Attachment B.3.

THE SAFE CENTER LI, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 TOGETHER WITH AUDITOR'S REPORT

NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS

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", a non-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Safe Center LI, Inc. as of December 31, 2019 and 2018 and the changes in net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule on page 16, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2020, 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
March 12, 2020

Nawrocki Smith LLP

THE SAFE CENTER LI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 568,099	$ 133,163
Contracts and grants receivable	1,667,799	1,462,829
Contributions receivable	116,191	92,668
Other receivables	22,598	32,389
Prepaid expenses and other assets	39,813	59,666
Total current assets	2,414,500	1,780,715
PROPERTY AND EQUIPMENT, net	473,077	534,107
SECURITY DEPOSITS	169,000	169,000
Total assets	$ 3,056,577	$ 2,483,822
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Loan payable to bank	$ 590,000	$ 350,000
Accounts payable and accrued expenses	293,260	281,905
Program advances	171,048	14,016
Deferred income	10,001	16,300
Other current liabilities	13,537	8,485
Total current liabilities	1,077,846	670,706
DEFERRED RENT PAYABLE	81,648	121,799
Total liabilities	1,159,494	792,505
NET ASSETS:		
With donor restrictions	727,729	413,926
Without donor restrictions	1,169,354	1,277,391
Total net assets	1,897,083	1,691,317
Total liabilities and net assets	$ 3,056,577	$ 2,483,822

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, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Government contracts	$ 5,731,877	$ -	$ 5,731,877	$ 5,392,730	$ -	$ 5,392,730
Public support and fundraising, net of direct expenses of $97,656 and $108,340	619,224	581,372	1,200,596	777,562	311,209	1,088,771
Other revenues	39,753	-	39,753	25,930	-	25,930
Net assets released from restrictions	267,569	(267,569)	-	273,975	(273,975)	-
Total revenues	6,658,423	313,803	6,972,226	6,470,197	37,234	6,507,431
EXPENSES:						
Program services:						
Non-Residential and Domestic Violence	1,552,470	-	1,552,470	1,416,147	-	1,416,147
Community Education	666,726	-	666,726	496,060	-	496,060
Rape and Sexual Assault	590,524	-	590,524	575,513	-	575,513
Legal	903,896	-	903,896	767,283	-	767,283
Safe Home	667,554	-	667,554	705,055	-	705,055
Transitional Housing	452,564	-	452,564	437,616	-	437,616
Children's Programs and Project Kids Talk	1,158,115	-	1,158,115	1,338,164	-	1,338,164
Total program services	5,991,849	-	5,991,849	5,735,838	-	5,735,838
Supporting services:						
Administration	618,330	-	618,330	516,468	-	516,468
Fundraising	156,281	-	156,281	144,212	-	144,212
Total expenses	6,766,460	-	6,766,460	6,396,518	-	6,396,518
Change in net assets	(108,037)	313,803	205,766	73,679	37,234	110,913
NET ASSETS, BEGINNING OF YEAR	1,277,391	413,926	1,691,317	1,203,712	376,692	1,580,404
NET ASSETS, END OF YEAR	$ 1,169,354	$ 727,729	$ 1,897,083	$ 1,277,391	$ 413,926	$ 1,691,317

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

THE SAFE CENTER LI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services								Supporting Services		
	Non-Residential and Domestic Violence	Community Education	Rape and Sexual Assault	Legal	Safe Home	Transitional Housing	Children's Programs and PKT	Total Program	Administration	Fundraising	Total
Salaries	$ 1,042,307	$ 437,591	$ 399,622	$ 601,547	$ 368,343	$ 178,903	$ 777,368	$ 3,805,681	$ 431,294	$ 105,106	$ 4,342,081
Employee benefits	90,522	38,003	34,706	52,242	31,989	15,537	67,512	330,511	37,456	9,128	377,095
Payroll taxes	86,343	36,249	33,104	49,831	30,513	14,820	64,396	315,256	35,728	8,707	359,691
Total personnel cost	1,219,172	511,843	467,432	703,620	430,845	209,260	909,276	4,451,448	504,478	122,941	5,078,867
Building rent	139,514	58,572	53,490	80,518	49,303	23,946	104,052	509,395	57,729	14,069	581,193
Transitional housing rents	-	-	-	-	-	150,687	-	150,687	-	-	150,687
Safe home direct costs	-	-	-	-	128,256	-	-	128,256	-	-	128,256
Food and client needs	34,950	-	9,534	16,996	8,783	35,263	18,521	124,047	-	-	124,047
Conference dues and subscriptions	15,992	22,235	9,504	9,799	7,239	5,856	17,080	87,705	4,603	4,632	96,940
Insurance	19,911	8,359	7,634	19,286	7,036	3,418	14,850	80,494	8,239	2,008	90,741
Consultants	31,817	7,353	6,715	10,109	6,190	3,006	13,063	78,253	7,248	1,766	87,267
Office equipment maintenance and repairs	15,940	6,692	6,112	9,200	5,633	2,736	11,888	58,201	6,596	1,607	66,404
Postage and printing	14,540	6,350	6,070	8,971	5,138	2,496	10,844	54,409	6,016	1,466	61,891
Office	14,506	6,090	5,562	8,372	5,126	2,490	10,819	52,965	6,002	1,463	60,430
Travel and speaking engagements	6,501	8,342	3,276	737	-	6,604	10,463	35,923	1,021	688	37,632
Program supplies	-	14,253	-	13,418	-	-	7,704	35,375	-	1,645	37,020
Telephone and communications	6,540	2,746	2,507	3,774	2,311	1,122	4,877	23,877	2,706	659	27,242
Accounting and auditing fees	6,241	2,620	2,393	3,602	2,206	1,071	4,655	22,788	2,583	629	26,000
Interest	4,759	1,998	1,825	2,747	1,682	817	3,549	17,377	1,969	480	19,826
Payroll fees	4,055	1,702	1,555	2,340	1,433	696	3,024	14,805	1,678	409	16,892
Bank and other service charges	2,077	872	797	1,199	734	357	1,550	7,586	860	210	8,656
Recruitment, dues and miscellaneous	135	57	52	78	48	23	101	494	56	14	564
Total expenses before depreciation	1,536,650	660,084	584,458	894,766	661,963	449,848	1,146,316	5,934,085	611,784	154,686	6,700,555
Depreciation	15,820	6,642	6,066	9,130	5,591	2,716	11,799	57,764	6,546	1,595	65,905
Total expenses	$ 1,552,470	$ 666,726	$ 590,524	$ 903,896	$ 667,554	$ 452,564	$ 1,158,115	$ 5,991,849	$ 618,330	$ 156,281	$ 6,766,460

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

THE SAFE CENTER LI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services								Supporting Services		
	Non-Residential and Domestic Violence	Community Education	Rape and Sexual Assault	Legal	Safe Home	Transitional Housing	Children's Programs and PKT	Total Program	Administration	Fundraising	Total
Salaries	$ 943,013	$ 317,357	$ 389,330	$ 502,300	$ 370,968	$ 114,889	$ 887,463	$ 3,525,320	$ 359,841	$ 99,708	$ 3,984,869
Payroll taxes	78,597	26,451	32,449	40,578	30,919	9,576	73,967	292,537	30,999	8,590	332,126
Employee benefits	81,238	24,839	30,540	43,272	31,958	9,615	71,452	292,914	27,880	7,310	328,104
Total personnel costs	1,102,848	368,647	452,319	586,150	433,845	134,080	1,032,882	4,110,771	418,720	115,608	4,645,099
Building rent	137,539	46,287	56,784	73,260	54,106	16,756	129,437	514,169	52,483	14,541	581,193
Transitional housing rents	-	-	-	-	-	256,291	-	256,291	-	-	256,291
Safe home direct costs	-	-	-	-	133,631	-	-	133,631	-	-	133,631
Food and client needs	34,659	12,597	9,924	21,404	11,889	4,692	33,224	128,389	-	-	128,389
Insurance	20,850	7,989	7,859	15,589	8,715	5,199	16,064	82,265	8,514	3,031	93,810
Consultants	19,321	6,502	7,977	10,291	7,601	2,353	18,183	72,228	7,372	2,043	81,643
Conference, dues and subscriptions	25,698	7,987	8,225	9,436	6,962	2,160	16,140	76,608	1,689	316	78,613
Office equipment maintenance and repairs	13,873	4,836	4,986	8,394	5,698	2,848	9,368	50,003	4,869	892	55,764
Postage and printing	13,469	4,242	5,347	7,420	5,300	1,240	9,575	46,593	4,941	1,076	52,610
Office	9,604	3,915	3,029	6,472	3,429	1,779	8,624	36,852	3,203	1,543	41,598
Program supplies	-	14,302	-	2,857	-	-	18,202	35,361	-	671	36,032
Travel and speaking engagements	2,050	6,068	4,272	5,204	-	5,553	11,043	34,190	1,000	511	35,701
Telephone and communications	6,392	2,151	2,639	3,405	2,514	949	6,015	24,065	2,439	776	27,280
Accounting and auditing fees	5,917	1,991	2,443	3,151	2,327	721	5,567	22,117	2,258	625	25,000
Bad debt	-	-	-	-	18,745	-	-	18,745	-	-	18,745
Payroll fees	3,173	1,068	1,310	1,690	1,248	387	2,986	11,862	1,211	335	13,408
Bank and other service charges	1,916	872	1,204	1,553	1,147	356	2,744	9,792	1,113	309	11,214
Interest	2,324	782	959	1,338	914	292	3,187	9,796	887	246	10,929
Total expenses before depreciation	1,399,633	490,236	569,277	757,614	698,071	435,656	1,323,241	5,673,728	510,699	142,523	6,326,950
Depreciation	16,514	5,824	6,236	9,669	6,984	1,960	14,923	62,110	5,769	1,689	69,568
Total expenses	$ 1,416,147	$ 496,060	$ 575,513	$ 767,283	$ 705,055	$ 437,616	$ 1,338,164	$ 5,735,838	$ 516,468	$ 144,212	$ 6,396,518

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

THE SAFE CENTER LI, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 205,766	$ 110,913
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	65,905	69,568
Increase in contracts and grants receivable	(204,970)	(108,636)
Increase in contributions receivable	(23,523)	(8,098)
(Increase) decrease in other receivables	9,791	(32,389)
(Increase) decrease in prepaid expenses and other assets	19,853	(26,167)
Increase (decrease) in accounts payable and accrued expenses	11,355	(12,034)
Increase (decrease) in program advances	157,032	(233,448)
Decrease in deferred income	(6,299)	(2,100)
Increase in other current liabilities	5,052	1,074
Decrease in deferred rent payable	(40,151)	(24,263)
Net cash provided (used) by operating activities	199,811	(265,580)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(4,875)	(49,218)
Net cash used by investing activities	(4,875)	(49,218)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan payable to bank	240,000	350,000
Payments on loan payable to bank	-	(130,000)
Net cash provided by financing activities	240,000	220,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	434,936	(94,798)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	133,163	227,961
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 568,099	$ 133,163
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 19,826	$ 10,840

The accompanying notes to financial statements
are an integral part of these 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 include the assets, liabilities, revenues and expenses of the Organization which are reflected under the accrual basis of accounting. The following is a summary of significant accounting policies followed by the Organization:

Financial statement presentation -

The accompanying financial statements include the accounts of the Organization's programs, administration and fundraising. The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles which require that the Organization's financial statements distinguish between those with and without donor restricted net assets and changes in net assets. The Organization's net assets consist of the following:

Without donor restrictions - 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.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended December 31, 2019 and 2018.

Fair value measurements -

The Financial Accounting Standards Board ("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.

U.S. generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, contracts and grants receivable, contributions receivable, other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Cash and cash equivalents -

Cash and cash equivalents include all short-term highly liquid instruments with an original maturity of three months or less at the time of purchase, which are not intended for investment.

Contracts and grants receivable -

Contracts and grants receivable represent service revenues that have been billed but not collected as of December 31, 2019 and 2018. Management believes that all accounts will be fully collectible. Therefore, an allowance for doubtful accounts has not been recorded.

Contributions receivable -

Unconditional contributions receivable are recognized as support in the period pledged. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. The Organization considers contributions receivable past due or delinquent when payments have not been received in a timely manner. Management believes that all accounts will be fully collectible. Therefore, an allowance for doubtful accounts has not been recorded.

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). Additions with a cost or value greater than or equal to $2,000 with an expected useful life of more than one year shall be capitalized.

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, 2019 and 2018.

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, when the fair value of the liability can be reasonably estimated. As of December 31, 2019 and 2018, the Organization has met the provisions of and is in compliance with these requirements.

Revenue recognition -

Effective January 1, 2019, the Organization adopted FASB Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The new guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization applied the modified retrospective method of adoption, which resulted in no adjustment to net assets as of January 1, 2019.

Effective January 1, 2019, the Organization adopted FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The new guidance clarifies and improves guidance on whether a transfer of assets is a contribution or an exchange and whether a contribution is conditional. The Organization applied the modified retrospective method of adoption, which resulted in no adjustment to net assets as of January 1, 2019.

The following are the significant revenue recognition accounting policies of the Organization:

Contracts - Revenue under contracts are recognized when earned. Revenue is earned when performance obligations, as defined in each contract, are fulfilled. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Grants and contributions - Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restriction. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Shelter services - Shelter services revenue is reported at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing housing to eligible families. These amounts are due from third party payors, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

Fundraising revenue - The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Donated services -

A number of volunteers have donated significant amounts of their time in the Organization's programs and administration. 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.

Functional expenses -

Expenses are recognized when incurred. The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: salaries, payroll taxes and fringe benefits which are allocated on the basis of estimates of time and effort. All other expenses are allocated based on a systematic and rational basis.

Liquidity considerations -

Quantitative

As of December 31, 2019 and 2018, the Organization has $2,414,500 and $1,780,715 respectively, of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statement of Financial Position date, as noted in the current assets section of the Statement. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures within the ensuing fiscal year. The current contributions receivable are subject to time restrictions, but will be collected within one year.

Qualitative

As of December 31, 2019, the Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 15 days of normal operating expenses, which are, on average, approximately $280,000.

As more fully described in Note 6, the Organization also has a committed line of credit in the amount of $600,000, of which it has drawn down $590,000.

Uncertainty in income taxes -

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examination by the applicable taxing jurisdictions for tax years prior to 2016.

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 amounts of revenues and expenses during the reported period. Estimates primarily include useful lives for the purpose of depreciation. Actual results may differ from those estimates.

(3) Contracts and grants receivable

Contracts and grants receivable as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
Nassau County Department of Social Services	$ 991,987	$ 903,088
New York State Office of Children and Family Services	217,088	205,154
Nassau County Office of Housing and Homeless Services	160,298	115,395
Safehouse	86,137	2,517
New York State Division of Criminal Justice	64,686	50,093
Nassau County Police Department	34,185	31,986
New York State Legislative Grant	27,847	80,715
U.S. Department of Housing and Urban Development	21,518	15,368
Nassau County District Attorney	16,796	24,176
Nassau County Youth Board	14,202	14,987
Other	33,055	19,350
	$ 1,667,799	$ 1,462,829

(4) Property and equipment

Property and equipment, net as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
Land	$ 65,000	$ 65,000
Building and building improvements	1,032,672	1,029,797
Furniture and fixtures	823,790	821,790
	1,921,462	1,916,587
Less: accumulated depreciation	(1,448,385)	(1,382,480)
	$ 473,077	$ 534,107

Depreciation expense for the years ended December 31, 2019 and 2018 was $65,905 and $69,568 respectively.

(5) Loan payable to bank

The Organization has a line of credit with a bank in the amount of $600,000, of which it has drawn down $590,000. The line is available through September 5, 2020. Borrowings on the line bear interest at 5.50% and are secured by the Organization's assets.

(6) Program advances

Program advances as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
New York State Office of Court Administration	$ 98,292	$ -
New York State Children's Advocacy Center	68,830	-
New York State Office of Victim Services -		
Children of Substance Abuse	2,120	-
Victim Assistance Program	1,806	3,506
Domestic Violence	-	7,003
Forensic Interviewer	-	3,507
	$ 171,048	$ 14,016

(7) Net assets with donor restrictions

Net assets with donor restrictions are available for, or relate to the following purposes:

	2019	2018
Children's programs and PKT	$ 234,143	$ 245,499
New shelter capital campaign	204,500	-
Ilene Barshay Impact Fund and Project Hope	110,888	107,778
Facility renovation	76,000	-
Community Education	32,090	22,500
Legal services	32,050	38,149
Sandy Oliva Special Needs	19,978	-
Staff and Board development	9,825	-
Safe Home	8,255	-
	$ 727,729	$ 413,926

(8) Commitments and contingencies

Operating lease -

The Organization has a noncancelable office lease that expires in February 2030. Annual rent expense is determined by dividing the total lease payments by the number of periods in the lease term.

Rent expense for this lease was $545,495 and $529,607 for the years ended December 31, 2019 and 2018, respectively. Deferred rent of $81,648 and $121,799 at December 31, 2019 and 2018, represents the cumulative difference between rent expense and the cash payments required under the lease.

The Organization also has various noncancelable operating leases for equipment which expire on various dates through 2030.

Future minimum payments under all operating leases are as follows:

Year ending December 31,	
2020	$ 623,122
2021	647,385
2022	531,584
2023	535,239
2024	551,296
2025 & thereafter	3,068,100
	$ 5,956,726

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 March 12, 2020, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined the following subsequent event has occurred, which requires disclosure in the financial statements:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that the impact of COVID-19 will continue for some time. Currently, there has been no material adverse effect on the Organization's operations. Future potential considerations may include disruptions or restrictions on the Organization's employees' ability to work, disruptions to special events and tenants' ability to pay required monthly rent. A tenant's inability to pay rent, however, may be covered by the Organization's contract with the U.S. Department of Housing and Urban Development. Operating functions that may be affected include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. The future effects of COVID-19 on the Organization's operational and financial performance, and cash flow needs are uncertain and cannot be predicted as of the date of these financial statements.

THE SAFE CENTER LI, INC.
SUPPLEMENTARY SCHEDULES OF REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
GOVERNMENT CONTRACTS:		
Nassau County grants -		
Department of Social Services	$ 2,245,480	$ 2,303,316
Police Department	286,939	206,494
Office of Housing and Homeless Services	145,561	106,047
Department of Mental Health	61,203	70,144
Youth Board	52,918	55,420
New York State grants -		
Office of Victim Services	1,112,016	746,302
Office of Court Administration	362,557	396,090
Office of Children and Family Services	270,543	319,159
Division of Criminal Justice Services	249,755	231,213
Legislative	122,748	146,032
Department of Health and Human Services	151,507	133,180
Other government grants -		
U.S. Department of Housing and Urban Development	310,405	361,889
Department of Justice	-	-
Other	360,245	317,444
Total government contracts	5,731,877	5,392,730
PUBLIC SUPPORT AND FUNDRAISING:		
Grants and contributions	850,598	747,796
Fundraising events, net	329,692	317,739
United Way of Long Island	20,306	23,236
Total public support and fundraising	1,200,596	1,088,771
OTHER REVENUES:		
Miscellaneous fees and other income	39,753	25,930
Total other revenues	39,753	25,930
Total revenues	$ 6,972,226	$ 6,507,431

See auditor's report on supplementary information.

NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS

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 of
The Safe Center LI, Inc.:

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 The Safe Center LI, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2019 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 financial statements, and have issued our report thereon dated March 12, 2020.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

Melville, New York
March 12, 2020

Nawrocki Smith LLP