

THE SAFE CENTER LI, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015
TOGETHER WITH AUDITOR'S REPORT

THE SAFE CENTER LI, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

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NawrockiSmith

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Safe Center LI, Inc. as of December 31, 2016 and 2015 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules on pages 11 and 12, are presented for purposes of additional analysis and are 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 audits 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 a report dated May 5, 2017, on our consideration of the Organization's internal control over financial reporting and 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 the 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 the Organization's internal control over financial reporting and compliance.

Melville, New York
May 5, 2017



THE SAFE CENTER LI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 353,080	\$ 209,131
Contracts and grants receivable	952,407	914,241
Other accounts receivable	323,839	225,159
Prepaid expenses and other assets	51,886	43,546
	<hr/>	<hr/>
Total current assets	1,681,212	1,392,077
PROPERTY AND EQUIPMENT, net	511,436	527,548
SECURITY DEPOSITS	169,000	169,000
	<hr/>	<hr/>
Total assets	<u>\$ 2,361,648</u>	<u>\$ 2,088,625</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Loan payable to bank	\$ 244,130	\$ -
Accounts payable and accrued expenses	247,972	218,089
Program advances	197,600	170,717
Other current liabilities	43,184	7,635
	<hr/>	<hr/>
Total current liabilities	732,886	396,441
DEFERRED RENT PAYABLE	154,899	148,760
	<hr/>	<hr/>
Total liabilities	<u>887,785</u>	<u>545,201</u>
NET ASSETS:		
Unrestricted:		
Designated for property and equipment and deposits	680,436	696,548
Undesignated	471,708	537,973
	<hr/>	<hr/>
	1,152,144	1,234,521
Temporarily restricted	321,719	308,903
	<hr/>	<hr/>
Total net assets	<u>1,473,863</u>	<u>1,543,424</u>
Total liabilities and net assets	<u>\$ 2,361,648</u>	<u>\$ 2,088,625</u>

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

THE SAFE CENTER LI, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES:						
Government contracts	\$ 5,279,562	\$ -	\$ 5,279,562	\$ 4,528,517	\$ -	\$ 4,528,517
Public support and fundraising	764,866	297,343	1,062,209	878,373	308,903	1,187,276
Other revenues	16,813	-	16,813	59,365	-	59,365
Net assets released from restrictions	284,527	(284,527)	-	231,638	(231,638)	-
Total revenues	6,345,768	12,816	6,358,584	5,697,893	77,265	5,775,158
EXPENSES:						
Program services:						
Non-Residential and Domestic Violence	1,414,167	-	1,414,167	1,160,007	-	1,160,007
Community Education	428,078	-	428,078	410,350	-	410,350
Rape and Sexual Assault	507,245	-	507,245	352,046	-	352,046
Legal	823,611	-	823,611	777,984	-	777,984
Safe Home	734,834	-	734,834	713,441	-	713,441
Transitional Housing	528,456	-	528,456	627,949	-	627,949
Children's Programs and Project Kids Talk	1,302,189	-	1,302,189	1,191,868	-	1,191,868
Total program services	5,738,580	-	5,738,580	5,233,645	-	5,233,645
Supporting services:						
Management and general Fundraising	436,470	-	436,470	406,377	-	406,377
	253,095	-	253,095	300,012	-	300,012
Total expenses	6,428,145	-	6,428,145	5,940,034	-	5,940,034
Change in net assets	(82,377)	12,816	(69,561)	(242,141)	77,265	(164,876)
NET ASSETS, BEGINNING OF YEAR	1,234,521	308,903	1,543,424	1,476,662	231,638	1,708,300
NET ASSETS, END OF YEAR	\$ 1,152,144	\$ 321,719	\$ 1,473,863	\$ 1,234,521	\$ 308,903	\$ 1,543,424

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

THE SAFE CENTER LI, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (69,561)	\$ (164,876)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	57,168	64,093
(Increase) decrease in contracts and grants receivable	(38,166)	45,518
(Increase) decrease in other accounts receivable	(98,680)	39,100
(Increase) decrease in prepaid expenses and other assets	(8,340)	8,357
Increase in accounts payable and accrued expenses	29,883	9,124
Increase in program advances	26,883	145,759
Increase (decrease) in other current liabilities	35,549	(26,362)
Increase in deferred rent payable	6,139	20,677
	<u>(59,125)</u>	<u>141,390</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(41,056)</u>	<u>(5,240)</u>
	<u>(41,056)</u>	<u>(5,240)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in line of credit	-	(50,000)
Proceeds from loan payable to bank	251,256	-
Payments on loan payable to bank	<u>(7,126)</u>	<u>-</u>
	<u>244,130</u>	<u>(50,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	143,949	86,150
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>209,131</u>	<u>122,981</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 353,080</u></u>	<u><u>\$ 209,131</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u><u>\$ 15,383</u></u>	<u><u>\$ 4,457</u></u>

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

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS

(1) **Background and organization**

The Safe Center LI, Inc. (the "Organization") is a not-for-profit corporation in the State of New York. The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization provides services to victims of domestic violence, rape/sexual assault, child abuse and sex trafficking.

(2) **Summary of significant accounting policies**

Basis of accounting and financial statement presentation -

The accompanying financial statements are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles which require the financial statements to distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. The Organization's net assets consist of the following:

Unrestricted - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

Temporarily restricted - net assets of the Organization which have been restricted by donors to a specific time period or purpose.

Permanently restricted - net assets of the Organization which have been restricted by donors to be maintained in perpetuity by the Organization.

As of December 31, 2016 and 2015, the Organization did not possess any permanently restricted net assets.

The accompanying financial statements are prepared on a functional basis whereby expenses are allocated to program and supporting services as follows:

- Direct purpose, or
- Based on estimates of the percentages of expenses related to each program or service.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended December 31, 2016 and 2015.

Cash and cash equivalents -

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less, and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

Property and equipment -

Property and equipment are capitalized at cost or, if donated, at fair market value as of the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally periods of three to twenty-five years).

Impairment of long-lived assets and long-lived assets to be disposed of -

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment and disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These principles did not have any impact on the Organization's financial position, results of activities or liquidity during the years ended December 31, 2016 and 2015.

Conditional asset retirement obligations -

The FASB ASC on asset retirement and environmental obligations requires the Organization to recognize a liability for the fair value of its legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of December 31, 2016 and 2015, the Organization has met the provisions of and is in compliance with these requirements.

Revenue and expense recognition -

Contributions are generally recognized when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Revenues under contracts for service are generally recognized as earned. Program advances arise from payments received prior to services being rendered. Expenses are generally recognized as incurred under the accrual basis of accounting.

Donated services -

A number of volunteers have donated significant amounts of their time in the Organization's program services, administration and fundraising. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying financial statements.

Uncertainty in income taxes -

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2013 and subsequent remain subject to examination by the applicable taxing authorities.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

(3) **Fair value measurements**

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted the standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

The following methods and assumptions were used by the Organization in addressing the fair value of financial instruments:

Cash and cash equivalents -

The carrying amounts reported in the Statements of Financial Position for cash and cash equivalents approximate those assets' fair values.

Accounts payable and accrued expenses -

The carrying amounts of accounts payable and accrued expenses approximate their fair value due to their short-term nature.

(4) **Contracts and grants receivable**

Contracts and grants receivable as of December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Nassau County Department of Social Services	\$ 548,407	\$ 659,076
Nassau County Office of Housing and Homeless Services	118,315	49,135
New York State Legislative Grant	87,418	182,982
New York State Office of Children and Family Services	63,387	58
New York State Division of Criminal Justice	48,157	-
New York State Department of Health and Human Services	24,979	-
Nassau County District Attorney	16,954	-
Nassau County Police Department	13,541	-
Local municipality	12,346	-
U.S. Department of Housing and Urban Development	9,779	15,079
Nassau County Youth Board	9,124	7,911
	<u>\$ 952,407</u>	<u>\$ 914,241</u>

(5) **Property and equipment, net**

Property and equipment, net as of December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 65,000	\$ 65,000
Building and building improvements	973,425	937,207
Furniture and fixtures	<u>726,459</u>	<u>721,621</u>
	1,764,884	1,723,828
Less: accumulated depreciation	<u>(1,253,448)</u>	<u>(1,196,280)</u>
	<u>\$ 511,436</u>	<u>\$ 527,548</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$57,168 and \$64,093, respectively.

(6) **Loan payable to bank**

On November 28, 2016, the Organization entered into a loan agreement with a bank, in the original amount of \$251,256. The loan is secured by the Organization's assets and is being repaid in 36 monthly installments of \$7,126, plus interest at 5.0%. As of December 31, 2016, the outstanding balance was \$244,130. See Note 10.

(7) **Temporarily restricted net assets**

Temporarily restricted net assets are available for or relate to the following purposes:

	<u>2016</u>	<u>2015</u>
Children's programs	\$ 210,829	\$ 200,134
Staff and Board development	66,500	66,500
Legal services	34,390	-
Shelter and transitional housing	5,000	9,669
Education	5,000	-
Merger and facility renovation	-	30,850
Outreach materials	<u>-</u>	<u>1,750</u>
	<u>\$ 321,719</u>	<u>\$ 308,903</u>

(8) **Commitments and contingencies**

Lease -

In February 2009, the Organization entered into a noncancellable office lease which was extended in July 2014 and expires in January 2027. Annual rent expense is determined by dividing the total lease payments by the number of periods in the lease term.

Rental expense for this lease was \$499,204 and \$484,665 for the years ended December 31, 2016 and 2015, respectively. Deferred rent of \$154,899 and \$148,760 at December 31, 2016 and 2015 represents the cumulative difference between rental expense and the cash payments required under the lease.

The Organization also has various noncancellable operating leases for equipment which expire on various dates through 2019.

Future minimum payments under all operating leases are as follows:

<u>Year ending</u> <u>December 31,</u>	
2017	\$ 535,875
2018	547,122
2019	553,883
2020	561,860
2021	578,716
2022 & thereafter	<u>2,520,595</u>
	<u>\$ 5,298,051</u>

Government contracts -

The Organization receives a substantial portion of its funding from contracts and grants which are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. No significant disallowances have occurred or are expected to occur in the future.

(9) Concentrations of credit risk

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(10) Subsequent events

The Organization has evaluated subsequent events through May 5, 2017, which is the date these financial statements were available to be issued. Based on this evaluation, the Organization has determined the following subsequent event occurred, which requires disclosure to the financial statements:

On February 13, 2017, the Organization entered into a revolving line of credit agreement with a bank that provides for maximum borrowings of \$350,000 and matures on September 5, 2017. Borrowings under this line are secured by the Organization's personal property and bear interest at the prime rate plus 3.75%. In connection therewith, on February 23, 2017, the Organization drew \$238,547 on the line to repay its existing loan, together with interest and fees. See Note 6.

THE SAFE CENTER LI, INC.
SUPPLEMENTARY SCHEDULES OF REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
GOVERNMENT CONTRACTS:		
Nassau County grants -		
Department of Social Services	\$ 2,424,928	\$ 2,036,231
Police Department	315,558	280,993
Office of Housing and Homeless Services	204,734	71,048
Department of Mental Health	63,467	68,202
Youth Board	54,979	56,864
New York State grants -		
Office of Victim Services	377,733	309,758
Office of Children and Family Services	384,073	370,496
Office of Court Administration	269,824	265,868
Division of Criminal Justice Services	48,157	-
Legislative	292,457	351,108
Department of Health and Human Services	94,180	11,742
Other government grants -		
U.S. Department of Housing and Urban Development	482,802	461,417
Department of Justice	167,343	163,609
Other	99,327	81,181
Total government contracts	<u>5,279,562</u>	<u>4,528,517</u>
PUBLIC SUPPORT AND FUNDRAISING:		
Grants and contributions	538,202	657,891
Fundraising events, net	502,905	501,812
United Way of Long Island	21,102	27,573
Total public support and fundraising	<u>1,062,209</u>	<u>1,187,276</u>
OTHER REVENUES:		
Miscellaneous fees and other income	<u>16,813</u>	<u>59,365</u>
Total other revenues	<u>16,813</u>	<u>59,365</u>
Total revenues	<u>\$ 6,358,584</u>	<u>\$ 5,775,158</u>

The accompanying notes to financial statements
should be read in conjunction with these schedules.

THE SAFE CENTER II, INC.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	Program Services					Support Services			Total								
	Non-Residential and Domestic Violence	Community Eviction	Rape and Sexual Assault	Legal	Safe Home	Transitional Housing	Children's Programs and PKT	Total Program		Management and General	Fundraising	2016	2015				
\$	523,173	\$	277,501	\$	535,875	\$	132,354	\$	836,750	\$	282,309	\$	94,213	\$	3,632,169	\$	3,304,931
Salaries	92,643		33,361		53,771		13,263		83,974		29,394		9,455		384,569		363,366
Employee benefits	32,113		29,516		47,859		11,773		74,430		26,653		8,380		340,858		289,845
Payroll taxes	1,597,929		394,661		637,245		157,420		955,194		348,356		112,048		4,557,596		4,028,042
Total personnel costs	141,682		51,027		82,407		20,357		128,657		45,049		14,490		585,360		583,818
Buildings	-		-		-		324,384		-		-		-		324,384		362,698
Transitional housing rents	-		-		-		-		-		-		-		112,686		129,600
Furniture	-		-		-		-		-		-		-		112,686		129,600
Fundraising special events	25,258		7,592		14,600		3,621		22,894		8,014		12,636		104,847		97,207
Consultants	25,041		7,527		17,976		1,840		22,894		8,014		2,578		(95,138)		65,645
Food and client needs	17,991		6,457		10,442		2,560		16,306		5,703		1,836		74,683		59,732
Accounting and auditing fees	18,243		5,464		8,378		2,615		18,536		5,788		1,862		73,518		60,997
Insurance	18,285		5,498		10,613		2,632		16,674		1,523		480		70,248		49,733
Conference, dues, and subscriptions	14,514		4,363		8,434		2,081		13,156		4,605		1,481		60,248		65,913
Office equipment, maintenance and repairs	12,450		3,728		4,457		1,778		47,285		3,334		1,266		52,484		58,694
Postage and printing	7,637		2,286		4,432		1,095		8,922		2,963		779		32,240		32,095
Telephone and communications	6,782		2,642		3,942		974		8,155		2,155		693		28,193		18,532
Bank and other service charges	3,699		4,665		682		3,787		5,548		1,322		573		27,182		53,636
Travel and speaking arrangements	5,893		1,712		3,364		816		5,160		1,807		481		23,632		27,683
Office	1,225		-		-		-		15,264		-		-		16,489		23,546
Program supplies	3,706		1,114		2,151		531		3,359		1,178		378		15,363		22,418
Interest	-		-		-		-		-		-		-		-		2,062
Miscellaneous	-		-		-		-		-		-		-		-		-
Merger expenses	-		-		-		-		-		-		-		-		-
Deve content	-		-		-		-		-		-		-		-		-
Total expenses before depreciation	1,400,355		473,938		615,618		526,481		1,269,706		432,100		251,690		6,370,977		5,875,941
Depreciation	13,772		4,142		7,953		1,975		12,483		4,370		1,405		57,168		64,093
Total expenses	\$ 1,414,127		\$ 478,080		\$ 623,571		\$ 528,456		\$ 1,302,189		\$ 436,470		\$ 253,095		\$ 6,428,145		\$ 5,940,034

The accompanying notes to financial statements should be read in conjunction with this schedule.