DAYSPRING VILLA WOMEN AND CHILDREN'S SHELTER, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

WITH

INDEPENDENT AUDITOR'S REPORT

HoganTaylor LLP
CPAs + ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
DaySpring Villa Women and Children's Shelter, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DaySpring Villa Women and Children's Shelter, Inc., which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements (collectively, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DaySpring Villa Women and Children's Shelter, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hogan Taylor LLP

Tulsa, Oklahoma
August 31, 2020

DAYSPRING VILLA WOMEN AND CHILDREN'S SHELTER, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 349,657	$ 169,138
Accounts receivable	768	768
Inventory	5,000	5,000
Total current assets	355,425	174,906
Property and equipment, net	1,635,874	1,633,716
Investments	630,347	670,066
Endowments:		
Investments	1,231,260	1,046,770
Beneficial interest in assets held by community foundation	15,016	12,274
Total endowments	1,246,276	1,059,044
Total assets	$ 3,867,922	$ 3,537,732
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 14,771	$ -
Accrued expenses and other liabilities	13,786	11,825
Total current liabilities	28,557	11,825
Net assets:		
Without donor restrictions:		
Undesignated	797,955	661,662
Board-designated	111,379	120,897
Investment in property and equipment	1,635,874	1,633,716
Total net assets without donor restriction	2,545,208	2,416,275
With donor restrictions	1,294,157	1,109,632
Total net assets	3,839,365	3,525,907
Total liabilities and net assets	$ 3,867,922	$ 3,537,732

DAYSPRING VILLA WOMEN AND CHILDREN'S SHELTER, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	$ 1,020,702	$ 84,510	$ 1,105,212	$ 773,394	$ 87,613	$ 861,007
Net investment return (loss)	111,256	187,232	298,488	(31,503)	(89,889)	(121,392)
Thrift shop	78,231	-	78,231	-	-	-
Special events:						
Revenue	63,216	-	63,216	133,482	-	133,482
Less cost of direct benefits to donors	(27,867)	-	(27,867)	(34,970)	-	(34,970)
Net special event revenue	35,349	-	35,349	98,512	-	98,512
Other	13,569	-	13,569	21,407	-	21,407
Net assets released from restrictions	87,217	(87,217)	-	60,154	(60,154)	-
Total revenues, gains and other support	1,346,324	184,525	1,530,849	921,964	(62,430)	859,534
Expenses and Losses						
Program services expense	712,149	-	712,149	746,316	-	746,316
Supporting services expense:						
Fundraising and development	137,702	-	137,702	142,497	-	142,497
Thrift shop	48,743		48,743			
Management and general	318,797	-	318,797	245,606	-	245,606
Total supporting services expense	505,242	-	505,242	388,103	-	388,103
Total expenses and losses	1,217,391	-	1,217,391	1,134,419	-	1,134,419
Change in net assets	128,933	184,525	313,458	(212,455)	(62,430)	(274,885)
Net assets, beginning of year	2,416,275	1,109,632	3,525,907	2,628,730	1,172,062	3,800,792
Net assets, end of year	$ 2,545,208	$ 1,294,157	$ 3,839,365	$ 2,416,275	$ 1,109,632	$ 3,525,907

See notes to financial statements.

DAYSPRING VILLA WOMEN AND CHILDREN'S SHELTER, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2019 and 2018

	2019					2018				
	Program Services	Fundraising and Development	Thrift Shop	Management and General	Total	Program Services	Fundraising and Development	Thrift Shop	Management and General	Total
Personnel	$ 524,044	$ 76,369	$ -	$ 184,005	$ 784,418	$ 522,951	$ 64,612	$ -	$ 114,758	$ 702,321
Ministry operations	19,029	-	-	-	19,029	28,357	-	-	-	28,357
Office operations	3,944	1,679	-	31,443	37,066	4,043	1,765	-	18,947	24,755
General	3,024	966	20,974	70,191	95,155	5,181	1,390	-	71,134	77,705
Facility operations	71,581	6,050	27,769	33,158	138,558	84,419	5,809	-	40,767	130,995
Depreciation	90,527	-	-	-	90,527	101,365	-	-	-	101,365
Postage and publications	-	80,505	-	-	80,505	-	103,891	-	-	103,891
Total expenses by function	712,149	165,569	48,743	318,797	1,245,258	746,316	177,467	-	245,606	1,169,389
Less expenses included with revenues on the statement of activities:										
Cost of direct benefits to donors	-	(27,867)	-	-	(27,867)	-	(34,970)	-	-	(34,970)
Total expenses included in the expense section on the statement of activities	$ 712,149	$ 137,702	$ 48,743	$ 318,797	$ 1,217,391	$ 746,316	$ 142,497	$ -	$ 245,606	$ 1,134,419

See notes to financial statements.

DAYSPRING VILLA WOMEN AND CHILDREN'S SHELTER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 313,458	$ (274,885)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	90,527	101,365
Gain on sale of property and equipment	(600)	-
Net realized and unrealized loss (gain) on investments	(246,834)	192,530
Change in operating assets and liabilities:		
Accounts receivable	-	(768)
Inventory	-	(5,000)
Accounts payable	14,771	(3,205)
Accrued expenses and other liabilities	1,961	(5,283)
Net cash provided by operating activities	173,283	4,754
Cash Flows from Investing Activities		
Purchase of property and equipment	(92,685)	(42,395)
Purchase of investments	(36,202)	(71,127)
Proceeds from sales and maturities of investments	135,523	38,734
Proceeds from sale of long-term assets	600	-
Net cash provided by (used in) investing activities	7,236	(74,788)
Net change in cash and cash equivalents	180,519	(70,034)
Cash and cash equivalents, beginning of year	169,138	239,172
Cash and cash equivalents, end of year	$ 349,657	$ 169,138

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

DaySpring Villa Women and Children's Shelter, Inc. (DSV) is a nonprofit organization and one of only two certified shelters for battered and sexually assaulted women and their children in the Tulsa metropolitan area, and the only faith-based domestic violence shelter in Oklahoma. DSV is the first shelter to be certified by the Oklahoma Attorney General's office to address the special needs of victims of human sexual trafficking. DSV's mission is to help women and children in crisis and adult sexual trafficking victims regain self-confidence, independence, and self-sufficiency through spiritual guidance, social services, and goal-based programs. DSV provides food, shelter, clothing, transportation, and vital life tools for as many as 66 women and children at risk at a time. A privately funded shelter, DSV depends upon financial gifts, volunteer services, in-kind contributions, and revenue from a thrift shop.

In 2012, DSV established DaySpring Villa Women and Children's Shelter Endowment Trust (the Trust) as an entity with a separate tax identification number for the purpose of investing contributions received for endowment. The assets of the Trust and related income are included in DSV's consolidated financial statements.

Cash and cash equivalents

DSV considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for, nor restricted by donors, for long-term purposes, to be cash and cash equivalents. Investments include money market funds and other highly liquid securities held for investment purposes.

Property and equipment

DSV records property and equipment additions over $500 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

DSV reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2019 or 2018.

Revenue recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Beneficial interest in assets held by community foundation

Management established an endowment fund (the Fund) with the Tulsa Community Foundation (TCF) and named DSV as beneficiary. DSV may request distributions for specific needs from the Fund. However, DSV granted variance power to TCF which allows TCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of TCF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by TCF for DSV's benefit and is reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

Investments

DSV records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net assets

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements reflect the activities of DSV as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions – Net assets not subject to donor-imposed restrictions and available for purposes consistent with DSV's mission. Revenues are generally reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Investment returns generated by unrestricted funds are classified as changes in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

With donor restrictions – Net assets subject to donor-imposed restrictions that must be met by actions of DSV and/or the passage of time. Contributed assets normally fund specific expenditures of an operating or capital nature. Donor-restricted contributions or investment returns received and expended within the same fiscal year are reported as increases in net assets with donor restrictions and net assets released from restrictions, respectively, in the consolidated statements of activities. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting DSV to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations. See Note 5 for more information on donor-restricted endowments.

Promises to give

Unconditional promises to give expected to be collected within one year are recorded at net estimated realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions in the consolidated statements of activities. DSV determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. There were no promises to give at December 31, 2019 or 2018.

Donated materials and services

Volunteers contribute significant amounts of time to DSV's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States (U.S. GAAP). Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended December 31, 2019 or 2018.

Advertising

DSV expenses the costs of advertising as incurred. Advertising expense was approximately $53,000 and $69,000 for the years ended December 31, 2019 and 2018, respectively.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include utilities and maintenance, which are allocated based on square footage, as well as salaries and benefits that are allocated based on estimates of time and effort.

Income taxes

DSV is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a) of the Code. As a result, as long as DSV maintains its tax exemption, it will not be subject to income tax.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

Financial instruments and credit risk

DSV manages deposit concentration risk by placing cash, money market accounts, and investments with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, DSV has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the Board of Directors.

Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Recently adopted accounting pronouncement

DSV adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. DSV adopted the new standard effective January 1, 2019, using the modified retrospective method. Adoption of this standard had no impact on total beginning net assets.

Accounting pronouncement not yet adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2019. DSV has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842),* which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their statements of financial position. ASU 2016-02 is effective for DSV for annual and interim periods beginning January 1, 2021, and early adoption is permitted. The standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. In June 2020, the FASB issued ASU No. 2020-05 which delayed the effective date of ASU No. 2016-02 until January 1, 2022. DSV is evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Note 2 – Investment Return

Net investment return (loss) consists of the following for the years ended December 31:

	2019	2018
Operating investments:		
Interest and dividends	$ 25,787	$ 25,264
Net realized and unrealized gain (loss)	85,469	(56,767)
	111,256	(31,503)
Endowment investments:		
Interest and dividends	25,937	45,944
Net realized and unrealized gain (loss)	161,365	(135,763)
Less investment management and custodial fees	(70)	(70)
	187,232	(89,889)
	$ 298,488	$ (121,392)

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Land	$ 5,000	$ 5,000
Buildings and improvements	2,149,112	2,124,616
Furniture and fixtures	82,466	47,774
Equipment	171,174	164,797
Vehicles	175,971	175,496
	2,583,723	2,517,683
Less accumulated depreciation	(947,849)	(883,967)
	$ 1,635,874	$ 1,633,716

Note 4 – Fair Value Measurements

The fair value measurement standards establish a consistent framework for measuring fair value and a fair value hierarchy based on the observability of inputs used to measure fair value. These inputs are summarized in three broad levels:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

There were no investment transfers due to changes in the observability of significant inputs between Level 1, Level 2 and Level 3 assets during the years ended December 31, 2019 or 2018.

The following table sets forth by level, within the fair value hierarchy, DSV's assets recorded at fair value on a recurring basis as of December 31:

	Fair Value Measurements as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Common stock	$ 1,345,166	$ -	$ -	$ 1,345,166
Mutual funds	183,936	-	-	183,936
Fixed income:				
Corporate bonds	-	96,688	-	96,688
Temporary cash investments	204,111	-	-	204,111
Beneficial interest in assets held by Baptist Foundation	-	31,706	-	31,706
Beneficial interest in assets held by community foundation	-	15,016	-	15,016
	$ 1,733,213	$ 143,410	$ -	$ 1,876,623

	Fair Value Measurements as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Common stock	$ 1,245,447	$ -	$ -	$ 1,245,447
Mutual funds	160,125	-	-	160,125
Fixed income:				
Corporate bonds	-	160,125	-	160,125
Temporary cash investments	127,403	-	-	127,403
Beneficial interest in assets held by Baptist Foundation	-	23,736	-	23,736
Beneficial interest in assets held by community foundation	-	12,274	-	12,274
	$ 1,532,975	$ 196,135	$ -	$ 1,729,110

Note 5 – Endowments

DSV has endowment funds held with the Baptist Foundation of Oklahoma (BFO) and with TCF (collectively, the Endowment). Additionally, the Trust holds an endowment fund with a financial institution. These endowment funds are designed to encompass the goal of long-term growth and long-term stability for DSV. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The funds held with BFO, and under the Trust are permanently restricted, as the principal funds are not available to be drawn down at any time. The Board can elect to have funds distributed from the earnings on principal. From time to time, donors will designate that their contribution be deposited into the accounts with either TCF or BFO, rather than DSV's operating fund. If contributions are designated for endowment, the funds are deposited into the fund established by the Trust.

The Board of Directors has interpreted the Oklahoma Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, DSV classifies as restricted net assets with donor restriction (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor restricted endowment is classified as net assets with donor restriction until those amounts are appropriated for expenditure by DSV in a manner consistent with the standard of prudence prescribed by UPMIFA. DSV considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires DSV to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restriction were approximately $0 and $39,000 as of December 31, 2019 and 2018, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

As of December 31, the endowment net assets were composed of the following funds:

	Without Donor Restrictions	With Donor Restrictions	Total
2019:			
General Endowment - BFO	$ -	$ 31,706	$ 31,706
General Endowment - Trust	-	1,199,554	1,199,554
General Endowment - TCF	-	15,016	15,016
	$ -	$ 1,246,276	$ 1,246,276
2018:			
General Endowment - BFO	$ -	$ 23,736	$ 23,736
General Endowment - Trust	-	1,023,034	1,023,034
General Endowment - TCF	-	12,274	12,274
	$ -	$ 1,059,044	$ 1,059,044

Investment and Spending Policies

DSV has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5% on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

DSV uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2019 and 2018, the spending rate maximum was 4.5%. In establishing this policy, DSV considered the long-term expected return on the Endowment, and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets for the years ended December 31, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2019:			
Endowment, beginning of year	$ -	$ 1,059,044	$ 1,059,044
Net investment return	-	187,232	187,232
Change in donor restrictions	-	-	-
	$ -	$ 1,246,276	$ 1,246,276
2018:			
Endowment, beginning of year	$ 98,105	$ 1,050,828	$ 1,148,933
Net investment return	-	(89,889)	(89,889)
Change in donor restrictions	(98,105)	98,105	-
	$ -	$ 1,059,044	$ 1,059,044

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, consist of:

	2019	2018
Equipment and furniture	$ 15,257	$ 29,782
Grounds	21,397	20,319
Property rehabilitation	20,154	38,006
Vision project	24,249	10,883
Counseling services	58,263	42,837
Children's education	2,115	2,115
Sex trafficking building	1,979	1,979
Guest move-out	687	887
Children	500	500
Christmas	523	523
Guest dental	132	132
Permanent endowment	1,148,901	961,669
	$ 1,294,157	$ 1,109,632

Net assets released from restriction for satisfaction of purpose restrictions were $87,217 and $60,154 for the years ended December 31, 2019 and 2018, respectively.

Note 7 – Employee Benefits

DSV funds a tax sheltered 403(b) annuity plan for its full-time employees. All full-time employees receive a stipend of 15% of gross earnings each month, with the choice of contributing the stipend to the annuity plan. All contributions are fully vested.

Note 8 – Related Party Transactions

At December 31, 2019 and 2018, DSV held an investment with a fair value of approximately $97,000 and $165,000, respectively, in corporate bonds with a company affiliated with a member of the Board of Directors.

Note 9 – Liquidity and Availability of Resources

DSV's financial assets for general expenditure within one year of December 31, are as follows:

	2019	2018
Cash and cash equivalents	$ 349,657	$ 169,138
Investments	630,347	670,066
Accounts receivable	768	768
Total financial assets	980,772	839,972
Less:		
Board-designated funds	111,379	120,897
Net assets with donor restrictions	145,256	147,963
Total financial assets available to management for general expenditure within one year	$ 724,137	$ 571,112

As part of DSV's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. DSV receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. DSV receives a substantial amount of its support from local churches and agencies. A significant reduction in the level of this support could have a significant effect on DSV's program and operations. Additionally, DSV relies on donated food and supplies to meet its operating requirements.

DSV's endowment funds consist of donor-restricted endowments, which the Board can elect to have funds distributed from the earnings generated on the endowment funds and is available for general expenditures. As noted in Note 5, the endowment fund has a maximum spending rate maximum was 4.5% to be utilized for the next fiscal year, if needed. Donor restricted endowment funds are not included in the table above.

Note 10 – Subsequent Events

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. The ultimate impact of the outbreak to DSV's financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to DSV.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. In April 2020, DSV received loan proceeds of $198,700, under the Paycheck Protection Program (PPP), which was established as part of the CARES Act. The note payable matures in April 2022, bears interest at 1%, and requires monthly principal and interest payments commencing November 2020. Loan proceeds from the PPP are forgivable, after a period of time, if DSV expends those funds for qualified expenditures through September 2020.

Subsequent events have been evaluated through August 31, 2020, the date which the consolidated financial statements were available to be issued.