

SAVING GRACE

**FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

**For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

Jones & Roth
CPAs & Business Advisors

SAVING GRACE
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Saving Grace
Bend, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Saving Grace (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saving Grace as of June 30, 2022, and the changes in 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Saving Grace 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 opinions.

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 Saving Grace's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Saving Grace'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 Saving Grace'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.

Report on Summarized Comparative Information

We have previously audited Saving Grace's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose 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 February 8, 2023, on our consideration of Saving Grace'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 Saving Grace'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 Saving Grace's internal control over financial reporting and compliance.

Jones & Roth, P.C.

Jones & Roth, P.C.
Bend, Oregon
February 8, 2023

FINANCIAL STATEMENTS

SAVING GRACE
STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,912,955	\$ 1,635,594
Grants and contracts receivable	304,576	227,230
Unconditional promises to give, due within one year, net	14,486	24,217
Prepaid expenses	8,020	18,752
Total current assets	2,240,037	1,905,793
Property and equipment		
Property and equipment	852,925	856,836
Accumulated depreciation	(503,956)	(469,601)
Property and equipment, net	348,969	387,235
Other assets		
Unconditional promises to give, due beyond one year, net	-	3,068
Beneficial interest in assets held by OCF	110,726	121,851
Total other assets	110,726	124,919
Total assets	\$ 2,699,732	\$ 2,417,947
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 35,494	\$ 17,259
Accrued payroll and payroll taxes	52,620	46,070
Refundable advances	181,277	89,240
Accrued vacation and severance payable	37,117	30,525
Total current liabilities	306,508	183,094
Net assets		
Without donor restrictions:		
Undesignated	1,763,600	1,685,869
Board-designated	110,726	121,851
Invested in property and equipment	348,969	387,235
Total without donor restrictions	2,223,295	2,194,955
With donor restrictions	169,929	39,898
Total net assets	2,393,224	2,234,853
Total liabilities and net assets	\$ 2,699,732	\$ 2,417,947

The accompanying notes are an integral part of these statements.

SAVING GRACE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, gains, and other support				
Government and foundation grants	\$ 9,529	\$ 1,710,806	\$ 1,720,335	\$ 2,038,607
Fundraising, special events, net of direct expenses of \$38,025	83,858	-	83,858	140,710
Donations	579,516	179,076	758,592	582,988
In-kind donations	60,200	-	60,200	39,300
Training fees and miscellaneous income	548	-	548	1,616
Paycheck protection program grant revenue	-	-	-	164,940
Investment income (loss)	(4,412)	-	(4,412)	33,995
Loss on disposal of assets	(3,661)	-	(3,661)	(2,300)
	<u>725,578</u>	<u>1,889,882</u>	<u>2,615,460</u>	<u>2,999,856</u>
Release of restrictions on net assets with donor restrictions				
Satisfaction of usage restrictions	<u>1,759,851</u>	<u>(1,759,851)</u>	<u>-</u>	<u>-</u>
Expenses				
Program services	1,994,703	-	1,994,703	2,077,359
General and administrative	236,056	-	236,056	262,949
Fundraising	226,330	-	226,330	229,317
	<u>2,457,089</u>	<u>-</u>	<u>2,457,089</u>	<u>2,569,625</u>
Change in net assets	28,340	130,031	158,371	430,231
Net assets, beginning of year	<u>2,194,955</u>	<u>39,898</u>	<u>2,234,853</u>	<u>1,804,622</u>
Net assets, end of year	<u>\$ 2,223,295</u>	<u>\$ 169,929</u>	<u>\$ 2,393,224</u>	<u>\$ 2,234,853</u>

The accompanying notes are an integral part of these statements.

SAVING GRACE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022				2021 Total
	Program Services	General and Administrative	Fundraising	Total	
Functional expenses					
Salaries, taxes, and benefits	\$ 1,387,518	\$ 193,907	\$ 182,967	\$ 1,764,392	\$ 1,656,329
Occupancy	118,058	16,499	15,568	150,125	146,560
Telephone	22,107	3,090	2,915	28,112	34,942
Office expense	9,778	1,367	1,290	12,435	25,155
Travel and lodging	3,510	491	463	4,464	3,550
Depreciation	30,923	4,322	4,078	39,323	46,454
Shelter and office supplies	7,585	1,060	1,000	9,645	21,715
Professional fees	76,596	10,704	10,100	97,400	114,078
Insurance	14,193	1,984	1,872	18,049	17,126
Training	2,114	295	279	2,688	37,792
Printing	5,294	740	698	6,732	6,085
Postage	1,176	164	155	1,495	1,371
Victim assistance	305,596	-	-	305,596	401,973
Victim counseling	-	-	-	-	39,330
Grant pass-through expense	4,719	659	622	6,000	4,000
Volunteer recognition	3,534	494	466	4,494	3,115
Miscellaneous	2,002	280	264	2,546	6,055
Uncollectible pledges	-	-	3,593	3,593	3,995
Total functional expenses	<u>\$ 1,994,703</u>	<u>\$ 236,056</u>	<u>\$ 226,330</u>	<u>\$ 2,457,089</u>	<u>\$ 2,569,625</u>

The accompanying notes are an integral part of these statements.

SAVING GRACE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 158,371	\$ 430,231
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,323	46,454
Loss on disposal of assets	3,661	2,300
(Increase) decrease in operating assets:		
Grants and contracts receivable	(77,346)	51,074
Unconditional promises to give	12,799	(2,158)
Prepaid expenses	10,732	(13,208)
Increase (decrease) in operating liabilities:		
Accounts payable	18,235	(9,646)
Accrued payroll and payroll taxes	6,550	9,818
Refundable advances	92,037	(29,382)
Accrued vacation and severance payable	6,592	(5,064)
Payroll protection program advance	-	(164,940)
	<u>270,954</u>	<u>315,479</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(5,218)	(35,844)
Proceeds from sale of assets	500	-
Change in OCF assets	<u>11,125</u>	<u>(29,886)</u>
	<u>6,407</u>	<u>(65,730)</u>
Net cash provided (used) by investing activities		
Net increase in cash and cash equivalents	277,361	249,749
Cash and cash equivalents, beginning of year	<u>1,635,594</u>	<u>1,385,845</u>
Cash and cash equivalents, end of year	<u>\$ 1,912,955</u>	<u>\$ 1,635,594</u>

The accompanying notes are an integral part of these statements.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Activities

Saving Grace is a nonprofit organization, incorporated under the laws of the state of Oregon, which provides services to victims of domestic violence and sexual assault. Also provided is related community education in the Central Oregon counties of Deschutes, Jefferson, and Crook. Services include a 24-hour crisis line, emergency housing, information and referral services, transportation, advocacy, crisis counseling, support groups, training, and a supervised visitation center.

Program Services

The following paragraphs describe the programs provided by Saving Grace:

Helpline - Saving Grace provides a 24-hour, crisis telephone line accessible by a local or toll-free number. Helpline advocates provide safety planning, crisis intervention, emotional support and information, and referrals for callers. Advocates also provide other forms of emergency assistance as a result of helpline communications, such as shelter, food, and transportation.

Emergency Shelter - Saving Grace provides an emergency shelter in Bend, Oregon, which is available for adults and their dependent children who are survivors of intimate partner violence, stalking, human trafficking, or sexual assault. The shelter program provides food and personal supplies, emotional support, and advocacy. When the shelter is full, or it is not feasible to place someone in the shelter due to the time of night or location of the client, etc., local motels are relied upon for short-term stays. While the shelter is located in Bend, it serves all three Central Oregon counties.

Lethality Assessment Program (LAP) - LAP is a partnership between law enforcement officers in Deschutes County and Saving Grace. Its purpose is to identify high risk domestic violence survivors and connect them with services. If a survivor screens in at high risk of being seriously injured or killed, a phone call is immediately made to a special Saving Grace hotline specifically for LAP. The survivor is encouraged to speak on the phone where hotline workers explain options and offer services.

Crisis Counseling and Support Groups - Saving Grace offers individual and group sessions with an advocate or therapist who provides crisis intervention, emotional support, and education information.

Bend Counseling Center - The counseling center hosts the space for trauma-informed individual and group therapy for survivors. The center currently has support groups for adults, teens, and children. Advocates also meet clients for safety planning, emotional support, accessing community resources, and system advocacy.

Courthouse Advocacy - A Saving Grace advocate is co-located at the Deschutes County Circuit Court to provide bilingual assistance for those filing for protection orders. The advocate, assisted by volunteers, provides support with filling out protection order applications, attends court appointments with clients, and provides general advocacy services to clients as well.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Program Services, continued

Advocacy Centers for Rural Outreach - Saving Grace maintains offices in La Pine, Redmond, Crook County (Prineville), and Jefferson County (Madras). Most services mentioned previously are provided in these communities. The facilities for Saving Grace's emergency shelter and supervised visitation center are located in Deschutes County. Saving Grace transports clients to the emergency shelter or uses local motels as needed.

Children's Program - The children's program focuses on providing advocacy and support for children who have been impacted by domestic violence. An integral part of the program is the daycare at the shelter, where children have a structured, emotionally safe environment under the care of a children's advocate provided by Saving Grace. Saving Grace also provides individual and group counseling services for children so that they can find a voice for their experience, explore their feelings, and connect with other children who have had similar experiences. Supporting moms to reconnect with their children in developmentally matched ways is also a primary goal of the program.

Co-Location at Department of Human Services (DHS) and Deschutes County Health Department - Saving Grace has advocates who spend a portion of their work week within the local DHS offices and Deschutes County Health Department. This partnership allows them to bridge the gap that often occurs when a referral is made between agencies and gives the domestic/sexual violence survivor more direct and quicker access to Saving Grace services.

Community Education and Training - Saving Grace conducts numerous public speaking engagements to service organizations, clubs, classrooms, churches, businesses, and the general public regarding domestic violence and sexual assault. Saving Grace offers training for professional groups such as law enforcement, medical staff, and the Department of Human Services. A comprehensive training program is provided for volunteers.

Legal Advocacy - Advocates provided by Saving Grace can assist clients in obtaining restraining orders and can attend court proceedings with clients to provide support. Advocates are also able to assist clients in obtaining the proper civil paperwork for such things as divorce and/or custody issues and give basic instruction on how to complete the documents. Advocates provide referrals to the appropriate sources for further information about specific questions. Saving Grace does not give legal advice.

Supervised Visitation Center (Mary's Place) - The center is located in Bend. Saving Grace provides supervised visitation or exchanges which can be accomplished in a safe, monitored environment. Clients are referred to the facility by courts, other agencies, or by self-referral. In order to utilize Saving Grace's services, one parent must reside in Deschutes County, but the other parent may live anywhere. Services are free.

Hospital Response Team (HRT) - The Saving Grace HRT consists of staff and volunteers who respond to St. Charles Medical Center or Deschutes County Health Services for advocacy with sexual assault and domestic violence survivors. HRT advocates provide emotional support, information, and referrals to survivors.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Program Services, continued

Youth Violence Prevention Program - The Youth Violence Prevention Program provides education on healthy dating relationships and how to prevent dating violence. Through classroom presentations, preventative groups, presentations with at-risk youth, and community outreach during Teen Dating Violence Awareness month (February), teens are able to develop preventative tools that will help them from entering abusive relationships. This program also provides them with tools they can use when they see red flags in their friends' relationships and ways to connect to services if they find themselves in abusive situations.

Basis of Accounting

The financial statements of Saving Grace have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Saving Grace and changes therein are classified and reported as follows:

Net assets without donor restrictions –

Undesignated – Net assets that are not subject to donor-imposed stipulations.

Board-designated net assets – Certain amounts have been designated by the Board of Directors to be expended at the discretion of the Board of Directors. Board designated net assets consist of the investment in Oregon Community Foundation.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Saving Grace and/or the passage of time. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as satisfaction of usage restrictions.

Recent Accounting Standard Adopted

During the year ended June 30, 2022, Saving Grace adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07 *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 increased the transparency of contributed nonfinancial assets for not-for-profit entities through changes to presentation and disclosure. The ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities and changes in net assets. The ASU also requires a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities and changes in net assets by category, along with the use, restrictions, and valuation techniques for each category. Saving Grace adopted the new standard effective July 1, 2021, using the full retrospective approach in these financial statements.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, Saving Grace considers all cash and other highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

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

Property and Equipment

Property and equipment are stated at cost or at the fair market value of the donated assets. Expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of an asset are expensed in the period in which the costs are incurred. Assets with a cost greater than \$1,000 and have an expected useful life exceeding one year, are capitalized and depreciated on the straight-line method over the estimated useful lives of the assets; 8 to 40 years for building and improvements and 5 to 10 years for furniture and equipment.

Contributions and Promises to Give

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for use without restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their estimated net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their estimated net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. An allowance for uncollectible promises to give has been recorded based on specific identification and historical collection experience.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Saving Grace utilizes a simplified cost allocation method whereby specifically identifiable costs are charged directly to the grant or project and indirect costs are allocated among programs and grants through an allocation base. Saving Grace uses full time equivalents as the allocation base.

Income Tax Status

Saving Grace qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, no provision for federal or state income taxes has been included in these financial statements.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Liquidity and Reserves

Saving Grace has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2022, Saving Grace's financial assets, reduced by amounts not available for general expenditures within one year, are listed below.

Cash and cash equivalents	\$ 1,912,955
Beneficial interest in assets held by OCF	110,726
Unconditional promises to give, due within one year	14,486
Grants and contracts receivable	<u>304,576</u>
	<u>2,342,743</u>
Less board-designated reserves	(110,726)
Less net assets with donor restrictions	<u>(169,929)</u>
	<u>(280,655)</u>
Financial assets available for general expenditure	<u><u>\$ 2,062,088</u></u>

2. Grants and Contracts Receivable

Grants and contracts receivable at June 30, 2022, were comprised of receivables due within one year from various grantors for services provided under various contracts. Management considers all grants receivable fully collectible; accordingly, an allowance for uncollectible grants receivable has not been recorded as of June 30, 2022.

3. Unconditional Promises to Give

At June 30, 2022, unconditional promises to give, consisted of the following:

Expected future cash flow before unamortized discount	\$ 15,605
Unamortized discount	<u>(485)</u>
	15,120
Allowance for doubtful pledges	<u>(634)</u>
Unconditional promises to give, net	<u><u>\$ 14,486</u></u>

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

At June 30, 2022, property and equipment consisted of the following:

Land	\$ 30,000
Building and improvements	679,317
Furniture and equipment	<u>143,608</u>
	852,925
Accumulated depreciation	<u>(503,956)</u>
Property and equipment, net	<u>\$ 348,969</u>

Depreciation expense for the year ended June 30, 2022, was \$39,323.

The building owned by Saving Grace was acquired with federal and local government contributions and subsequently transferred to Saving Grace by the city of Bend. Saving Grace retains title to the property without restriction.

5. Beneficial Interest in Assets Held by the Oregon Community Foundation

Contributions made to the Oregon Community Foundation (OCF), an Oregon nonprofit, become permanent funds of OCF under the Saving Grace Fund. Distributions made to Saving Grace are at the sole discretion of OCF. The agreement with OCF stipulates OCF maintains variance power over the fund and that the fund shall be held and owned by OCF. The agreement also provides that, upon written request from a majority of the Board of Directors of Saving Grace, additional distributions may be made from the fund assets, even to the exhaustion of the fund, if in the sole judgment of the Board of Directors of OCF the requested distribution is consistent with the objectives and purpose of Saving Grace. The OCF balance is shown as board-designated net assets by Saving Grace and is considered a beneficial interest in the Fund. The outstanding interest in assets held by OCF was \$110,726 at June 30, 2022.

6. Fair Value Measurement

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, 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 professional standards are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Saving Grace has the ability to access.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

6. Fair Value Measurement, continued

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 asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to their fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents Saving Grace's fair value hierarchy for those assets measured at fair value on a recurring basis:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Beneficial interest in OCF	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 110,726</u>	\$ <u> 110,726</u>

The principal input used in determining the fair value of the beneficial interest in OCF is the value of the fund as provided by OCF, which is provided in their annual statement.

The following table sets forth a summary of changes in the fair value of Saving Grace's Level 3 assets for the year ended June 30, 2022:

Beneficial interest in OCF, beginning of year	\$ 121,851
Distributions	(4,346)
Unrealized loss	<u>(6,779)</u>
Beneficial interest in OCF, end of year	<u>\$ 110,726</u>

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

7. Net Assets with Donor Restrictions

A significant portion of Saving Grace's grants with donor restrictions are received from the state of Oregon. As of June 30, 2022, net assets with donor restrictions totaling \$169,929 consisted of contributions and grants with carrying purpose restrictions remaining unexpended. Net assets were released from donor restrictions by incurring expenses or providing the services satisfying the purpose of time restrictions specified by donors as follows:

Purpose restriction accomplished:

Government grants:

Criminal Fine Assessment Account (CFAA)	\$ 133,476
Violence Against Women Act (VAWA)	85,485
Marriage License Tax (MLT)	52,168
Victims of Crime Act (VOCA)	462,952
Family Violence Prevention (FVP)	127,788
Federal Emergency Management Act (FEMA)	17,476
State and Local Deschutes County	130,539
DHS Advocates	1,704
Tax Check-Off Revenues	1,667
Deschutes Co. ICJR (ARREST)	23,100
Jefferson (Federal)	7,540
Oregon Domestic and Sexual Violence Services (ODSVS)	213,923
Justice for Families	172,917
NeighborImpact	50,886
State and Local Survivor Housing	110,106
Coronavirus Relief Funds (Federal)	49,099
City of Bend	10,000
Paycheck Protection Program Loan	-
Miscellaneous government grants	-
	<u>1,700,826</u>
Miscellaneous grants and contributions	<u>59,025</u>
Total satisfaction of usage restrictions	<u>\$ 1,759,851</u>

8. Donated Goods, Facilities, and Services

The Organization received gifts-in-kind for the year ended June 30, 2022 as follows:

Office and program services	\$ 39,300
Phones for survivors	10,000
Quilts for program purposes	<u>10,900</u>
Total in-kind donations	<u>\$ 60,200</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

8. Donated Goods, Facilities, and Services, continued

No amounts have been reflected in the financial statements for donated services. Saving Grace generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Saving Grace with specific assistance programs, campaign solicitations, and various committee assignments. Saving Grace received an estimated 4,500 volunteer hours in fiscal year 2022.

9. Concentrations, Commitments and Contingencies

At various times during the year, cash in the bank may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per financial institution. At June 30, 2022, \$-0- was uninsured and in excess of FDIC insured limits.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board of Directors and management deem the contingency remote.

Beginning July 1, 2014, Saving Grace entered into a 10-year lease agreement for the administration building that expires on July 1, 2024. Total administrative office rent expense under this lease for the year ended June 30, 2022, was \$31,369.

Beginning April 1, 2016, Saving Grace entered into a 5-year lease agreement for a counseling center that was extended an additional 3 years and expires March 31, 2024. Total counseling center rent expense under this lease for the year ended June 30, 2022, was \$32,726.

In addition, Saving Grace has various other small leases with monthly payments ranging from \$165 to \$265 expiring through October 2027.

Future minimum lease payments under all lease agreements, before consideration of property tax exemptions, are as follows:

Year Ending June 30,		
2023	\$	71,369
2024		73,235
2025		64,815
2026		3,180
2027		3,975
Total	\$	216,574

10. Reclassifications

Certain amounts within the financial statements were reclassified in the prior year summarized information. The purpose of the reclassifications is to give consistent representation of Saving Grace's records. The reclassifications had no effect on the reported change in net assets for either period presented.

SAVING GRACE
NOTES TO FINANCIAL STATEMENTS

11. Prior Year Summarized Comparative Information

The financial statements include certain prior year, summarized, comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Saving Grace's audited financial statements for the year ended June 30, 2021, from which the summarized information is derived.

12. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

SINGLE AUDIT INFORMATION

SAVING GRACE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grant Identifying Number	Federal Expenditures
Department of Justice			
Justice Systems Response to Families Passed through Deschutes County:	16.021	2020-FJ-AX-0007	\$ 172,917
Encourage Arrest Policies and Enforcement of Protection Orders	16.590	15JOVW-21-GG-02038-ICJR	23,100
Passed through Jefferson County:			
Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2016-WE-AX-0035	5,077
Passed through Oregon Department of Justice:			
Crime Victim Assistance:	16.575*		
VOCA Joint		Joint-2021-SavingGrace-00044	309,010
VOCA Competitive		VOCA-C-2019-SavingGrace-00092	153,942
Violence Against Women Formula Grants:	16.588		
Passed through Oregon Department of Justice:			
VAWA Joint		Joint-2021-SavingGrace-00044	51,073
Passed through Jefferson County:			
VAWA Stop		VAWA-C-2020-JeffersonCo.DAVAP-00012	5,493
Passed through Jefferson County:			
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance:	16.589		
Rural Domestic Violence Grant, Jefferson County		2017-WR-AX-0021	<u>28,919</u>
Total Department of Justice			<u>749,531</u>
Department of Health and Human Services			
Passed through Oregon Department of Human Services:			
Family Violence Prevention	93.671	172599	<u>127,788</u>
Department of Housing and Urban Development			
Passed through the City of Bend:			
Community Development Block Grant	14.218	B-20-MC-41-0010	10,000
Passed through NeighborImpact:			
Emergency Solutions Grant Program	14.231	E20-DC-41-0001	<u>20,000</u>
Total Department of Housing and Urban Development			<u>30,000</u>
Department of Homeland Security			
Passed through Deschutes County:			
Emergency Food and Shelter National Board	97.024	phase ARPA-R	<u>20,988</u>
Department of the Treasury			
Passed through Oregon Department of Justice:			
COVID-19 Coronavirus Relief Fund	21.019	Joint-2019-SavingGrace-00045	49,099
Passed through NeighborImpact:			
COVID-19 Emergency Rental Assistance Program	21.023	E20-DC-41-0001	<u>30,886</u>
Total Department of the Treasury			<u>79,985</u>
Total federal awards			<u>\$ 1,008,292</u>

* Denotes major program

SAVING GRACE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Saving Grace. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, *Subpart E, Cost Principles*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Major Programs

The Uniform Guidance establishes criteria to be used in defining major programs. Major programs for Saving Grace are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

4. De Minimis Indirect Cost Rate

Saving Grace has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. Insurance Coverage

Saving Grace maintains insurance coverage as recommended by its insurance agent of record.

6. Subrecipients

No award payments were made to subrecipients for the year ended June 30, 2022.

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

To the Board of Directors
Saving Grace
Bend, Oregon

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 Saving Grace (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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, and have issued our report thereon dated February 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Saving Grace's internal control over financial reporting (internal control) as a basis for designing 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 Saving Grace's internal control. Accordingly, we do not express an opinion on the effectiveness of Saving Grace's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saving Grace's financial statements are free of 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 financial statements. 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*.

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 Saving Grace's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Saving Grace's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jones & Roth, P.C.

Jones & Roth, P.C.
Bend, Oregon
February 8, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Saving Grace
Bend, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Saving Grace's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Saving Grace's major federal programs for the year ended June 30, 2022. Saving Grace's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Saving Grace 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 programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Saving Grace and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Saving Grace's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Saving Grace's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Saving Grace's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Saving Grace's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Saving Grace's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Saving Grace's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Saving Grace's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jones & Roth, P.C.

Jones & Roth, P.C.
Bend, Oregon
February 8, 2023

SAVING GRACE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Summary of Auditor's Results

- 1) The independent auditor's report expresses an unmodified opinion on the financial statements of Saving Grace.
- 2) No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
- 3) No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 4) No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the major federal awards programs.
- 5) The independent auditor's report on compliance for the major federal awards programs for Saving Grace expresses an unmodified opinion. No instances of noncompliance were disclosed by the audit of the major federal awards programs.
- 6) No instances of findings or questioned costs were disclosed during the audit which are required to be reported under Title 2 CFR §200.516 paragraph (a).
- 7) The program tested as a major program was:

Crime Victims Assistance	Assistance Listing # 16.575
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- 8) The threshold for distinguishing between Type A and B programs was \$750,000.
- 9) Saving Grace qualified as a low-risk auditee under Title 2 CFR §200.520.

Findings – Financial Statements Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

Prior Year Findings – Financial Statements Audit

None.

Prior Year Findings and Questioned Costs – Major Federal Award Programs Audit

None.