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**SAAFE House**  
**Audited Financial Statements**  
**August 31, 2023**

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***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors of  
SAAFE House

***Opinion***

We have audited the accompanying financial statements of SAAFE House (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SAAFE House as of August 31, 2023, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAAFE House and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SAAFE House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SAAFE House's ability to continue as a going concern for a reasonable period of time.

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

Respectfully,



Brooks Watson & Co., PLLC  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
August 14, 2024

**SAAFE House**  
**STATEMENT OF FINANCIAL POSITION**  
**August 31, 2023**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	167,142
Grant Receivables		185,267
Inventory in kind		18,652
Prepaid items		3,314
<b>Total Current Assets</b>		374,375

**Noncurrent Assets**

Long-term Investments		26,226
Fixed Assets		
Land (non-depreciable)		93,600
Buildings, Improvements, and Equipment, Net of Depreciation		401,322
<b>Total Noncurrent Assets</b>		521,148

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>895,523</b>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

**Current Liabilities**

Accounts payable	\$	98,826
Accrued expenses Payable		76,107
Compensated absences Payable		8,327
Notes payable - current		34,410
<b>Total Current Liabilities</b>		217,670

**Noncurrent Liabilities**

Compensated absences Payable		925
Notes payable - noncurrent		368,982

<b>TOTAL LIABILITIES</b>		587,577
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**NET ASSETS**

Without donor restrictions		307,946
With donor restrictions		-

<b>TOTAL NET ASSETS</b>		307,946
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>895,523</b>
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The accompanying notes are an integral part of these financial statements.

# SAAFE House

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended August 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Federal and state grants	\$ -	\$ 1,034,495	\$ 1,034,495
Donations	126,522	-	126,522
Fundraising	91,578	-	91,578
In-kind Donations	280,806	-	280,806
Resale Shop Sales	65,425	-	65,425
Insurance recoveries	33,572	-	33,572
Other Income	32,965	-	32,965
Net assets released from restrictions	1,079,051	(1,079,051)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>1,709,919</b>	<b>(44,556)</b>	<b>1,665,363</b>
<b>EXPENSES</b>			
Program expenses for activities:			
Family Violence	781,848	-	781,848
Sexual Abuse	185,584	-	185,584
<b>TOTAL PROGRAM EXPENSES</b>	<b>967,432</b>	<b>-</b>	<b>967,432</b>
Supporting expenses:			
Management and general	329,695	-	329,695
Resale Shop	299,780	-	299,780
Fundraising	64,267	-	64,267
<b>TOTAL EXPENSES</b>	<b>1,661,174</b>	<b>-</b>	<b>1,661,174</b>
Total Operating Revenues/Expenses			
<b>NON-OPERATING REVENUE/EXPENSES</b>			
Interest income	53	-	53
<b>TOTAL NON-OPERATING REVENUE/EXPENSES</b>	<b>53</b>	<b>-</b>	<b>53</b>
Increase/(Decrease) in net assets	48,798	(44,556)	4,242
Net assets, beginning of year	259,148	44,556	303,704
Net assets, end of year	<b>\$ 307,946</b>	<b>\$ -</b>	<b>\$ 307,946</b>

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

**SAAFE House**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended August 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase (Decrease) in net assets	\$	4,242
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		22,734
Change in assets and liabilities:		
Accounts receivable		(674)
Inventory		(806)
Prepaid expenses		4,117
Accounts payable and accrued expenses		69,321
<b>Net cash provided / (used) by operating activities</b>		<b>98,934</b>

**CASH FLOWS PROVIDED/(USED) BY INVESTING ACTIVITIES**

Sale (Purchase) of securities		(323)
Acquisition of fixed assets		(49,240)
<b>Net cash provided / (used) by investing activities</b>		<b>(49,563)</b>

**CASH FLOWS USED BY FINANCING ACTIVITIES**

Principal payments on notes payable		(24,929)
<b>Net cash provided / (used) by financing activities</b>		<b>(24,929)</b>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

		24,442
Cash and cash equivalents, beginning of period		142,700
Cash and cash equivalents, end of period	\$	167,142

Supplemental information - Interest paid	\$	15,023
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The accompanying notes are an integral part of these financial statements.

**SAAFE House**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended August 31, 2023**

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total</u>
	<u>Family Violence</u>	<u>Sexual Abuse</u>	<u>Management and General</u>	<u>Resale Shop</u>	<u>Fundraising</u>	
Salaries and Wages	\$ 514,826	\$ 101,988	\$ 100,348	\$ 33,453	\$ 24,784	\$ 775,399
Payroll Taxes	71,444	28,041	36,152	2,595	1,951	140,183
Employee Benefits	9,746	10,184	1,620	1,093	2,450	25,093
Employee Mileage	11,233	3,721	730	317	2,031	18,032
Total Personnel	<u>607,249</u>	<u>143,934</u>	<u>138,850</u>	<u>37,458</u>	<u>31,216</u>	<u>958,707</u>
Operating Expenses						
Resale Shop Cost of Goods Sold	-	-	-	246,611	-	246,611
Fundraising Expense	460	-	1,635	-	29,991	32,086
Utilities	32,415	1,890	196	6,559	636	41,696
Depreciation	-	-	22,734	-	-	22,734
Telephones	13,870	2,444	9,311	599	183	26,407
Insurance	15,455	2,848	8,225	4,873	315	31,716
Supplies, Printing and Postage	33,431	3,068	17,103	920	1,624	56,146
Interest Expense	1,005	162	13,824	-	32	15,023
Groceries	10,203	-	-	-	-	10,203
Rents and Leases	25,595	8,753	3,585	35	10	37,978
Maintenance and Repairs	11,424	58	9,785	195	6	21,468
Other Expenses	19,305	4,843	13,664	2,245	113	40,170
Workman's Compensation Insuran	2,022	441	136	135	71	2,805
Conferences, Hotels and Meals	2,808	9,562	174	-	-	12,544
Penalties	-	294	-	-	-	294
Client Assistance	2,337	-	-	-	-	2,337
Advertising	-	-	1,371	-	50	1,421
Dues	731	7	1,032	150	2	1,922
Accounting and Auditing	3,538	7,280	49,895	-	18	60,731
Professional services	-	-	38,175	-	-	38,175
Total Operating Expenses	<u>174,599</u>	<u>41,650</u>	<u>190,845</u>	<u>262,322</u>	<u>33,051</u>	<u>702,467</u>
<b>Total Expenses</b>	<u>\$ 781,848</u>	<u>\$ 185,584</u>	<u>\$ 329,695</u>	<u>\$ 299,780</u>	<u>\$ 64,267</u>	<u>\$ 1,661,174</u>

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



# **SAAFE House**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2023**

### **NATURE OF OPERATIONS**

The Walker County Family Violence Council, Inc. (the Council) was incorporated in September 1984, as a nonprofit corporation in Texas. The purpose of the Council is to provide a place of safety and to provide support services to victims of family violence in Walker, Polk, San Jacinto and Trinity counties. In 1988 services were expanded to include sexual assault victims. At that time the council changed its operating name to Sexual Assault and Abuse Free Environment (SAAFE House). The mission of SAAFE House is to provide community-based, immediate, free, and confidential services to victims of abuse, and to educate the community at large in order to eliminate the causes of family violence and sexual abuse. Services are provided by professionally trained staff and volunteers.

### **BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Budgetary Control**

The Organization has established its fiscal year as the twelve-month period beginning September 1. The Organization's Executive Director and Board of Directors estimate expenditures for the ensuing fiscal year after which the Board of Directors Treasurer submits a budget of estimated expenditures and revenues to the entire Board for review and discussion. The budget is then authorized by a motion and majority vote of the Board. The Board is authorized to transfer budgeted amounts between line items; however, any revisions that alter the total expenditures of the budget must be approved by the Board. Budgeted amounts are as originally adopted or as amended by the Board.

#### **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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues

# SAAFE House

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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

### Net Asset Classification

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

During the reporting period, of the Organization's *Net Assets with Donor Restrictions*, the donor-imposed restrictions were temporary in nature. No restrictions were considered perpetual.

### Revenue Recognition

Support and revenue received by SAAFE House primarily consists of grants from State of Texas agencies, pass-through grants from federal awarding agencies, donations from the public, and thrift shop sales from donated goods. In accordance with FASB Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, support and revenue from grants, donations received, and thrift shop sales are analyzed first as being contributions or exchanges, and if determined to be contributions, whether they should be recorded as with or without donor restrictions depending on the existence and/or nature of donor or awarding agency restrictions. When a restriction expires (that is, when a 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 statement of activities as net assets are released from restrictions.

### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks that are available for current use with maturity dates of less than three months from the date of acquisition. The carrying value of cash

# SAAFE House

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended December 31, 2023

and cash equivalents approximates fair values because of the short maturities of those financial instruments. As of August 31, 2023, SAAFE House had cash balances below the amounts federally insured.

#### **Accounts Receivable**

Accounts receivable arise in the normal course of business and are stated at the amount the Organization expects to collect from balances outstanding at year-end. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts. Based on the Organization's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial, and as such, no allowance for doubtful accounts was determined necessary by management at August 31, 2023.

#### **Investment Valuation and Income Recognition**

Financial Accounting Standards Board (FASB), *Fair Value Measurements and Disclosures (ASC 820)*, formerly FAS 157, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access at the measurement date.
- Level 2 – Fair value is based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. Pricing models are utilized to estimate fair value for certain assets and liabilities categorized in Level 2.
- Level 3 – Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

# SAAFE House

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

These inputs reflect managements' judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

The level of fair value hierarchy with which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

*Bond Mutual Funds:* Valued at the last reported daily net asset value.

The methods described above may produce a fair value that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while management of the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment as of August 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Bond Mutual Funds	\$ 26,226	\$ -	\$ -	\$ 26,226
Total Investments at Fair Value	\$ 26,226	\$ -	\$ -	\$ 26,226

Unrealized gains and losses, arising from increases or decreases in the current market values from the beginning of the year to the end of the year, are presented as net appreciation (depreciation) in fair value of investments on the statements of changes in plan net assets, along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income and income from other investments is recorded on the accrual basis.

# SAAFE House

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended December 31, 2023

#### Financial Instruments and Credit Risk

Financial instruments which potentially subject the Organization to credit risk include cash and cash equivalents, investments, and accounts receivable.

Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk. In the case of bank deposits, custodial credit risk is the risk that in the event of a bank failure, the Organization's bank deposits, whose balances exceed the insurance coverage guaranteed by the Federal Deposit Insurance Corporation (FDIC) may not be returned to it. From time to time, the balances in these accounts may exceed the federally insured limits. The Organization has not incurred losses related to these deposits and management believes it is not exposed to any significant custodial credit risk on cash. As of the end of the year, the sum of all cash deposits were in excess of the federally insured limits.

The carrying values of the Organization's financial instruments approximate their fair values as of August 31, 2023.

#### Donated Material and Services

SAAFE House receives a substantial amount of services donated by volunteers in carrying out the Organization's programs. Volunteers maintain timesheets as records of donated hours for grant match purposes, using rates from \$11.50 - \$18.00 per hour, depending on the type of service provided. During the year ended August 31, 2023, the following hours were worked by volunteers:

Type of Service	Hours Worked
Direct Client Service Hours (including training)	680
Program Support	1,718
Fundraising	253
Board Meetings	277
Resale Shop	4,133
<b>Total Volunteer Hours</b>	<b>7,061</b>

In accordance with ASC 958-605, Accounting for Contributions Received and Contributions Made, contributed services are only recognized as contribution revenue if the volunteers possess specialized skills and the volunteer services would typically need to be purchased if not provided by donation. The volunteer hours did not meet the "specialized skills" test and, therefore, are not recorded as contribution revenue, but are used for grant match requirements.

Income Tax Status - SAAFE House is a not-for-profit organization that is exempt from income

# **SAAFE House**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2023**

taxes under section 501(C)(3) of the Internal Revenue Code. The Organization files a 990 annually with the IRS.

### **Inventory and Cost of Sales**

Consistent with ASC 958-605, Accounting for Contributions Received and Contributions Made, donated goods which primarily consist of used clothing, furniture, and household goods, are reported at fair value in the period received as in-kind donations. Donated items that can be used by program recipients are reported as program expenses or are transferred to the thrift store for resale to retail customers. Other items that have no value or are suitable for salvage purposes only are sold to a third-party recycler or are disposed of, but are not recorded as items received. Fair value estimates of inventory are based upon physical counts that are performed annually, and knowledge of the local market for similar merchandise. In accordance with ASC 330-10, Inventory, an entity should measure inventory at the lower of cost and net realizable value if the inventory is measured using FIFO or average cost (used by Organization). Net realizable value is the estimated selling price in the ordinary course of business. For the year ended August 31, 2023, cost of goods sold was \$246,430.

### **Functional Expenses**

The Organization presents its expenses according to their functional classification on the statement of activities. Functional expenses presented include program services, which encompass expenses related to the fulfillment of the purpose and mission for which the Organization exists, and supporting services and administration, which include all activities not considered program services. General management and fundraising activities are considered supporting services. The statement of functional expenses, presents the Organization's expenses in further detail, displaying expenses according to both functional classification and account. For the year ended August 31, 2023, management and general expenses were 20% of total expenses.

### **Advertising Costs**

The Organization expenses advertising costs as incurred. Expenses incurred for advertising for the year ending August 31, 2023 was \$2,918.

### **Fixed Assets and Depreciation**

All asset purchases are recorded at cost when purchased. Donated assets are recorded at fair market value on the date acquired. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized. Assets with a life of over one year and a cost of over \$5,000 are capitalized and depreciated.

# SAAFE House

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

Depreciation has been calculated on the asset's estimated useful life for each class of depreciable property using the straight-line method as follows:

Buildings & structures	30 - 40 years
Capital improvements	10-15 years
Vehicles & equipment	3 - 10 years

### Income Taxes

The Organization applied for and received a tax determination letter from the Internal Revenue Service, which exempted the Organization from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's federal tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Support and donations received are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization not organized for profit but operated exclusively for the promotion of the social welfare of the individuals served and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

The Organization did not conduct unrelated business activities and is not required to pay income taxes. As such, no provision has been made for federal income taxes in the accompanying financial statements.

### NOTE 2 – CASH AND CASH EQUIVALENTS

For the year ending August 31, 2023, all of the Organization's deposits were cash held in bank demand deposit checking or savings accounts or highly liquid cash investments, all of which are subject to custodial credit risk.

### NOTE 3 – INVESTMENTS

The fair value of investments held in mutual funds at Edward Jones totaled \$26,226 at August 31, 2023.

### NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

There was \$44,556 of net assets released from donor restrictions during the year ended August 31, 2023, by incurring expenses to satisfy the purpose of the restriction, by the passage of time, or by the occurrence of other specific events. There was no balance of net assets with donor restrictions as of August 31, 2023.

**SAAFE House**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

**NOTE 5 – INVENTORY**

At December 31, 2023, inventory for the resale shop consisted of donated merchandise and is valued at \$753,599. Inventory donated at the Organization’s resale shop is valued at the fair value when received and carried at the lower of cost (fair value) or market (FIFO). Cost of sales is determined based on a 0% markup, which approximates the fair value of the inventory sold.

A summary of the change in inventory is provided below:

<b>Inventory at Fair Value</b>	<b>Amount</b>
Beginning inventory, at September 1, 2022	\$ 17,846
In-kind donations, at estimated fair value	247,236
Cost of goods sold, at estimated fair value	<u>(246,430)</u>
Ending inventory, at August 31, 2023	\$ 18,652

**NOTE 6 – FIXED ASSETS**

A detail of the Organization’s fixed assets costs and related accumulated depreciation expense as of August 31, 2023, is as follows:

Land		\$ 93,600
	<b>Total Non-Depreciable</b>	<u>\$ 93,600</u>
Buildings		\$ 617,556
Equipment		74,507
Improvements		<u>136,044</u>
	<b>Total Depreciable Fixed Assets</b>	\$ 828,107
Accumulated Depreciation/Amortization		<u>(426,785)</u>
	<b>Net Depreciable Fixed Assets</b>	<u>\$ 401,322</u>

For the year ended August 31, 2023, total depreciation expense was \$22,734.



**SAAFE House**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

**NOTE 7 – NOTES PAYABLE**

The Organization entered into notes payable agreements to provide financing to purchase capital assets to support its various programs.

At August 31, 2023, the Organization’s long term debt obligations consisted of the following:

Note payable to Prosperity Bank for the purchase of an office building. Initial \$ 256,297 balance of \$570,000. Monthly payments of \$3,191 include interest of 8.25%. The note matures September 2031.

COVID-19 Economic Disaster Loan with SBA. Initial balance of \$150,000, monthly 147,095 payments ranging up to \$1,500 including interest of 2.75%, through June 2050.

Total Long-term Debt Obligations	\$ 403,392
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A summary of the total debt activity for the year is listed below:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Building Note	\$ 281,226	\$ -	\$ 24,929	\$ 256,297	\$ 26,718
EID Loan	147,095	-		147,095	7,692
Total Long-term Debt	\$ 428,321	\$ -	\$ 24,929	\$ 403,392	\$ 34,410

**SAAFE House**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

Long term debt requirements at August 31, 2023 are as follows:

Year Ending	Notes Payable		
	Principal	Interest	Total
2024	\$ 34,410	\$ 15,570	\$ 49,980
2025	31,917	14,064	45,981
2026	33,386	12,596	45,982
2027	34,923	11,058	45,981
2028	36,534	9,448	45,982
2029	38,220	7,762	45,982
2030-2034	98,889	18,541	117,430
2035-2039	27,146	11,314	38,460
2040-2044	31,142	7,318	38,460
2045-2049	36,825	2,714	39,539
Total	\$ 403,392	\$ 110,385	\$ 513,777

**NOTE 8 – COMPENSATED ABSENCES**

The following summarizes the changes in the compensated absences balances of the Organization.

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Compensated Absences	\$ 3,418	\$ 5,834	\$ -	\$ 9,252	\$ 8,327
Total Compensated Absences	\$ 3,418	\$ 5,834	\$ -	\$ 9,252	\$ 8,327

**NOTE 9 – RISK MANAGEMENT**

The Organization uses a number of approaches to decrease risks and protect against losses to the Organization, including internal practices, employee training, and a code of ethics, which all employees are required to acknowledge.

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; personal injury and death; and natural disasters for which the Organization purchases commercial insurance. The Organization has no additional risk or responsibility outside of the payment of insurance premiums. The Organization has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past several years.

# **SAAFE House**

## ***NOTES TO THE FINANCIAL STATEMENTS***

**For the Year Ended December 31, 2023**

The Organization owns and operates motor vehicles and may provide such vehicles to certain employees for business use during the course and scope of their employment. The Organization is insured as to its own property losses, and the liability of loss to others.

### **NOTE 10 – CONTINGENT LIABILITIES**

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Organization receives contributions with donor-imposed restrictions as to use. In the opinion of Organization's management, there are no significant contingent liabilities relating to noncompliance with the restrictions governing these contributions; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

The Organization participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs may be subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization had not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of Organization's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

### **NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

**SAAFE House**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

	2023
Financial assets, at year-end:	
Cash and cash equivalents	\$ 167,142
Accounts receivable	185,267
for general expenditures within one year	\$ 352,409

**NOTE 12 – CONCENTRATIONS RISK**

The majority of SAAFE House’s support and revenue comes from the Texas Department of Health and Human Services, and the Office of the Governor through state grants, and pass-through grants. The Organization did not receive any individual contributions exceeding 10% or more of total contributions.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Subsequent events were evaluated through August 14, 2024, the date the financial statements were available to be issued.

On October 20, 2023, SAAFE House entered into a promissory note agreement for the principal sum of \$80,000, bearing an interest rate of 0% and a maturity date of November 30, 2025.

No other subsequent events were identified that required adjustments or disclosure in the financial statements.