



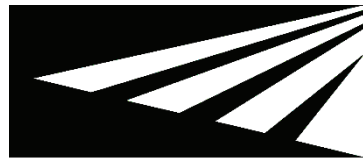
THE SAFE CENTER LI, INC.

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

THE SAFE CENTER LI, INC.
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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Safe Center LI, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Safe Center LI, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Safe Center LI, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

NawrockiSmith

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Safe Center LI, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or vents, considered in the aggregate, that raise substantial doubt about The Safe Center LI, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

NawrockiSmith

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules on page 16, 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and that results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Hauppauge, New York
May 11, 2023

Nawrocki Smith LLP

THE SAFE CENTER LI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 707,753	\$ 396,916
Contracts and grants receivable	1,605,880	1,542,407
Contributions receivable	224,478	211,523
Other receivables	4,233	3,288
Prepaid expenses and other assets	47,459	52,790
Current portion of right-of-use assets, net - operating	460,077	-
Total current assets	3,049,880	2,206,924
PROPERTY AND EQUIPMENT, net	420,480	453,846
SECURITY DEPOSITS	169,000	169,000
RIGHT-OF-USE ASSETS, NET - OPERATING	3,128,177	-
DEFERRED RENT RECEIVABLE	-	25,968
Total assets	\$ 6,767,537	\$ 2,855,738
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Loan payable to bank	\$ 900,000	\$ 790,000
Accounts payable and accrued expenses	368,752	444,804
Program advances	877,864	-
Current portion of lease liabilities - operating	410,634	-
Deferred income	10,075	16,440
Other current liabilities	28,054	30,235
Total current liabilities	2,595,379	1,281,479
LEASE LIABILITIES, NET OF CURRENT PORTION - OPERATING	3,194,781	-
Total liabilities	5,790,160	1,281,479
NET ASSETS:		
With donor restrictions	930,059	1,128,928
Without donor restrictions	47,318	445,331
Total net assets	977,377	1,574,259
Total liabilities and net assets	\$ 6,767,537	\$ 2,855,738

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, 2022 AND 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
REVENUES:				
Government contracts	\$ 6,286,488	\$ -	\$ 6,286,488	\$ -
Public support and fundraising, net of direct expenses of \$107,053 and \$85,508	934,647	99,532	1,034,179	541,359
Other revenues	37,897	-	37,897	45,686
Net assets released from restrictions	298,401	(298,401)	-	286,300
Total revenues	7,557,433	(198,869)	7,358,564	7,163,805
EXPENSES:				
Program services:				
Non-Residential and Domestic Violence	1,915,729	-	1,915,729	1,904,731
Community Education	673,380	-	673,380	680,472
Rape and Sexual Assault	658,484	-	658,484	536,913
Legal	675,466	-	675,466	779,980
Safe Home	690,935	-	690,935	691,597
Transitional Housing	798,832	-	798,832	714,751
Children's Programs and Project Kids Talk	1,555,319	-	1,555,319	1,497,786
Total program services	6,968,145	-	6,968,145	6,806,230
Supporting services:				
Administration	757,364	-	757,364	676,491
Fundraising	229,937	-	229,937	158,815
Total supporting services	987,301	-	987,301	835,306
Total expenses	7,955,446	-	7,955,446	7,641,536
Change in net assets	(398,013)	(198,869)	(596,882)	142,197
NET ASSETS, BEGINNING OF YEAR	445,331	1,128,928	1,574,259	923,062
NET ASSETS, END OF YEAR	\$ 47,318	\$ 930,059	\$ 977,377	\$ 1,128,928
				\$ 6,290,460
				\$ 6,290,460
				969,856
				45,686
				(286,300)
				142,197
				7,306,002
				1,904,731
				680,472
				536,913
				779,980
				691,597
				714,751
				1,497,786
				6,806,230
				676,491
				158,815
				835,306
				7,641,536
				(335,534)
				1,909,793
				\$ 1,128,928
				\$ 1,574,259

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, 2022

	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	\$ 1,229,289	\$ 443,628	\$ 432,327	\$ 432,007	\$ 379,986	\$ 270,344	\$ 988,500	\$ 4,176,081	\$ 476,984	\$ 154,255	\$ 4,807,320
Employee benefits	132,040	47,651	46,437	46,403	40,815	29,038	106,177	448,561	51,234	16,568	516,363
Payroll taxes	101,754	36,721	35,786	35,759	31,453	22,378	81,823	345,674	39,482	12,768	397,924
Total personnel costs	1,463,083	528,000	514,550	514,169	452,254	321,760	1,176,500	4,970,316	567,700	183,591	5,721,607
Leases	158,497	57,199	55,742	55,700	48,993	34,857	127,452	538,440	61,500	19,888	619,828
Transitional housing rents	-	-	-	-	-	277,418	-	277,418	-	-	277,418
Food and client needs	47,997	-	12,404	15,792	10,906	112,830	28,391	228,320	-	-	228,320
Consultants	65,175	12,734	12,409	12,400	10,907	7,760	60,368	181,753	13,691	4,428	199,872
Insurance	27,690	9,993	9,738	15,415	8,559	6,090	22,266	99,751	10,744	3,475	113,970
Safe home direct costs	-	-	-	-	113,027	-	-	113,027	-	-	113,027
Conference, dues and subscriptions	11,289	6,975	4,673	4,030	3,664	2,269	23,441	56,341	50,279	164	106,784
Office	26,774	9,662	9,416	9,409	8,276	5,888	21,530	90,955	10,389	3,361	104,705
Building rent	22,080	7,968	7,766	7,760	6,825	4,856	17,755	75,010	8,568	2,771	86,349
Office equipment maintenance and repairs	18,973	6,847	6,673	6,668	5,865	4,173	15,257	64,456	7,362	2,380	74,198
Interest	14,041	5,067	4,938	4,934	4,340	3,088	11,291	47,699	5,448	1,761	54,908
Postage and printing	8,455	3,052	2,974	2,972	2,614	1,860	6,799	28,726	3,281	1,144	33,151
Telephone and communications	7,890	2,847	2,775	2,773	2,439	1,735	6,345	26,804	3,062	990	30,856
Accounting and auditing fees	7,096	2,561	2,496	2,494	2,193	1,561	5,706	24,107	2,753	890	27,750
Payroll fees	6,294	2,271	2,213	2,212	1,945	1,384	5,061	21,380	2,442	791	24,613
Program supplies	10	4,791	-	9,191	204	3,625	4,875	22,696	-	782	23,478
Bank and other service charges	4,425	1,597	1,556	1,555	1,368	973	3,558	15,032	1,717	554	17,303
Travel and speaking engagements	4,749	4,161	701	538	-	2,040	1,668	13,857	198	307	14,362
Total expenses before depreciation	1,894,518	665,725	651,024	668,012	684,379	794,167	1,538,263	6,896,088	749,134	227,277	7,872,499
Depreciation	21,211	7,655	7,460	7,454	6,556	4,665	17,056	72,057	8,230	2,660	82,947
Total expenses	\$ 1,915,729	\$ 673,380	\$ 658,484	\$ 675,466	\$ 690,935	\$ 798,832	\$ 1,555,319	\$ 6,968,145	\$ 757,364	\$ 229,937	\$ 7,955,446
Equipment lease expense											

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, 2021

	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	\$ 1,230,885	\$ 460,175	\$ 358,819	\$ 511,884	\$ 378,777	\$ 315,498	\$ 994,815	\$ 4,250,853	\$ 462,743	\$ 107,980	\$ 4,821,576
Employee benefits	121,816	45,542	35,511	50,659	37,486	31,224	98,453	420,691	45,796	10,686	477,173
Payroll taxes	103,291	38,616	30,111	42,955	31,786	26,475	83,481	356,715	38,832	9,061	404,608
Total personnel costs	1,455,992	544,333	424,441	605,498	448,049	373,197	1,176,749	5,028,259	547,371	127,727	5,703,357
Building rent	170,461	63,728	49,692	70,889	52,456	43,692	137,769	588,687	64,084	14,954	667,725
Transitional housing rents	-	-	-	-	-	196,660	-	196,660	-	-	196,660
Consultants	87,815	10,210	7,962	11,358	8,404	7,000	22,073	154,822	10,267	2,396	167,485
Food and client needs	34,370	-	7,290	12,047	7,696	46,979	20,212	128,594	-	-	128,594
Safe home direct costs	-	-	-	-	127,123	-	-	127,123	-	-	127,123
Insurance	26,308	9,835	7,669	16,971	8,096	6,743	21,262	96,884	9,890	2,308	109,082
Office	24,947	9,327	7,272	10,374	7,677	6,394	20,162	86,153	9,379	2,188	97,720
Conference, dues and subscriptions	20,427	7,056	7,959	8,798	6,536	5,230	22,723	78,729	4,143	1,023	83,895
Office equipment maintenance and repairs	16,111	6,023	4,696	6,700	4,958	4,129	13,021	55,638	6,057	1,413	63,108
Postage and printing	15,186	5,678	4,427	6,315	4,673	3,893	12,274	52,446	5,689	1,328	59,463
Interest	10,160	3,798	2,962	4,226	3,126	2,604	8,211	35,087	3,819	891	39,797
Accounting and auditing fees	6,765	2,529	1,972	2,813	2,082	1,734	5,468	23,363	2,543	594	26,500
Program supplies	161	3,286	-	9,502	-	3,819	8,829	25,597	-	727	26,324
Telephone and communications	6,639	2,482	1,935	2,761	2,043	1,702	5,366	22,928	2,496	582	26,006
Payroll fees	6,091	2,277	1,776	2,533	1,874	1,561	4,923	21,035	2,290	534	23,859
Bank and other service charges	2,498	933	728	1,038	768	640	2,018	8,623	939	219	9,781
Travel and speaking engagements	1,186	1,644	414	-	-	3,747	873	7,864	150	210	8,224
Total expenses before depreciation	1,885,117	673,139	531,195	771,823	685,561	709,724	1,481,933	6,738,492	669,117	157,094	7,564,703
Depreciation	19,614	7,333	5,718	8,157	6,036	5,027	15,853	67,738	7,374	1,721	76,833
Total expenses	\$ 1,904,731	\$ 680,472	\$ 536,913	\$ 779,980	\$ 691,597	\$ 714,751	\$ 1,497,786	\$ 6,806,230	\$ 676,491	\$ 158,815	\$ 7,641,536

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (596,882)	\$ (335,534)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	82,947	76,833
Net change in operating lease liabilities	17,161	-
(Increase) decrease in contracts and grants receivable	(63,473)	137,166
(Increase) decrease in contributions receivable	(12,955)	42,877
Increase in other receivables	(945)	(2,888)
Decrease (increase) in prepaid expenses and other assets	5,331	(3,232)
Decrease (increase) in deferred rent receivable	25,968	(25,968)
(Decrease) increase in accounts payable and accrued expenses	(76,052)	20,276
Increase in program advances	877,864	-
Decrease in deferred income	(6,365)	(70)
(Decrease) increase in other current liabilities	(2,181)	7,670
Decrease in deferred rent payable	-	(38,466)
	<u>250,418</u>	<u>(121,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(49,581)	(43,901)
	<u>(49,581)</u>	<u>(43,901)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan payable to bank	525,000	65,000
Payments on loan payable to bank	(415,000)	(155,000)
	<u>110,000</u>	<u>(90,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	310,837	(255,237)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>396,916</u>	<u>652,153</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 707,753</u>	<u>\$ 396,916</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 74,198</u>	<u>\$ 39,797</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

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:

Basis of accounting and 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, 2022 and 2021.

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.

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2022 and 2021. 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 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, 2022 and 2021.

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, 2022 and 2021, the Organization has met the provisions of and is in compliance with these requirements.

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Right of use assets and lease liabilities -

Effective January 1, 2022, the Organization adopted FASB Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (“Topic 842”). The new guidance increases transparency by requiring the recognition of right-of-use assets and lease liabilities on the Statements of Financial Position. The recognition of these lease assets and lease liabilities represents a change from previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The recognition, measurement and presentation of expenses and cash flows arising from a lease, have not significantly changed from previous GAAP requirements.

On January 1, 2022, the effective date of Topic 842, existing leases of the Organization were required to be recognized and measured. Additionally, any leases entered into during the year were also required to be recognized and measured. In applying Topic 842, the Organization made an accounting policy election not to recognize the right-of-use assets and lease liabilities relating to short-term leases. Implementation of Topic 842 involved an analysis of contracts, including equipment leases and service contracts to identify embedded leases, in order to determine the initial recognition of the right-of-use assets and lease liabilities, which required subjective assessment over the determination of the associated discount rates to apply in determining the lease liabilities.

The adoption of Topic 842 with respect to these leases resulted in the recording of operating lease right-of-use assets of \$3,588,254 and operating lease liabilities of \$3,605,415 as of December 31, 2022.

The Organization determines if an arrangement is or contains a lease at inception. The Organization’s operating lease arrangements are comprised of building leases and equipment leases. Right-of-use assets represent the Organization’s right to use the underlying assets for the lease terms and lease liabilities represent the Organization’s obligation to make lease payments arising from the leases. Right of-use assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease terms. As the Organization’s leases do not provide an implicit rate and the implicit rate is not readily determinable, the Organization estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments. The present value of the lease payments was determined using a 4.50% incremental borrowing rate. Right-of-use assets also exclude lease incentives.

The Organization reconciles the operating lease expenses with the operating lease payments by presenting the amortization of the right-of-use assets and the change in the lease liabilities in a single line item within the adjustments to reconcile change in net assets to net cash provided by operating activities in the accompanying Statements of Cash Flows.

Revenue recognition -

The Organization complies with and accounts for its revenues in accordance with FASB ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASC 606, *Revenue from Contracts with Customers*.

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

Safe home services - Safe home 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 are allocated 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.

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Liquidity considerations -

Quantitative

As of December 31, 2022, the Organization has \$1,659,744, 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, 2022, the Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$650,000.

As more fully described in Note 6, the Organization also has a committed line of credit in the amount of \$1,000,000, of which it has drawn down \$900,000.

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 2019.

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.

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(3) Contracts and grants receivable

Contracts and grants receivable as of December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Nassau County Department of Social Services	\$ 786,456	\$ 633,669
New York State Office of Victims Services	362,017	389,616
New York State Office of Court Administration	104,883	38,747
New York State Office of Children and Family Services	93,791	61,110
New York State Division of Criminal Justice	60,113	72,921
Nassau County Police Department	52,591	121,278
New York State Legislative Grant	41,711	39,450
Nassau County Office of Housing and Homeless Services	34,623	27,731
Nassau County Youth Board	22,974	9,094
New York State Office for the Prevention of Domestic Violence	21,056	73,786
U.S. Department of Housing and Urban Development	20,486	18,089
Other	5,179	56,916
	<u>\$ 1,605,880</u>	<u>\$ 1,542,407</u>

(4) Property and equipment

Property and equipment, net as of December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 65,000	\$ 65,000
Building and building improvements	1,043,312	1,040,662
Furniture and fixtures	993,732	946,801
	2,102,044	2,052,463
Less: accumulated depreciation	<u>(1,681,564)</u>	<u>(1,598,617)</u>
	<u>\$ 420,480</u>	<u>\$ 453,846</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$82,947 and \$76,833 respectively.

(5) Leases:

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use ("ROU") assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

over the lease terms. The Organization has made an accounting policy election to use its incremental borrowing rate to discount future lease payments. The incremental borrowing rate applied to calculate lease liabilities was 4.50%.

The Organization's operating leases consist primarily of facilities and equipment. As of December 31, 2022, the weighted-average remaining lease terms for the Organization's operating leases was approximately 8 years.

Cash paid for operating leases for the year ended December 31, 2022 was \$619,828. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31:

Year ending December 31,	
2023	\$ 564,456
2024	563,812
2025	566,453
2026	583,447
2027	600,950
2028 & thereafter	<u>1,363,304</u>
Total	4,242,422
Discount to present value	<u>(637,007)</u>
	<u><u>3,605,415</u></u>

(6) Loan payable to bank

The Organization has a line of credit with a bank in the amount of \$1,000,000, of which it has drawn down \$900,000. The line is available through September 5, 2023. Borrowings on the line bear interest at 8.25% and are secured by the Organization's assets.

(7) Net assets with donor restrictions

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

	2022	2021
New shelter capital campaign	\$ 326,917	\$ 359,668
Children's programs and PKT	291,185	374,488
Ilene Barshay Impact Fund and Project Hope	100,291	151,181
Sandy Oliva Special Needs	99,814	101,483
Community Education	77,090	77,090
Language line	15,854	762
Staff and Board development	6,950	10,450
Client needs	6,751	20,151
Safe Home	3,316	33,655
C Scott Legacy	1,891	-
	<u>\$ 930,059</u>	<u>\$ 1,128,928</u>

THE SAFE CENTER LI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) Commitments and contingencies

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.

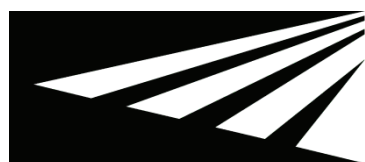
(10) Subsequent events

The Organization has evaluated subsequent events through May 11, 2023, which is the date the financial statements were available to be issued, noting no matters require further consideration.

THE SAFE CENTER LI, INC.
SUPPLEMENTARY SCHEDULES OF REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
GOVERNMENT CONTRACTS:		
Nassau County grants -		
Department of Social Services	\$ 2,122,500	\$ 1,939,326
Police Department	217,178	326,615
Office of Housing and Homeless Services	164,413	155,686
Youth Board	56,563	47,251
New York State grants -		
Office of Victim Services	1,615,877	1,776,322
Office of Court Administration	461,576	464,274
Division of Criminal Justice Services	340,052	214,883
Office of Children and Family Services	345,401	374,574
Office for the Prevention of Domestic Violence	231,188	172,641
Legislative	137,421	40,336
Department of Health and Human Services	-	67,717
Other government grants -		
U.S. Department of Housing and Urban Development	490,771	507,063
Other	103,548	203,772
Total government contracts	6,286,488	6,290,460
PUBLIC SUPPORT AND FUNDRAISING:		
Grants and contributions	720,344	709,588
Fundraising events, net	301,802	247,518
United Way of Long Island	12,033	12,750
Total public support and fundraising	1,034,179	969,856
OTHER REVENUES:		
Miscellaneous fees and other income	37,897	45,686
Total other revenues	37,897	45,686
Total revenues	\$ 7,358,564	\$ 7,306,002

See auditor's report on supplementary information.



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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, 2022 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated May 11, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

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Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hauppauge, New York
May 11, 2023

Nawrocki Smith LLP