

FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION

SAFESPACE, INC.

June 30, 2014 and 2013

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March 17, 2015

To the Board of Directors
SafeSpace, Inc.
Stuart, Florida

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of SafeSpace, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, 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.

Auditor's 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Florida Single Audit Act. Those standards and the Florida Single Audit Act 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 SafeSpace, Inc. as of June 30, 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, 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 have also issued our report dated March 17, 2015, on our consideration of SafeSpace, 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 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 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 SafeSpace, Inc.'s internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of SafeSpace, Inc. as of June 30, 2013, were audited by other auditors whose report dated January 7, 2014, expressed an unmodified opinion on those statements.

Hill, Barth & King LLC

Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

SAFESPACE, INC.

June 30, 2014

<u>ASSETS</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 219,624	64,843	\$ 284,467
Grants receivable	78,490	0	78,490
Current portion of pledges receivable - NOTE E	19,286	5,000	24,286
Prepaid expenses	34,592	0	34,592
TOTAL CURRENT ASSETS	351,992	69,843	421,835
<u>PROPERTY AND EQUIPMENT - NOTE F</u>	2,916,739	0	2,916,739
<u>OTHER ASSETS</u>			
Investments - NOTE D	34,555	265,000	299,555
Pledges receivable - NOTE E	114,536	59,812	174,348
Security deposits	3,870	0	3,870
TOTAL OTHER ASSETS	152,961	324,812	477,773
	\$ 3,421,692	\$ 394,655	\$ 3,816,347
 <u>LIABILITIES AND NET ASSETS</u> 			
<u>CURRENT LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 205,973	\$ 0	\$ 205,973
Current portion of long-term debt - NOTE G	5,094	0	5,094
TOTAL CURRENT LIABILITIES	211,067	0	211,067
<u>LONG-TERM DEBT - NOTE G</u>	55,292	0	55,292
<u>NET ASSETS</u>			
Unrestricted	3,155,333	0	3,155,333
Temporarily restricted	0	394,655	394,655
TOTAL NET ASSETS	3,155,333	394,655	3,549,988
	\$ 3,421,692	\$ 394,655	\$ 3,816,347

See accompanying notes to financial statements

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SAFESPACE, INC.

June 30, 2013

<u>ASSETS</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>Total</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 26,411	\$ 405,294	\$ 431,705
Grants receivable	56,076	0	56,076
Current portion of pledges receivable - NOTE E	0	5,000	5,000
Prepaid expenses	26,544	0	26,544
TOTAL CURRENT ASSETS	<u>109,031</u>	<u>410,294</u>	<u>519,325</u>
<u>PROPERTY AND EQUIPMENT - NOTE F</u>	2,458,017	0	2,458,017
<u>OTHER ASSETS</u>			
Investments - NOTE D	260,332	0	260,332
Pledges receivable - NOTE E	0	61,615	61,615
Security deposits	28,657	0	28,657
TOTAL OTHER ASSETS	<u>288,989</u>	<u>61,615</u>	<u>350,604</u>
	<u>\$ 2,856,037</u>	<u>\$ 471,909</u>	<u>\$ 3,327,946</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
<u>CURRENT LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 106,403	\$ 0	\$ 106,403
Current portion of long-term debt - NOTE G	4,795	0	4,795
TOTAL CURRENT LIABILITIES	<u>111,198</u>	<u>0</u>	<u>111,198</u>
<u>LONG-TERM DEBT - NOTE G</u>	60,011	0	60,011
<u>NET ASSETS</u>			
Unrestricted	2,684,828	0	2,684,828
Temporarily restricted	0	471,909	471,909
TOTAL NET ASSETS	<u>2,684,828</u>	<u>471,909</u>	<u>3,156,737</u>
	<u>\$ 2,856,037</u>	<u>\$ 471,909</u>	<u>\$ 3,327,946</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

SAFESPACE, INC.

Year ended June 30, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT AND REVENUES</u>			
Contributions	\$ 347,014	\$ 65,287	\$ 412,301
Federal and State grants	1,095,281	0	1,095,281
Community grants	99,318	20,822	120,140
United Way	139,000	0	139,000
Events	291,911	0	291,911
Thrift Shoppe income	209,975	0	209,975
Investment income	17,168	0	17,168
Other income	6,559	0	6,559
Net gains on investments	10,688	0	10,688
Loss on sale of fixed asset	(10,519)	0	(10,519)
Net assets released from restrictions	163,363	(163,363)	0
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,369,758</u>	<u>(77,254)</u>	<u>2,292,504</u>
<u>EXPENSES</u>			
Program services:			
Shelters	907,067	0	907,067
Outreach and Advocacy	429,383	0	429,383
Supportive Living	43,420	0	43,420
TOTAL PROGRAM SERVICES	<u>1,379,870</u>	<u>0</u>	<u>1,379,870</u>
Supporting services:			
Management and general	52,211	0	52,211
Thrift Shoppe	286,229	0	286,229
Fundraising	180,943	0	180,943
TOTAL SUPPORTING SERVICES	<u>519,383</u>	<u>0</u>	<u>519,383</u>
TOTAL EXPENSES	<u>1,899,253</u>	<u>0</u>	<u>1,899,253</u>
INCREASE (DECREASE) IN NET ASSETS	470,505	(77,254)	393,251
<u>NET ASSETS</u>			
Beginning of year	2,684,828	471,909	3,156,737
End of year	<u>\$ 3,155,333</u>	<u>\$ 394,655</u>	<u>\$ 3,549,988</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

SAFESPACE, INC.

Year ended June 30, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT AND REVENUE</u>			
Contributions	\$ 136,148	\$ 161,956	\$ 298,104
Federal and State grants	654,634	0	654,634
Community grants	159,075	0	159,075
United Way	140,000	0	140,000
Events	287,517	0	287,517
Thrift Shoppe income	116,281	0	116,281
Investment income	15,899	0	15,899
Other income	2,601	0	2,601
Net losses on investments	(2,947)	0	(2,947)
Net assets released from restrictions	11,875	(11,875)	0
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,521,083</u>	<u>150,081</u>	<u>1,671,164</u>
<u>EXPENSES</u>			
Program services:			
Shelters	801,343	0	801,343
Outreach and Advocacy	377,030	0	377,030
TOTAL PROGRAM SERVICES	<u>1,178,373</u>	<u>0</u>	<u>1,178,373</u>
Supporting services:			
Management and general	49,202	0	49,202
Thrift Shoppe	133,698	0	133,698
Fundraising	179,882	0	179,882
TOTAL SUPPORTING SERVICES	<u>362,782</u>	<u>0</u>	<u>362,782</u>
TOTAL EXPENSES	<u>1,541,155</u>	<u>0</u>	<u>1,541,155</u>
INCREASE (DECREASE) IN NET ASSETS	(20,072)	150,081	130,009
<u>NET ASSETS</u>			
Beginning of year	2,704,900	321,828	3,026,728
End of year	<u>\$ 2,684,828</u>	<u>\$ 471,909</u>	<u>\$ 3,156,737</u>

See accompanying notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES

SAFESPACE, INC.

Year ended June 30, 2014

	Program Services				Supporting Services				Total Expenses
	Shelters	Outreach and Advocacy	Supportive Living	Total Program Services	Management and General	Thrift Shoppe	Fund - Raising	Total Supporting Services	
Leased employee expense	\$ 475,818	\$ 298,727	\$ 7,316	\$ 781,861	\$ 32,064	\$ 112,651	\$ 67,971	\$ 212,686	\$ 994,547
Other related costs and benefits	77,413	51,542	710	129,665	4,796	17,144	11,032	32,972	162,637
TOTAL LEASED EMPLOYEES	553,231	350,269	8,026	911,526	36,860	129,795	79,003	245,658	1,157,184
Advertising	60,128	15,718	2,281	78,127	947	10,149	652	11,748	89,875
Bank charges	0	0	0	0	647	3,793	593	5,033	5,033
Board expense	0	0	0	0	4,085	0	68	4,153	4,153
Client assistance	15,815	35	0	15,850	0	0	0	0	15,850
Depreciation	69,370	1,301	16,516	87,187	38	7,957	758	8,753	95,940
Dues and fees	3,904	1,832	72	5,808	577	782	712	2,071	7,879
Employee recognition	143	58	0	201	449	18	32	499	700
Equipment	6,143	3,435	748	10,326	82	1,220	147	1,449	11,775
Fundraising expense	0	0	0	0	0	0	76,762	76,762	76,762
Insurance	19,735	7,948	3,318	31,001	1,308	5,999	1,682	8,989	39,990
Office expenses	54,181	8,199	934	63,314	1,401	10,651	7,297	19,349	82,663
Postage and printing	1,620	918	95	2,633	58	84	1,184	1,326	3,959
Professional services	12,205	11,443	238	23,886	1,195	2,921	3,435	7,551	31,437
Rent expense	16,376	4,140	916	21,432	479	80,886	965	82,330	103,762
Repairs and maintenance	33,171	4,880	4,159	42,210	984	7,620	1,841	10,445	52,655
Telephone	15,055	5,767	976	21,798	249	2,385	660	3,294	25,092
Training	1,708	2,385	0	4,093	415	551	1,013	1,979	6,072
Travel	6,415	9,277	671	16,363	413	4,011	3,803	8,227	24,590
Utilities	37,575	1,716	4,470	43,761	118	16,757	237	17,112	60,873
Volunteer expense	292	62	0	354	1,906	650	99	2,655	3,009
TOTAL EXPENSES	\$ 907,067	\$ 429,383	\$ 43,420	\$ 1,379,870	\$ 52,211	\$ 286,229	\$ 180,943	\$ 519,383	\$ 1,899,253

See accompanying notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

SAFESPACE, INC.

Year ended June 30, 2013

	Program Services			Supporting Services				Total Expenses
	Shelters	Outreach and Advocacy	Total Program Services	Management and General	Thrift Shoppe	Fund - Raising	Total Supporting Services	
Leased employee expense	\$ 435,088	\$ 247,574	\$ 682,662	\$ 34,539	\$ 56,379	\$ 76,381	\$ 167,299	\$ 849,961
Other related costs and benefits	70,793	44,733	115,526	4,632	9,821	13,384	27,837	143,363
TOTAL LEASED EMPLOYEES	505,881	292,307	798,188	39,171	66,200	89,765	195,136	993,324
Advertising	14,028	9,265	23,293	26	1,629	24	1,679	24,972
Bank charges	0	0	0	295	2,499	766	3,560	3,560
Board expense	0	0	0	1,836	0	17	1,853	1,853
Client assistance	11,460	69	11,529	0	0	0	0	11,529
Depreciation	80,063	1,747	81,810	99	5,818	715	6,632	88,442
Dues and fees	3,689	1,536	5,225	360	664	912	1,936	7,161
Employee recognition	476	100	576	359	0	0	359	935
Equipment	5,935	3,651	9,586	88	3	195	286	9,872
Fundraising expense	0	0	0	0	0	72,130	72,130	72,130
Insurance	18,016	10,709	28,725	1,454	4,413	2,189	8,056	36,781
Office expenses	19,684	7,225	26,909	375	1,071	1,857	3,303	30,212
Postage and printing	1,851	1,093	2,944	133	0	154	287	3,231
Professional services	12,591	8,395	20,986	1,058	1,369	2,098	4,525	25,511
Rent expense	16,602	4,558	21,160	606	36,361	1,348	38,315	59,475
Repairs and maintenance	45,260	4,445	49,705	785	727	2,801	4,313	54,018
Telephone	15,480	10,411	25,891	906	1,611	1,936	4,453	30,344
Training	2,130	6,749	8,879	435	195	278	908	9,787
Travel	7,961	9,006	16,967	270	2,742	2,040	5,052	22,019
Utilities	39,513	5,506	45,019	200	8,387	390	8,977	53,996
Volunteer expense	723	258	981	746	9	267	1,022	2,003
TOTAL EXPENSES	\$ 801,343	\$ 377,030	\$ 1,178,373	\$ 49,202	\$ 133,698	\$ 179,882	\$ 362,782	\$ 1,541,155

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

SAFESPACE, INC.

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Changes in net assets	\$ 393,251	\$ 130,009
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	95,940	88,442
Loss on disposal of fixed assets	10,519	0
Unrealized/realized (gain) loss on investments	(10,688)	2,947
(Increase) decrease in assets:		
Grants receivable	(22,414)	3,147
Pledges receivable, net of discounts	(132,019)	3,271
Prepaid expenses	(8,048)	6,995
Security deposits	24,787	(18,451)
Increase in liabilities:		
Accounts payable and accrued expenses	99,570	17,281
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>450,898</u>	<u>233,641</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property and equipment	(565,181)	(41,477)
Purchase of investments	(28,535)	(20,864)
NET CASH USED IN INVESTING ACTIVITIES	<u>(593,716)</u>	<u>(62,341)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on mortgage payable	(4,420)	(4,926)
NET CASH USED IN FINANCING ACTIVITIES	<u>(4,420)</u>	<u>(4,926)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,238)	166,374
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	431,705	265,331
End of year	<u>\$ 284,467</u>	<u>\$ 431,705</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
Cash paid for interest	<u>\$ 3,701</u>	<u>\$ 3,974</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE A - NATURE OF ORGANIZATION AND PURPOSE

Organization and Purpose:

SafeSpace, Inc. (the "Organization") is a nonprofit organization formed in July 1979, to provide shelter to the victims of domestic violence and their children throughout Indian River, St. Lucie and Martin Counties. The Organization's primary funding sources are donor contributions, government and United Way grants, and private foundations. SafeSpace, Inc. provides the following services:

- 24 hour Confidential Phone Line to provide crisis counseling.
- Shelter – provide safe haven, food, clothing, and counseling for women and children.
- Individual counseling.
- Aware Program Educational group counseling.
- Support Groups for victims of domestic violence.
- Outreach Services for those not in shelters.
- Children's Program counseling, domestic violence education, therapeutic groups, parenting classes.
- Legal Assistance and Referrals.
- Transportation is provided by Organization staff. In crisis situations, transportation by law enforcement personnel may be recommended for safety.
- Domestic Violence Intervention Program – A volunteer/court ordered group for individuals who batter.
- Training- provides training on domestic violence to legal/law enforcement agencies, medical staff, social services and volunteers.
- Long-term Supportive Housing Program.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted assets, temporarily restricted net assets and permanently restricted net assets and reports all changes in net assets in the statement of activities. The Organization does not have any donor-imposed permanently restricted net assets.

Income Taxes:

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization assesses uncertain tax positions in accordance with FASB ASC 740 and has determined that all income tax filing positions would be sustained upon examination and, accordingly, has not recorded any reserves or related accruals for interest and penalties at June 30, 2014 and 2013 for uncertain income tax positions.

The Organization files an information return in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities prior to fiscal year 2011.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents:

Cash and cash equivalents include cash and investments that are readily convertible into cash and have original maturities of three months or less.

Pledges Receivable:

Pledges receivable that are expected to be collected in one year are recorded at their net realizable value. Amounts expected to be collected in future years are discounted to the present value of their estimated future cash flows.

Allowance for Doubtful Accounts:

The Organization utilizes the specific write off method of estimating the allowance for doubtful accounts since the Organization's receivables are from contracts with government or other organizations and have historically been fully collectable. There is no allowance for doubtful accounts as of June 30, 2014 and 2013.

Property and Equipment:

Property and equipment acquisitions greater than \$1,000 are capitalized, and are stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the asset, which ranges from 5-40 years.

Expense Allocation:

The costs of various programs have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using the full-time equivalent method.

Advertising Costs:

The Organization expenses advertising costs as incurred. Cost incurred for soliciting contributions and for promotional materials is recorded as fundraising expenses.

Donated Materials and Contributed Services:

Donated materials are recorded at their fair value to the Organization at the time of receipt. Contributed services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributed services that do not require specialized skills are not recorded in the financial statements.

Revenue Recognition:

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution or grant is received, the Organization reports the support as unrestricted.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Reclassifications:

The financial statements for 2013 have been reclassified to conform with the presentation for 2014. Such reclassifications had no effect on changes in net assets.

Subsequent Events:

Management evaluated all activity of the Organization through March 17, 2015, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE C - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentration of credit risks include cash and cash equivalents in financial institutions, which may exceed FDIC insurance limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents. As of June 30, 2014 and 2013, the Organization had pledges receivable from two donors totaling \$198,634 and one donor totaling \$66,615 which comprises 100% of pledges receivable, respectively.

NOTE D - INVESTMENTS

Long-term investment, carried at fair value based on quoted prices in active markets, consist of the following as of June 30:

	<u>2014</u>		<u>2013</u>	
	<u>FAIR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u>	<u>COST</u>
Equities – income fund class C	\$ 34,451	\$ 32,645	\$ 31,405	\$ 30,785
Equities – high income fund class C	37,318	32,256	30,742	30,702
Mutual funds	27,093	25,119	0	0
Municipal bonds	110,693	109,217	108,185	109,217
Real estate investment trust	90,000	90,000	90,000	90,000
	<u>\$ 299,555</u>	<u>\$ 289,238</u>	<u>\$ 260,332</u>	<u>\$ 260,704</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE D - INVESTMENTS (CONTINUED)

The net investment income includes net earnings and net realized and unrealized gains and losses, and is as follows:

	<u>2014</u>	<u>2013</u>
Investment income:		
Investment earnings	\$ 17,168	\$ 15,899
Net unrealized gains (losses)	<u>10,688</u>	<u>(2,947)</u>
TOTAL INVESTMENT INCOME	<u>\$ 27,856</u>	<u>\$ 12,952</u>

NOTE E - PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Pledges receivable at face value	\$ 200,500	\$ 67,500
Present value discount ranging from 0.22% to 0.5%	<u>(1,866)</u>	<u>(885)</u>
TOTAL PLEDGES RECEIVABLE	<u>\$ 198,634</u>	<u>\$ 66,615</u>

Pledges receivable net of discount, are due as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 24,286	\$ 5,000
One to five years	<u>174,348</u>	<u>61,615</u>
TOTAL NET OF DISCOUNT	<u>\$ 198,634</u>	<u>\$ 66,615</u>

NOTE F - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30:

	<u>2014</u>	<u>2013</u>
Building	\$ 3,222,271	\$ 2,747,264
Furniture and equipment	378,420	301,885
Leasehold improvements	47,044	21,350
Software	36,773	36,773
Vehicles	<u>62,800</u>	<u>62,800</u>
	3,747,308	3,170,072
Accumulated depreciation	<u>(899,403)</u>	<u>(805,805)</u>
Net depreciable assets	2,847,905	2,364,267
Land	64,000	64,000
Construction in progress	<u>4,834</u>	<u>29,750</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 2,916,739</u>	<u>\$ 2,458,017</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE F - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$95,940 and \$88,442 at June 30, 2014 and 2013, respectively.

The Organization insures the shelter facilities for various casualties including wind/hurricanes. The Organization's insurance policy for named storms has a deductible of \$34,500 and \$30,000 for the Martin County and Vero Beach shelters, respectively. These amounts represent 3% of the insured value of the buildings. Some aspect of the Organization has sufficient funds available to cover the deductible in the event of a major storm.

NOTE G - LONG-TERM DEBT

To finance the Martin County shelter building, the Organization borrowed \$100,000 from a financial institution in September 2003. The loan is a 20-year mortgage note, payable in monthly installments totaling \$709, including principal and interest at 5.875%. As of June 30, 2014 and 2013, interest expense totaled \$3,701 and \$3,974, respectively. The note matures in September 2023.

Principal due on long-term debt for each of the five years following June 30, 2014 and thereafter is as follows:

2015	\$ 5,094
2016	5,391
2017	5,717
2018	6,062
2019	6,428
Thereafter	<u>31,694</u>
	<u>\$ 60,386</u>

NOTE H - GRANTS

The Organization received a substantial portion of its support from the State of Florida and the Federal Government, whose grant agreements are renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can only be recognized when eligible expenses are incurred. All required matches were met for these contracts. Revenue recorded from these grants sources for June 30, 2014 and 2013 are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE H - GRANTS (CONTINUED)

	<u>2014</u>	<u>2013</u>
U.S. Department of Children and Families:		
Fixed Capital Outlay for Domestic Violence		
Capital Improvement Grant Program	\$ 363,960	\$ 0
Florida Coalition Against Domestic Violence:		
Temporary Assistance to Needy Families Program	175,319	172,566
Family Violence Prevention and Services Program	70,600	63,010
Domestic Violence Trust Funds	79,746	73,657
Domestic Violence Trust Funds-Primary Prevention	20,000	20,000
Violence Against Women's Act	90,000	101,436
Rural Services	35,319	39,246
Florida Coalition Against Domestic Violence	165,642	88,509
State Funds Fees	0	738
State of Florida General Revenue	520	2,450
U.S. Department of Justice Victim of Crimes	88,099	84,656
Federal Emergency Management Agency (FEMA)		
Emergency Food and Shelter Program	6,076	8,366
TOTAL GRANTS	<u>\$ 1,095,281</u>	<u>\$ 654,634</u>

NOTE I - TEMPORARILY RESTRICTED NET ASSETS AND ASSETS RELEASED FROM RESTRICTION

Temporarily restricted net assets as of June 30 are as follows:

	<u>2014</u>	<u>2013</u>
Capital campaign pledges purpose and time restrictions	\$ 0	\$ 159,043
Use time restriction	200,913	200,913
Pledge time restriction	65,500	67,500
Education Fund	65,000	0
Reserve for shelters	39,198	39,199
Network system	2,166	0
Quail Valley Charities	7,072	0
John's Island Community Service League	8,310	0
Martin shelter appliances	0	1,106
Grand Harbor	2,742	0
Other	3,754	4,148
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 394,655</u>	<u>\$ 471,909</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE I - TEMPORARILY RESTRICTED NET ASSETS AND ASSETS RELEASED FROM RESTRICTION (CONTINUED)

During the years ended June 30, 2014 and 2013, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

	<u>2014</u>	<u>2013</u>
Capital campaign	\$ 159,043	\$ 0
Pledge time restriction	2,000	0
Reserve for shelters	0	3,500
Vero shelter gate	0	6,250
Martin shelter appliances	1,106	1,792
Other	<u>1,214</u>	<u>333</u>
TOTAL RELEASED ASSETS	<u>\$ 163,363</u>	<u>\$ 11,875</u>

NOTE J - CONTRIBUTED GOODS AND SERVICES

The Organization has received numerous donations of food, clothing and supplies during the year. The value of such donated materials has not been reflected in these statements, since no objective basis of measurement of valuation is available.

The Organization received contributed services amounting to 10,120 and 10,679 volunteer hours for the years ended June 30, 2014 and 2013, respectively. These volunteers provided help with the thrift shop, organizing fundraising events, and other services related to each of its programs. These volunteer services are not considered specialized skills, and, therefore are not recognized as revenue in the accompanying financial statements. The estimated value of volunteer services for the years ended June 30, 2014 and 2013 is \$115,147 and \$137,505, respectively.

NOTE K - LEASED FACILITIES

The Organization leased its office and two thrift shops under three operating leases during the year ended June 30, 2014. The office lease extended through September 30, 2015, and the Martin County Thrift Store was closed and the lease ended in May 2014. On September 19, 2013, the Organization signed a new operating lease for an additional thrift store located in St. Lucie County. The new lease requires monthly rental payments of \$4,000, beginning October 1, 2013 through September 30, 2016. The fiscal year minimum future rental payments under these leases are as follows:

2015	\$ 70,896
2016	59,968
2017	<u>13,995</u>
	<u>\$ 144,859</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE L - RELATED PARTY TRANSACTIONS

The Organization rents space for a thrift shoppe and utilizes the services of an insurance agency, whose named owners or employees are members of the Organization's Board of Directors. Payments for the years ended June 30, 2014 and 2013 totaled \$73,368 and \$23,159, respectively.

NOTE M - EVENTS

The Organization holds events that directly support the primary purpose of the Organization or are also fundraising activities for the Organization.

Events held in fiscal year ended June 30, 2014:

<u>Events</u>	<u>Gross Receipts</u>	<u>Direct Expenses</u>	<u>Net Income</u>
Walk A Mile in Her Shoes	\$ 51,985	\$ 8,792	\$ 43,193
Every Women is My Sister	87,718	27,824	59,894
Year-End Mailing	58,070	19,982	38,088
Harbor Ridge Event	94,138	21,008	73,130
	<u>\$ 291,911</u>	<u>\$ 77,606</u>	<u>\$ 214,305</u>

Events held in fiscal year ended June 30, 2013:

<u>Events</u>	<u>Gross Receipts</u>	<u>Direct Expenses</u>	<u>Net Income</u>
Walk A Mile in Her Shoes	\$ 49,515	\$ 12,965	\$ 36,550
Every Women is My Sister	82,262	20,624	61,638
Year-End Mailing	77,330	19,236	58,094
Harbor Ridge Event	78,410	19,479	58,931
	<u>\$ 287,517</u>	<u>\$ 72,304</u>	<u>\$ 215,213</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE N - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a 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 measurements) 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 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, certificate of deposits, current portion of pledge receivable, grants receivable, accounts payable. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Long-term unconditional promises to give. The fair value promises to give that are due in more than one year is estimated by discounting expected future cash flows using a .5% rate of return.

The following table presents the Organization's assets measured at fair value on a recurring basis at June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities – income fund class C	\$ 34,451	\$ 0	\$ 0	\$ 34,451
Equities – high income fund class C	37,318	0	0	37,318
Mutual funds	27,093	0	0	27,093
Municipal bonds	0	110,693	0	110,693
Real estate investment trust	0	90,000	0	90,000
Long-term pledges receivable	0	0	174,348	174,348
Totals	<u>\$ 98,862</u>	<u>\$ 200,693</u>	<u>\$ 174,348</u>	<u>\$ 473,903</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SAFESPACE, INC.

June 30, 2014 and 2013

NOTE N - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Organization's assets measured at fair value on a recurring basis at June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities – income fund class C	\$ 31,405	\$ 0	\$ 0	\$ 31,405
Equities – high income fund class C	30,742	0	0	30,742
Municipal bonds	0	108,185	0	108,185
Real estate investment trust	0	90,000	0	90,000
Long-term pledges receivable	0	0	61,615	61,615
Totals	<u>\$ 62,147</u>	<u>\$ 198,185</u>	<u>\$ 61,615</u>	<u>\$ 321,947</u>

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, due to the level of risks associated with these instruments, it is reasonably possible that changes in the values of these instruments will occur in the near term, and such changes could materially affect the amounts reported in the statements of activities and changes in net assets.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

SAFESPACE, INC.

Year ended June 30, 2014

Federal/State Grantor/ Federal Program/State Project	Passthrough Entity	CFDA Number	Contract/ Grant No.	Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Temporary Assistance for Needy Families	Florida Coalition Against Domestic Violence	93.558	14-2221	<u>\$ 175,319</u>
Family Violence Prevention and Services/ Battered Women's Shelters Grants to States and Indian Tribes	Florida Coalition Against Domestic Violence	93.671	14-2221	66,675
Family Violence Prevention and Services/ Battered Women's Shelters Grants to States and Indian Tribes	Florida Coalition Against Domestic Violence	93.671	14-2221	16,669
Family Violence Prevention and Services/ Battered Women's Shelters Grants to States and Indian Tribes - Basic Needs Project		93.671	2013-2014	3,925
Family Violence Prevention and Services/ Battered Women's Shelters Grants to States and Indian Tribes - Basic Needs Project - State Match		93.671	2013-2014	981
				<u>88,250</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Stop Violence Formula Grant Program	Florida Coalition Against Domestic Violence	16.588	14-2221-VAWA	90,000
Stop Violence Against Women Formula Grant Program	Florida Coalition Against Domestic Violence	16.588	14-2221-RURAL	35,000
Stop Violence Formula Grant Program Basic Needs Project		16.588	2013-2014	319
				<u>125,319</u>
Crime Victim Assistance	State of Florida Department of Legal Affairs/Office of Attorney General	16.575	V13040	64,091
Crime Victim Assistance	State of Florida Department of Legal Affairs/Office of Attorney General	16.575	V12040	24,008
				<u>88,099</u>
				<u>476,987</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)

SAFESPACE, INC.

Year ended June 30, 2014

Federal/State Grantor/Federal Program/ State Project/State Agency Name	Passthrough Entity	CFDA/ CSFA Number	Contract/ Grant No.	Expenditures
EXPENDITURES OF FEDERAL AWARDS, BROUGHT FORWARD				\$ 476,987
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Emergency Food and Shelter National Board Program		97.024	171000-003	5,000
Emergency Food and Shelter National Board Program		97.024	167000-006	4,086
Emergency Food and Shelter National Board Program		97.024	2013-2014	1,988
				<u>11,074</u>
EXPENDITURES OF FEDERAL AWARDS				<u>488,061</u>
<u>STATE OF FLORIDA, DEPARTMENT OF STATE, DEPARTMENT OF CHILDREN AND FAMILIES</u>				
Fixed Capital Outlay for Domestic Violence Capital Improvement Grant Program			14161500	<u>363,960</u>
General Revenue	Florida Coalition Against Domestic Violence		14-2221-DVS	165,642
Domestic Violence Trust Fund	Florida Coalition Against Domestic Violence		14-2221-DVS	77,841
				<u>243,483</u>
Domestic Violence Trust Fund - Basic Needs Project			2013-2014	5,236
General Revenue - Basic Needs Project			2013-2014	520
				<u>5,756</u>
EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u>613,199</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				<u>\$ 1,101,260</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

SAFESPACE, INC.

Year ended June 30, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the program activity of SafeSpace, Inc. under programs of the Federal Government and the State of Florida for the year ended June 30, 2014. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133 Compliance Supplement and Chapter 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, and the Schedule of Expenditures of State Financial Assistance.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported in accordance with accounting principles generally accepted in the United States of America. The Schedule includes transactions that might be included using the accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

March 17, 2015

To the Board of Directors
SafeSpace, Inc.
Stuart, Florida

Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the 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, the financial statements of SafeSpace, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SafeSpace, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SafeSpace, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 2014-01 and 2014-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SafeSpace, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of SafeSpace, Inc. in a separate letter dated March 17, 2015.

The Organization's Responses to Findings

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hill, Barth & King LLC

Certified Public Accountants

March 17, 2015

To the Board of Directors
SafeSpace, Inc.
Stuart, Florida

Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida

Report on Compliance for Each Major Federal and State Program

We have audited SafeSpace, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and Florida Single Audit Act Compliance Supplement that could have a direct and material effect on each of SafeSpace, Inc.'s major federal and state programs for the year ended June 30, 2014. SafeSpace, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the SafeSpace, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General, State of Florida. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about SafeSpace, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of SafeSpace, Inc.'s compliance.

Opinion on Each Major Federal and State Program

In our opinion, SafeSpace, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of SafeSpace, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SafeSpace, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SafeSpace, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida. Accordingly, this report is not suitable for any other purpose.

Hill, Barth & King LLC

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAFESPACE, INC.

Year ended June 30, 2014

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Were there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal or state programs?	No
Were there any other significant deficiencies in internal control reported for major federal or state projects?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there reportable findings under Section .510(a) of OMB Circular A-133 or Rule 10.656?	No
Major Programs (list:)	Fixed Capital Outlay for Domestic Violence Capital Improvement Grant Program Contract No. 14161500 General Revenue and Domestic Violence Trust Fund Contract No. 14-2221-DVS
Low Risk Auditee?	No
Dollar Threshold: Type A/B Projects	\$183,960

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAFESPACE, INC.

Year ended June 30, 2014

SECTION 2 - FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

MATERIAL WEAKNESSES

1. Finding 2014-01 Review of Manual Journal Entries

Condition: Manual journal entries created by the Director of Finance and Administration are not being reviewed by another individual.

Criteria: All manual journal entries should be reviewed by a qualified individual.

Effect: Errors or fraud can occur undetected.

Cause: Lack of sufficient personnel to review these entries.

Recommendation: We recommend that another individual be trained to perform these entries so that the Director of Finance and Administration can be the reviewer.

Amount of Questioned Cost: None

Management Response: The auditee concurs with the auditor's finding and the Finance Assistant will review all manual journal entries prepared by the Director of Finance and Administration.

2. Finding 2014-02 Financial Statement Close

Condition: We noted a few late entries to prepare the trial balance for the financial statements that were not recorded until over seven months after year-end, including fixed assets, pledge discount, and in-kind volunteer hours.

Criteria: All entries should be recorded in the general ledger within a reasonable amount of time in order to provide useful financial information for management business decisions.

Effect: This situation leads to a growing backlog of transactions and journal entries that are not posted into the accounting system, which renders the accounting information less useful in making well informed business decisions and can lead to material errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to exist and continue without notice.

Cause: The health effects of the Director of Finance and Administration contributed to this delay.

Recommendation: We recommend that all adjustments be booked and all accounts reconciled within 90 days after year-end.

Amount of Questioned Cost: None

Management Response: The auditee concurs with the auditor's finding and recommendation.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAFESPACE, INC.

Year ended June 30, 2014

SECTION 3 - FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAMS
AND MAJOR STATE PROJECTS

None

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

SAFESPACE, INC.

Year ended June 30, 2014

Not applicable as the audit for the year ended June 30, 2014 was the first year SafeSpace, Inc. received a program Single Audit.