	-	-	94,272	-	94,272	
Consultants	21,966	19,393	40,046	81,405	-	-	81,405	
Outside contract services	908	-	45,597	46,505	21,067	-	67,572	
Utilities	18,000	-	-	18,000	45,308	-	63,308	
Emergency shelter	52,403	-	-	52,403	-	-	52,403	
Security	45,000	-	-	45,000	-	-	45,000	
Repair and maintenance	9,053	-	-	9,053	33,375	-	42,428	
Emergency transportation	23,935	-	-	23,935	-	-	23,935	
Business insurance	1,282	1,691	5,165	8,138	10,166	-	18,304	
Licenses, permits and fees	-	-	-	-	17,630	-	17,630	
Other business expenses	5,747	3,823	4,276	13,846	2,827	-	16,673	
Fundraising fees	-	-	-	-	-	13,964	13,964	
Equipment purchases	1,563	3,394	5,209	10,166	1,250	-	11,416	
Supplies	2,392	1,622	4,728	8,742	591	-	9,333	
Internet and telephone	8,411	-	-	8,411	-	-	8,411	
Emergency financial assistance	6,757	-	-	6,757	-	-	6,757	
Staff training and development	820	421	927	2,168	4,122	-	6,290	
Printing and copying	1,000	966	3,275	5,241	-	-	5,241	
Travel	333	276	418	1,027	2,187	-	3,214	
Emergency food assistance	3,077	-	-	3,077	13	-	3,090	
Postage and delivery	248	152	456	856	455	-	1,311	
Bank charges	-	25	-	25	797	-	822	
Property taxes	-	-	-	-	428	-	428	
<b>Total expenses</b>	<b>\$ 919,829</b>	<b>\$ 483,878</b>	<b>\$ 879,959</b>	<b>\$ 2,283,666</b>	<b>\$ 611,404</b>	<b>\$ 13,964</b>	<b>\$ 2,909,034</b>	

The accompanying notes are an integral part of these consolidated financial statements.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2017**

	Program Services					Management and General	Fundraising	Total Expenses
	Crisis Housing Program	Crisis Intervention Program	Supportive Advocacy Program	Total Program Services				
Salaries	\$ 156,306	\$ 543,491	\$ 543,491	\$ 1,243,288	\$ 45,916	\$ -	\$ 1,289,204	
Occupancy	359,352	19,751	19,751	398,854	-	-	398,854	
Employee benefits	33,862	85,433	85,433	204,728	11,350	-	216,078	
Auditing and accounting	1,260	45,220	45,220	91,700	-	-	91,700	
Outside contract services	569	28,832	28,832	58,233	14,591	-	72,824	
Interest	77	-	-	77	51,351	-	51,428	
Emergency shelter	41,751	945	945	43,641	-	-	43,641	
Depreciation and amortization	-	-	-	-	40,270	-	40,270	
Fundraising fees	-	-	-	-	-	32,430	32,430	
Security	-	13,750	13,750	27,500	-	-	27,500	
Repair and maintenance	8,803	8,537	8,537	25,877	-	-	25,877	
Consultants	-	7,349	7,349	14,698	10,906	-	25,604	
Utilities	19,350	-	-	19,350	-	-	19,350	
Emergency transportation	13,516	2,174	2,174	17,864	-	-	17,864	
Property taxes	-	-	-	-	14,014	-	14,014	
Other business expenses	-	5,582	5,582	11,164	2,677	-	13,841	
Business insurance	-	4,025	4,025	8,050	5,234	-	13,284	
Equipment purchases	-	5,850	5,850	11,700	-	-	11,700	
Internet and telephone	-	4,553	4,553	9,106	124	-	9,230	
Supplies	973	3,373	3,373	7,719	123	-	7,842	
Licenses, permits and fees	-	1,940	1,940	3,880	-	-	3,880	
Staff training and development	-	638	638	1,276	1,108	-	2,384	
Printing and copying	-	1,000	1,000	2,000	18	-	2,018	
Emergency financial assistance	1,692	-	-	1,692	-	-	1,692	
Emergency food assistance	-	600	600	1,200	-	-	1,200	
Travel	-	251	251	502	174	-	676	
Fines and penalties	-	-	-	-	538	-	538	
Bank charges	-	-	-	-	336	-	336	
Postage and delivery	-	136	136	272	24	-	296	
<b>Total expenses</b>	<b>\$ 637,511</b>	<b>\$ 783,430</b>	<b>\$ 783,430</b>	<b>\$ 2,204,371</b>	<b>\$ 198,754</b>	<b>\$ 32,430</b>	<b>\$ 2,435,555</b>	

The accompanying notes are an integral part of these consolidated financial statements.



**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 108,540	\$ 2,430,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	118,967	40,270
(Increase) decrease in assets:		
Contracts and grants receivable	35,605	(47,943)
Rent receivable	7,500	(7,500)
Prepaid expenses	29,564	4,140
Other current assets	9,959	(73,225)
Increase (decrease) in liabilities:		
Bank overdraft	(52,845)	18,256
Accounts payable and accrued expenses	195,437	99,003
Security deposits in escrow	-	22,245
Deferred revenue	(8,917)	(19,291)
Net cash provided by operating activities	<u>443,810</u>	<u>2,466,111</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(384,076)</u>	<u>(2,395,337)</u>
Net cash used in investing activities	<u>(384,076)</u>	<u>(2,395,337)</u>
<b>Cash flows from financing activities</b>		
Payments on notes payable	(115,132)	(49,530)
Advance from recoverable grant	<u>100,000</u>	<u>-</u>
Net cash used in financing activities	<u>(15,132)</u>	<u>(49,530)</u>
<b>Net increase in cash</b>	44,602	21,244
<b>Cash at beginning of year</b>	<u>22,072</u>	<u>828</u>
<b>Cash at end of year</b>	<u>\$ 66,674</u>	<u>\$ 22,072</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 1. Organization**

Survivors and Advocates for Empowerment, Inc. (SAFE) was incorporated under the laws of the District of Columbia in May 2006 as a non-profit organization. Amaro LLC is a 100% owned subsidiary of SAFE and was organized in May 2017, under the laws of the District of Columbia. Amaro LLC is the owner of an office building in Washington, DC. The office space is rented to SAFE and a small number of other tenants. SAFE's mission is to empower survivors of intimate partner violence in the District of Columbia by supporting them as they navigate the civil justice systems and to advocate for systemic reforms that ensure survivor safety and self-determination. SAFE's program areas are:

Crisis Housing Program - SAFE works with the District of Columbia Metropolitan Police Department to assist domestic violence victims. SAFE offers 20 days of immediate crisis shelter for families who are at the highest risk of being killed or seriously injured by their abuser.

Crisis Intervention Program - SAFE provides a crisis intervention services response line that provides immediate crisis intervention services for domestic violence victims 24 hours a day, 7 days a week.

Supportive Advocacy Program - SAFE provides court-based advocacy services to over 4,000 clients annually. Specific assistance includes information about how to petition for a Civil Protection Order, safety planning assistance, pro bono attorney referrals and public benefits and social services referrals.

**Note 2. Summary of Significant Accounting Policies**

The following is a summary of SAFE's significant accounting and reporting policies.

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Survivors and Advocates for Empowerment, Inc. (the Parent) and its wholly owned subsidiary, Amaro LLC (the Subsidiary). All significant intercompany accounts and transactions have been eliminated.

***Basis of Accounting***

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby income and expenses are recognized in the period in which they are earned or incurred.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 2. Summary of Significant Accounting Policies (continued)**

***Financial Statement Presentation***

SAFE reports 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. Accordingly, SAFE's net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Contributions without a donor imposed time and/or program restriction. The funds are available to SAFE to maintain its operations.

Temporarily restricted net assets - Net assets with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at September 30, 2018 and 2017.

Permanently restricted net assets - Net assets that must be maintained by SAFE in perpetuity. Generally, the donors of these assets permit SAFE to use all or part of the income earned on any related assets for general or specific purposes. There were no permanently restricted net assets as of September 30, 2018 and 2017.

***Accounts Receivable***

SAFE considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectible they will be charged to operations when the determination is made. If the allowance method was used instead the results would not be materially different.

***Property and Equipment***

Property and equipment are carried at cost. SAFE capitalizes property and equipment purchases of \$ 5,000 or more. Depreciation is calculated on a straight-line basis over a three or five year estimated useful life. Buildings and leasehold improvements are depreciated over their estimated useful lives of three to fifteen years.

***Revenue and Support***

SAFE recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 2. Summary of Significant Accounting Policies (continued)**

*Functional Allocation of Expenses*

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

*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 and expenses during the reporting period. Actual results could differ from those estimates.

*Subsequent Events*

In preparing its financial statements, SAFE has evaluated subsequent events through February 27, 2019, which is the date the financial statements were available to be issued. In January 2019, the Organization entered into two new financing agreements which are described in Note 6.

*Reclassifications*

Certain reclassifications to prior year balances have been made in the accompanying consolidated financial statements to make disclosures consistent with those of the current year.

**Note 3. Contracts and Grants Receivable**

Contracts and grants receivable consists of amounts owed from the District of Columbia Office of Victim Services and funds owed from private grants. At September 30, 2018 and 2017, all contracts and grants receivable are due in one year or less. The balance of contracts and grants receivable at September 30, 2018 and 2017, was \$ 247,317 and \$ 282,922, respectively.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 4. Building Acquisition**

In June 2017, the Organization acquired a building for approximately \$ 5,300,000. The property will be used to provide safe emergency housing to victims of crime, with a particular interest to serving victims of intimate partner violence. The Organization received grants from the District Department of the Office of Victim Services (OVS) and the Department of Housing and Community Development (DHCD) for approximately \$ 2,300,000 of this acquisition. The seller of the building financed the remaining amount of the building for \$ 3,000,000.

The Organization is required to begin the conversion of this building into emergency housing within 2 years from acquisition in accordance with grants received. The Organization is also required to operate the facility for 20 years.

During the current year, the Organization began preconstruction cost for the conversion of the building and capitalized costs of \$ 384,076, which are shown as construction in progress on the statement of financial position.

**Note 5. Recoverable Grant**

During 2018, the Organization received \$ 100,000 in financing under a recoverable grant to assist in the completing design development drawing for the Organization's new emergency shelter. The term of this grant is for two years, expiring on March 31, 2020. Repayment of this amount will be the earlier of the closing on construction financing or the 24-month recoverable grant term.

**Note 6. Notes Payable**

Notes payable at September 30, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Mortgage note payable due June 2020. Interest is payable monthly at 5.5 - 6.5%. This note is secured by land and buildings.	\$ 2,920,600	\$ 3,000,000
Installment note payable due May 2018. Monthly payments of \$ 4,183 include interest at 1%.	<u>-</u>	<u>35,732</u>
	2,920,600	3,035,732
Less current maturities	<u>-</u>	<u>35,732</u>
	<u>\$ 2,920,600</u>	<u>\$ 3,000,000</u>

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 6. Notes Payable (continued)**

The aggregate annual maturities of long-term debt over the next five years are as follows:

Year Ending September 30,	
2019	\$ -
2020	<u>2,920,600</u>
	<u>\$ 2,920,600</u>

In January 2019, the Organization received financing from a local bank in the amount of \$ 2,925,000. Proceeds from this loan were used to pay off the seller financed loan shown above. Payments of interest only will be due beginning in February 2019 through January 2021. Beginning in February 2021, payments of principal and interest of \$ 18,732 will begin based on a 23-month amortization schedule. Interest on this loan is 5.44%. The loan matures in January 2022.

In January 2019, the Organization received additional funding in the amount of \$ 912,400 to assist in their construction costs. Payments of interest only are due through January 2021. At this point, payments of principal and interest are due beginning February 2021. Interest is paid based on the LIBOR rate plus 2.5%. The loan matures in January 2022.

**Note 7. Leases**

In June 2017, the Subsidiary purchased an office building in Washington, DC. The Parent leases office space from the Subsidiary under an operating lease that expires in September 2022. Prior to the purchase of this building, SAFE maintained office space lease under a lease agreement that expired in April 2017, and continued on a month to month basis until vacating the space. The lease called for monthly rental payments to be made in the amount of \$ 3,000. There are three other tenants in the office building owned by the Subsidiary. These tenants have lease agreements which expire at various times through September 2022.

The following is a schedule of future minimum rental income receipts under the leases as of September 30, 2018, for each of the next five years and in the aggregate:

Year Ending September 30,	
2019	\$ 290,348
2020	79,284
2021	35,404
2022	36,466
2023	-
	<u>\$ 441,502</u>

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 7. Leases (continued)**

In February 2018, SAFE entered into a lease agreement for residential housing units used as part of SAFE's court advocacy program. The lease expires in February 2021 and calls for a monthly licensee fee of \$ 1,700 - \$ 1,900 based on the lease year and number of residential housing units occupied during the month. The Organization leases between 10 – 16 units per month. Prior to the signing of this lease, SAFE paid \$ 1,800 per unit in accordance with a month to month lease with the same property owner.

Rental expense was offset by rental income totaling \$ 36,413 and \$ 7,605 for the years ended September 30, 2018 and 2017, respectively.

Intercompany rent of \$ 83,413 and \$ 21,900 paid from the Parent to the Subsidiary during the years ended September 30, 2018 and 2017, respectively, has been eliminated from the consolidated financial statements.

Total office rent and lease expense for the years ended September 30, 2018 and 2017, was \$ 351,443 and \$ 398,854, respectively.

**Note 8. Conditional Promise to Give**

As of September 30, 2018, SAFE had a conditional promise to give of \$100,000 whose donor condition, completion of the construction project described in Note 4, had not yet been met as of year-end. Accordingly, revenue has not yet been recognized.

**Note 9. Income Taxes**

SAFE is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, entities that are classified under this section of the Code are taxed on "unrelated business income" as defined by IRS regulations. The Organization is also subject to tax on certain transportation benefits provided by the employer. There was no unrelated business income for the years ended September 30, 2018 and 2017, however, the Organization will be subject to a small amount of tax associated with their transportation benefits.

Amaro LLC is a single-member limited liability company owned 100% by SAFE, and is considered a disregarded entity for income tax purposes.

Accounting principles generally accepted in the United States of America require SAFE to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by taxing authorities. SAFE has analyzed tax positions taken and has concluded that, as of September 30, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. SAFE had no interest and penalties related to income taxes for the years ended September 30, 2018 and 2017. SAFE is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. SAFE's returns are subject to examination by taxing authorities, generally for a period of three years after the returns are filed.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 10. Donated Services**

Donations of services and materials which either create or enhance non-financial assets or require specialized skills are recorded at their fair value. Such donations are recorded both as support and as assets or expenses in the period when donated. During the year, professional services were donated by attorneys, in connection with the building acquisition described in Note 4. The value of these donated services recorded for the year ended September 30, 2018 totaled \$ 94,272, and they are reported as in-kind donated services in the accompanying statement of activities and functional expenses.

SAFE receives a significant amount of additional donated services from unpaid volunteers. No amounts have been recognized in the statement of activities for these services because the criteria for recognition noted above has not been satisfied.

**Note 11. Commitments and Contingencies**

The Organization has entered into a contract for the development of a building (the acquisition described in Note 4) to provide shelter for victims of domestic violence and office space. Compensation to be paid to the developer will be 8.5% of the total project cost (as defined in the agreement) or \$ 1,700,000, whichever is less. This amount is incrementally paid to the developer upon meeting certain installments in the agreement. The Organization has paid \$ 100,000 of the total development fee as of September 30, 2018, which has been capitalized in the acquisition of the building.

**Note 12. Related Party Transactions**

As described in Note 7, SAFE leases residential housing units on a month-to-month basis from a company owned by an immediate family member of SAFE's Board of Directors. Rent expense under this lease for the year ended September 30, 2017, amounted to approximately \$ 359,000. This individual is no longer a member of the board, effective July 2017.

**Note 13. Major Customers**

Approximately 78% and 95% of SAFE's total earned revenue was earned from agreements with agencies of the Government of the District of Columbia for the years ended September 30, 2018 and 2017, respectively. Outstanding accounts receivable at September 30, 2018 and 2017, from the Government of the District of Columbia was \$ 209,377 and \$ 281,885, respectively.

**Note 14. Supplemental Disclosures of Cash Flow Information**

Cash paid for interest during the years ended September 30, 2018 and 2017, was \$ 162,977 and \$ 51,428, respectively.

Summary of noncash financing activities for the year ended September 30, 2017:

Land, building, and improvements acquired through notes payable	\$ 3,000,000
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**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**September 30, 2018**

	SAFE	AMARO	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 27,991	\$ 38,683	\$ -	\$ 66,674
Contracts and grants receivable	247,317	-	-	247,317
Prepaid expenses	8,618	12,387	-	21,005
Due from subsidiary	33,345	-	(33,345)	-
Other current assets	<u>2,500</u>	<u>63,266</u>	<u>-</u>	<u>65,766</u>
Total current assets	<u>319,771</u>	<u>114,336</u>	<u>(33,345)</u>	<u>400,762</u>
<b>Property and Equipment, at cost</b>				
Land	-	3,756,400	-	3,756,400
Building and improvements	-	1,638,937	-	1,638,937
Construction in progress	-	384,076	-	384,076
Furniture, fixtures, and equipment	<u>55,212</u>	<u>-</u>	<u>-</u>	<u>55,212</u>
	55,212	5,779,413	-	5,834,625
Less accumulated depreciation and amortization	<u>55,212</u>	<u>157,415</u>	<u>-</u>	<u>212,627</u>
	<u>-</u>	<u>5,621,998</u>	<u>-</u>	<u>5,621,998</u>
	<u>\$ 319,771</u>	<u>\$ 5,736,334</u>	<u>\$ (33,345)</u>	<u>\$ 6,022,760</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 62,988	\$ 279,856	\$ -	\$ 342,844
Security deposits in escrow	-	22,245	-	22,245
Due to parent	<u>-</u>	<u>33,345</u>	<u>(33,345)</u>	<u>-</u>
Total current liabilities	<u>62,988</u>	<u>335,446</u>	<u>(33,345)</u>	<u>365,089</u>
<b>Long-Term Liabilities</b>				
Note payable, less current maturities	-	2,920,600	-	2,920,600
Recoverable grant payable	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>100,000</u>	<u>2,920,600</u>	<u>-</u>	<u>3,020,600</u>
<b>Net Assets</b>				
Unrestricted net assets	<u>156,783</u>	<u>2,480,288</u>	<u>-</u>	<u>2,637,071</u>
	<u>\$ 319,771</u>	<u>\$ 5,736,334</u>	<u>\$ (33,345)</u>	<u>\$ 6,022,760</u>

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2018**

	SAFE	AMARO	Eliminations	Consolidated
<b>Support and Revenues</b>				
Grants	\$ 1,888,309	\$ -	\$ -	\$ 1,888,309
Crime victims compensation program fees	577,303	-	-	577,303
Rental income	36,413	436,148	(83,413)	389,148
In-kind donated services	-	94,272	-	94,272
Contributions	59,716	-	-	59,716
Other income	8,663	-	-	8,663
Interest income	163	-	-	163
	<u>2,570,567</u>	<u>530,420</u>	<u>(83,413)</u>	<u>3,017,574</u>
<b>Program and Support Services Expenses</b>				
Program services:				
Crisis housing program	919,829	-	-	919,829
Crisis intervention program	483,878	-	-	483,878
Supportive advocacy program	879,959	-	-	879,959
Total program services	<u>2,283,666</u>	<u>-</u>	<u>-</u>	<u>2,283,666</u>
Support services:				
Management and general	175,983	518,834	(83,413)	611,404
Fundraising	13,964	-	-	13,964
Total support services	<u>189,947</u>	<u>518,834</u>	<u>(83,413)</u>	<u>625,368</u>
Total expenses	<u>2,473,613</u>	<u>518,834</u>	<u>(83,413)</u>	<u>2,909,034</u>
<b>Change in net assets</b>	96,954	11,586	-	108,540
<b>Net assets, beginning of year</b>	<u>59,829</u>	<u>2,468,702</u>	<u>-</u>	<u>2,528,531</u>
<b>Net assets, end of year</b>	<u>\$ 156,783</u>	<u>\$ 2,480,288</u>	<u>\$ -</u>	<u>\$ 2,637,071</u>

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2017**

	SAFE	AMARO	Eliminations	Consolidated
<b>Support and Revenues</b>				
Grants	\$ 4,075,800	\$ 2,500,000	\$ (2,500,000)	\$ 4,075,800
Crime victims compensation program fees	621,450	-	-	621,450
Rental income	-	119,514	(21,900)	97,614
Contributions	68,854	-	-	68,854
Other income	1,885	-	-	1,885
Interest income	108	-	-	108
	<u>4,768,097</u>	<u>2,619,514</u>	<u>(2,521,900)</u>	<u>4,865,711</u>
<b>Program and Support Services Expenses</b>				
Program services:				
Crisis housing program	637,511	-	-	637,511
Crisis intervention program	771,002	23,378	(10,950)	783,430
Supportive advocacy program	771,002	23,378	(10,950)	783,430
Total program services	<u>2,179,515</u>	<u>46,756</u>	<u>(21,900)</u>	<u>2,204,371</u>
Support services:				
Management and general	2,594,698	104,056	(2,500,000)	198,754
Fundraising	32,430	-	-	32,430
Total support services	<u>2,627,128</u>	<u>104,056</u>	<u>(2,500,000)</u>	<u>231,184</u>
Total expenses	<u>4,806,643</u>	<u>150,812</u>	<u>(2,521,900)</u>	<u>2,435,555</u>
<b>Change in net assets</b>	(38,546)	2,468,702	-	2,430,156
<b>Net assets, beginning of year</b>	<u>98,375</u>	<u>-</u>	<u>-</u>	<u>98,375</u>
<b>Net assets, end of year</b>	<u>\$ 59,829</u>	<u>\$ 2,468,702</u>	<u>\$ -</u>	<u>\$ 2,528,531</u>

