

THE SAFE CENTER LI, INC.
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015 AND 2014
TOGETHER WITH AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Safe Center LI, Inc.:

Report on Financial Statements

We have audited the accompanying financial statements of The Safe Center LI, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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. 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.

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, 2015 and 2014 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 6, 2016, 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 6, 2016

Nawrocki Smith LLP

THE SAFE CENTER LI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 209,131	\$ 122,981
Contracts and grants receivable, net	914,241	959,759
Other accounts receivable	225,159	264,259
Prepaid expenses and other assets	43,546	51,903
Total current assets	1,392,077	1,398,902
PROPERTY AND EQUIPMENT, net	527,548	586,401
SECURITY DEPOSITS	169,000	169,000
Total assets	\$ 2,088,625	\$ 2,154,303
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Line of credit	\$ -	\$ 50,000
Accounts payable and accrued expenses	218,089	208,965
Program advances	170,717	24,958
Other current liabilities	7,635	33,997
Total current liabilities	396,441	317,920
DEFERRED RENT PAYABLE	148,760	128,083
Total liabilities	545,201	446,003
NET ASSETS:		
Unrestricted:		
Designated for property and equipment and deposits	696,548	755,401
Undesignated	537,973	721,261
	1,234,521	1,476,662
Temporarily restricted	308,903	231,638
Total net assets	1,543,424	1,708,300
Total liabilities and net assets	\$ 2,088,625	\$ 2,154,303

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, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES:						
Government contracts	\$ 4,528,517	\$ -	\$ 4,528,517	\$ 4,211,746	\$ -	\$ 4,211,746
Public support and fundraising	878,373	308,903	1,187,276	1,041,095	315,439	1,356,534
Other revenues	59,365	-	59,365	88,773	-	88,773
Net assets released from restrictions	231,638	(231,638)	-	294,700	(294,700)	-
Total revenues	<u>5,697,893</u>	<u>77,265</u>	<u>5,775,158</u>	<u>5,636,314</u>	<u>20,739</u>	<u>5,657,053</u>
EXPENSES:						
Program services:						
Non-Residential and Domestic Violence	1,160,007	-	1,160,007	1,108,616	-	1,108,616
Community Education	410,350	-	410,350	391,867	-	391,867
Rape & Sexual Assault	352,046	-	352,046	335,910	-	335,910
Legal	777,984	-	777,984	718,273	-	718,273
Safe Home	713,441	-	713,441	732,257	-	732,257
Transitional Housing	627,949	-	627,949	561,212	-	561,212
Project Kids Talk	84,593	-	84,593	80,903	-	80,903
Children's Programs	1,107,275	-	1,107,275	1,061,900	-	1,061,900
Total program services	5,233,645	-	5,233,645	4,990,938	-	4,990,938
Supporting services:						
Management and general	406,377	-	406,377	448,308	-	448,308
Fundraising	300,012	-	300,012	312,060	-	312,060
Total expenses	<u>5,940,034</u>	<u>-</u>	<u>5,940,034</u>	<u>5,751,306</u>	<u>-</u>	<u>5,751,306</u>
Change in net assets	<u>(242,141)</u>	<u>77,265</u>	<u>(164,876)</u>	<u>(114,992)</u>	<u>20,739</u>	<u>(94,253)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,476,662</u>	<u>231,638</u>	<u>1,708,300</u>	<u>1,591,654</u>	<u>210,899</u>	<u>1,802,553</u>
NET ASSETS, END OF YEAR	<u>\$ 1,234,521</u>	<u>\$ 308,903</u>	<u>\$ 1,543,424</u>	<u>\$ 1,476,662</u>	<u>\$ 231,638</u>	<u>\$ 1,708,300</u>

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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (164,876)	\$ (94,253)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	64,093	110,107
(Increase) decrease in contracts and grants receivable, net	45,518	(16,803)
(Increase) decrease in other accounts receivable	39,100	(68,509)
Decrease in prepaid expenses and other assets	8,357	50,859
Increase (decrease) in accounts payable and accrued expenses	9,124	(5,654)
Increase (decrease) in program advances	145,759	(148,373)
Increase (decrease) in other current liabilities	(26,362)	28,395
Increase in deferred rent payable	20,677	30,847
	<u>141,390</u>	<u>(113,384)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of fixed assets	(5,240)	(65,018)
Decrease in line of credit	(50,000)	(41,320)
	<u>(55,240)</u>	<u>(106,338)</u>
Net cash used by financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86,150	(219,722)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>122,981</u>	<u>342,703</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 209,131</u>	<u>\$ 122,981</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 4,457</u>	<u>\$ 2,468</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 which is the result of a January 3, 2014 merger whereby the Coalition Against Child Abuse and Neglect, Inc. merged into the Nassau County Coalition Against Domestic Violence, Inc. ("NCCADV"). NCCADV was the surviving organization, whose name was changed to The Safe Center LI, Inc. 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.

As of December 31, 2015 and 2014, 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, 2015 and 2014.

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, 2015 and 2014.

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, 2015 and 2014, 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, 2012 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, net

Contracts and grants receivable, net as of December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Nassau County Department of Social Services	\$ 659,076	\$ 266,300
New York State Legislative Grant	182,982	74,559
Nassau County Office of Housing and Homeless Services	49,135	156,155
U.S. Department of Housing and Urban Development	15,079	13,828
Nassau County Youth Board	7,911	14,378
New York State Office of Children and Family Services	58	96,936
Nassau County Police Department	-	121,016
New York State Office of Court Administration	-	108,760
U.S. Department of Justice	-	52,105
New York State Department of Health and Human Services	-	27,157
Local municipality	-	11,667
Nassau County Department of Mental Health	-	11,490
Nassau County District Attorney	-	5,408
	<u>\$ 914,241</u>	<u>\$ 959,759</u>

(5) **Property and equipment**

Property and equipment as of December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 65,000	\$ 65,000
Building and building improvements	937,207	937,954
Furniture and fixtures	<u>721,621</u>	<u>715,634</u>
	1,723,828	1,718,588
Less: accumulated depreciation	<u>(1,196,280)</u>	<u>(1,132,187)</u>
	<u>\$ 527,548</u>	<u>\$ 586,401</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$64,093 and \$110,107, respectively.

(6) **Line of credit**

As of December 31, 2015, the Organization has a revolving line of credit with a bank, which provides for maximum borrowings of \$350,000. Borrowings under this line are secured by the Organization's assets and bear interest at the prime rate (3.5% as of December 31, 2015) plus 1.0%. As of December 31, 2015, no funds were drawn on the line of credit.

(7) **Temporarily restricted net assets**

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

	<u>2015</u>	<u>2014</u>
Children's programs	\$ 200,134	\$ 144,889
Staff and board development	66,500	-
Merger and facility renovation	30,850	32,912
Shelter and transitional housing	9,669	36,939
Outreach materials	1,750	3,500
Communications and technology	-	11,268
Human trafficking	-	1,250
Holiday drive	<u>-</u>	<u>880</u>
	<u>\$ 308,903</u>	<u>\$ 231,638</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 \$484,665 and \$470,549 for the years ended December 31, 2015 and 2014. Deferred rent of \$148,760 and \$128,083 at December 31, 2015 and 2014 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>	
2016	\$ 523,598
2017	535,875
2018	547,122
2019	553,883
2020	561,860
2021 & thereafter	<u>3,099,311</u>
	<u>\$ 5,821,649</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 6, 2016, which is the date these financial statements were available to be issued, noting no matters requiring further consideration.

THE SAFE CENTER LI, INC.
SUPPLEMENTARY SCHEDULE OF REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
GOVERNMENT CONTRACTS:		
Nassau County grants -		
Department of Social Services	\$ 2,036,231	\$ 1,592,649
Police Department	280,993	250,997
Office of Housing and Homeless Services	71,048	144,915
Department of Mental Health	68,202	62,729
Youth Board	56,864	57,535
Other	-	12,015
New York State grants -		
Office of Victim Services	309,758	530,055
Office of Children and Family Services	370,496	346,573
Office of Court Administration	265,868	190,422
Legislative	351,108	173,647
Department of Health and Human Services	11,742	63,269
Other government grants -		
U.S. Department of Housing and Urban Development	461,417	453,418
Department of Justice	163,609	222,709
Other	81,181	110,813
Total government contracts	4,528,517	4,211,746
PUBLIC SUPPORT AND FUNDRAISING:		
Grants and contributions	657,891	783,222
Fundraising events, net	501,812	542,570
United Way of Long Island	27,573	30,742
Total public support and fundraising	1,187,276	1,356,534
OTHER REVENUES:		
Miscellaneous fees and other income	59,365	88,773
Total other revenues	59,365	88,773
Total revenues	\$ 5,775,158	\$ 5,657,053

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

THE SAFE CENTER LI, INC.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	Program Services								Support Services		Total		
	Non-Residential and Domestic Violence	Community Education	Rape & Sexual Assault	Legal	Safe Home	Transitional Housing	Project Kids Talk	Children's Programs	Total Program	Management and General	Fundraising	2015	2014
Salaries	\$ 746,626	\$ 261,630	\$ 227,478	\$ 471,020	\$ 377,547	\$ 158,506	\$ 51,049	\$ 708,082	\$ 3,001,938	\$ 260,093	\$ 102,800	\$ 3,364,831	\$ 3,195,256
Employee benefits	80,628	28,253	24,586	50,865	40,771	17,117	5,513	76,465	324,178	28,087	11,101	363,366	333,854
Payroll taxes	66,533	23,314	20,271	41,973	33,644	14,125	4,549	63,098	267,507	23,177	9,161	299,845	287,353
Total personnel costs	893,787	313,197	272,315	563,858	451,962	189,748	61,111	847,645	3,593,623	311,357	123,062	4,028,042	3,816,463
Building rent	131,763	46,172	40,145	83,124	66,629	27,973	9,009	124,960	529,775	45,901	18,142	593,818	599,818
Transitional housing rents	-	-	-	-	-	362,698	-	-	362,698	-	-	362,698	319,704
Safe house	-	-	-	-	129,609	-	-	-	129,609	-	-	129,609	162,849
Fundraising/special events	-	-	-	-	-	-	-	-	-	-	120,965	120,965	133,308
Consultants	17,476	5,444	4,733	19,600	7,855	4,185	1,062	15,102	75,457	5,411	16,339	97,207	85,524
Office equipment maintenance and repairs	14,625	5,126	4,456	9,227	7,396	3,105	1,000	13,870	58,805	5,095	2,013	65,913	63,936
Food and client needs	10,325	3,617	3,145	11,177	5,221	16,543	706	9,792	60,526	3,597	1,422	65,545	55,634
Insurance	12,733	4,462	3,879	11,648	6,438	2,703	871	12,075	54,809	4,435	1,753	60,997	67,091
Accounting and auditing fees	13,254	4,644	4,038	8,362	6,702	2,814	906	12,570	53,290	4,617	1,825	59,732	45,601
Postage and printing	12,114	5,995	3,691	7,992	6,126	2,571	828	11,489	50,806	4,220	1,668	56,694	59,508
Travel and speaking engagements	3,500	3,782	279	31,180	-	4,903	-	7,865	51,509	2,115	212	53,836	23,953
Conference, dues, and subscriptions	11,035	3,867	3,362	6,962	5,580	2,343	755	10,466	44,370	3,844	1,519	49,733	28,006
Telephone and communications	7,121	2,495	2,170	4,493	3,601	1,512	487	6,754	28,633	2,481	981	32,095	31,948
Office	6,143	2,152	1,871	3,875	3,106	1,304	420	5,826	24,697	2,140	846	27,683	25,271
Program supplies	3,013	1,296	918	1,901	1,524	639	5,858	6,936	22,085	1,049	415	23,549	19,467
Miscellaneous	4,975	1,743	1,516	3,138	2,515	1,056	340	4,718	20,001	1,733	685	22,419	20,157
Bank and other service charges	2,858	1,001	871	1,804	1,447	607	195	2,712	11,495	996	6,061	18,552	21,450
Interest	989	347	301	624	500	210	68	938	3,977	344	136	4,457	2,468
Merger expenses	-	-	-	-	-	-	-	-	-	2,062	-	2,062	55,983
Development	74	26	23	47	38	16	5	70	299	26	10	335	3,080
Total expenses before depreciation	1,145,785	405,366	347,713	769,012	706,249	624,930	83,621	1,093,788	5,176,464	401,423	298,054	5,875,941	5,641,199
Depreciation	14,222	4,984	4,333	8,972	7,192	3,019	972	13,487	57,181	4,954	1,958	64,093	110,107
Total expenses	\$ 1,160,007	\$ 410,350	\$ 352,046	\$ 777,984	\$ 713,441	\$ 627,949	\$ 84,593	\$ 1,107,275	\$ 5,233,645	\$ 406,377	\$ 300,012	\$ 5,940,034	\$ 5,751,306

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