

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC.
AND SUBSIDIARY**

FINANCIAL REPORT

September 30, 2019

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC.
AND SUBSIDIARY**

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Independent Auditors' Report

Board of Directors
Survivors and Advocates for Empowerment, Inc. and Subsidiary
Washington, DC

We have audited the accompanying consolidated financial statements of Survivors and Advocates for Empowerment, Inc. (a non-profit organization) and subsidiary, which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement. The financial statements of the subsidiary were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Survivors and Advocates for Empowerment, Inc. and subsidiary as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2020, on our consideration of Survivors and Advocates for Empowerment, Inc.'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 the results of that testing, and not to provide an opinion on the effectiveness of the Survivors and Advocates for Empowerment, Inc.'s 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 Survivors and Advocates for Empowerment, Inc.'s internal control over financial reporting and compliance.

Other Matter – Effect of Adopting New Accounting Standard

As discussed in Note 2, Survivors and Advocates for Empowerment, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended September 30, 2019. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities on pages 17 - 20 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, change in net assets, and cash flows of the individual organizations, and are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



*North Bethesda, Maryland
February 28, 2020*

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 24,505	\$ 66,674
Contracts and grants receivable	362,188	247,333
Prepaid expenses	6,378	19,215
Recoverable income taxes	3,593	-
Other current assets	4,716	67,540
Total current assets	401,380	400,762
Property and Equipment, at cost		
Land	3,756,400	3,756,400
Building and improvements	1,638,937	1,638,937
Construction in progress	808,498	384,076
Furniture, fixtures, and equipment	55,212	55,212
	6,259,047	5,834,625
Less accumulated depreciation and amortization	330,689	212,627
	5,928,358	5,621,998
	\$ 6,329,738	\$ 6,022,760
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 149,092	\$ 342,844
Bank overdraft	5,379	-
Recoverable grant payable	100,000	-
Security deposits in escrow	-	22,245
Total current liabilities	254,471	365,089
Long-Term Liabilities		
Notes payable	3,473,696	2,920,600
Recoverable grant payable	-	100,000
Total long-term liabilities	3,473,696	3,020,600
Total liabilities	3,728,167	3,385,689
Net Assets		
Without donor restrictions	2,594,071	2,637,071
With donor restrictions	7,500	-
Total net assets	2,601,571	2,637,071
	\$ 6,329,738	\$ 6,022,760

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

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended September 30, 2019 and 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2019 <u>Total</u>	2018 <u>Total</u>
Support and Revenues				
Grants	\$ 2,055,391	\$ -	\$ 2,055,391	\$ 1,888,309
Crime victims compensation program fees	555,521	-	555,521	577,303
Rental income	298,346	-	298,346	389,148
In-kind donated services	261,444	-	261,444	94,272
Contributions	77,030	7,500	84,530	59,716
Other income	500	-	500	8,663
Interest income	310	-	310	163
	<u>3,248,542</u>	<u>7,500</u>	<u>3,256,042</u>	<u>3,017,574</u>
Program and Support Services Expenses				
Program services:				
Crisis housing program	967,077	-	967,077	919,829
Crisis intervention program	453,109	-	453,109	483,878
Supportive advocacy program	762,638	-	762,638	879,959
Total program services	<u>2,182,824</u>	<u>-</u>	<u>2,182,824</u>	<u>2,283,666</u>
Support services:				
Management and general	971,198	-	971,198	611,404
Fundraising	62,768	-	62,768	13,964
Total support services	<u>1,033,966</u>	<u>-</u>	<u>1,033,966</u>	<u>625,368</u>
Total expenses	<u>3,216,790</u>	<u>-</u>	<u>3,216,790</u>	<u>2,909,034</u>
Increase in net assets from operations	31,752	7,500	39,252	108,540
Recordation tax repayment	<u>74,752</u>	<u>-</u>	<u>74,752</u>	<u>-</u>
Change in net assets	(43,000)	7,500	(35,500)	108,540
Net assets, beginning of year	<u>2,637,071</u>	<u>-</u>	<u>2,637,071</u>	<u>2,528,531</u>
Net assets, end of year	<u>\$ 2,594,071</u>	<u>\$ 7,500</u>	<u>\$ 2,601,571</u>	<u>\$ 2,637,071</u>

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

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2019

	Program Services			Total Program Services	Management and General	Fundraising	Total Expenses
	Crisis Housing Program	Crisis Intervention Program	Supportive Advocacy Program				
Salaries	\$ 399,030	\$ 339,784	\$ 597,020	\$ 1,335,834	\$ 110,396	\$ -	\$ 1,446,230
Occupancy	306,050	-	-	306,050	-	-	306,050
Employee benefits	73,593	54,635	102,433	230,661	32,914	-	263,575
In-kind donated services	-	-	-	-	261,444	-	261,444
Interest	-	-	-	-	181,483	-	181,483
Outside contract services	284	-	7,887	8,171	69,649	41,364	119,184
Depreciation and amortization	-	-	-	-	118,061	-	118,061
Accounting	18,175	24,687	33,513	76,375	24,484	-	100,859
Utilities	16,400	-	-	16,400	46,398	-	62,798
Emergency shelter	57,077	-	-	57,077	-	-	57,077
Consultants	5,726	13,765	4,505	23,996	13,508	-	37,504
Security	31,569	-	-	31,569	-	-	31,569
Repair and maintenance	1,090	-	-	1,090	26,829	-	27,919
Emergency transportation	24,151	-	-	24,151	-	-	24,151
Fundraising fees	-	-	-	-	-	19,016	19,016
Internet and telephone	3,745	14,726	341	18,812	-	-	18,812
Staff training and development	131	104	482	717	17,731	-	18,448
Licenses, permits and fees	-	-	-	-	17,324	-	17,324
Other business expenses	4,602	2,775	5,441	12,818	658	2,388	15,864
Business insurance	2,160	657	2,071	4,888	9,895	-	14,783
Legal fees	-	-	-	-	13,245	-	13,245
Property and other taxes	-	-	-	-	12,999	-	12,999
Emergency financial assistance	10,609	-	500	11,109	-	-	11,109
Emergency food assistance	8,774	-	-	8,774	-	-	8,774
Supplies	2,117	1,276	4,931	8,324	210	-	8,534
Travel	256	194	251	701	5,462	-	6,163
Bank charges	25	-	-	25	5,921	-	5,946
Printing and copying	93	161	2,622	2,876	1,022	-	3,898
Equipment purchases	1,205	345	479	2,029	-	-	2,029
Fines and penalties	-	-	-	-	1,331	-	1,331
Postage and delivery	215	-	162	377	234	-	611
Total expenses	\$ 967,077	\$ 453,109	\$ 762,638	\$ 2,182,824	\$ 971,198	\$ 62,768	\$ 3,216,790

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

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2018

	Program Services			Total Program Services	Management and General	Fundraising	Total Expenses
	Crisis Housing Program	Crisis Intervention Program	Supportive Advocacy Program				
Salaries	\$ 301,750	\$ 354,302	\$ 631,891	\$ 1,287,943	\$ 70,323	\$ -	\$ 1,358,266
Occupancy	351,443	-	-	351,443	-	-	351,443
Employee benefits	54,141	59,013	102,733	215,887	8,287	-	224,174
Interest	-	-	38	38	162,939	-	162,977
Depreciation and amortization	-	-	-	-	118,967	-	118,967
Accounting	9,600	38,800	35,200	83,600	16,400	-	100,000
In-kind donated services	-	-	-	-	94,272	-	94,272
Consultants	21,966	19,393	40,046	81,405	-	-	81,405
Outside contract services	908	-	45,597	46,505	21,067	-	67,572
Utilities	18,000	-	-	18,000	45,308	-	63,308
Emergency shelter	52,403	-	-	52,403	-	-	52,403
Security	45,000	-	-	45,000	-	-	45,000
Repair and maintenance	9,053	-	-	9,053	33,375	-	42,428
Emergency transportation	23,935	-	-	23,935	-	-	23,935
Business insurance	1,282	1,691	5,165	8,138	10,166	-	18,304
Licenses, permits and fees	-	-	-	-	17,630	-	17,630
Other business expenses	5,747	3,823	4,276	13,846	2,827	-	16,673
Fundraising fees	-	-	-	-	-	13,964	13,964
Equipment purchases	1,563	3,394	5,209	10,166	1,250	-	11,416
Supplies	2,392	1,622	4,728	8,742	591	-	9,333
Internet and telephone	8,411	-	-	8,411	-	-	8,411
Emergency financial assistance	6,757	-	-	6,757	-	-	6,757
Staff training and development	820	421	927	2,168	4,122	-	6,290
Printing and copying	1,000	966	3,275	5,241	-	-	5,241
Travel	333	276	418	1,027	2,187	-	3,214
Emergency food assistance	3,077	-	-	3,077	13	-	3,090
Postage and delivery	248	152	456	856	455	-	1,311
Bank charges	-	25	-	25	797	-	822
Property taxes	-	-	-	-	428	-	428
Total expenses	<u>\$ 919,829</u>	<u>\$ 483,878</u>	<u>\$ 879,959</u>	<u>\$ 2,283,666</u>	<u>\$ 611,404</u>	<u>\$ 13,964</u>	<u>\$ 2,909,034</u>

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

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (35,500)	\$ 108,540
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	118,061	118,967
(Increase) decrease in assets:		
Contracts and grants receivable	(114,855)	35,605
Rent receivable	-	7,500
Prepaid expenses	12,837	29,564
Recoverable income taxes	(3,593)	-
Other current assets	62,824	9,959
Increase (decrease) in liabilities:		
Bank overdraft	5,379	(52,845)
Accounts payable and accrued expenses	59,573	(57,888)
Security deposits in escrow	(22,245)	-
Deferred revenue	-	(8,917)
Net cash provided by operating activities	82,481	190,485
Cash flows from investing activities		
Purchase of property and equipment	(677,746)	(130,751)
Net cash used in investing activities	(677,746)	(130,751)
Cash flows from financing activities		
Proceeds from notes payable	3,473,696	-
Payments on notes payable	(2,920,600)	(115,132)
Advance from recoverable grant	-	100,000
Net cash provided by (used in) financing activities	553,096	(15,132)
Net increase (decrease) in cash and cash equivalents	(42,169)	44,602
Cash and cash equivalents at beginning of year	66,674	22,072
Cash and cash equivalents at end of year	\$ 24,505	\$ 66,674

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

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 1. Organization

Survivors and Advocates for Empowerment, Inc. (SAFE) was incorporated under the laws of the District of Columbia in May 2006 as a non-profit organization. Amaro LLC is a 100% owned subsidiary of SAFE and was organized in May 2017, under the laws of the District of Columbia. Amaro LLC is the owner of an office building in Washington, DC. The office space is rented to SAFE and a small number of other tenants. SAFE's mission is to empower survivors of intimate partner violence in the District of Columbia by supporting them as they navigate the civil justice systems and to advocate for systemic reforms that ensure survivor safety and self-determination. SAFE's program areas are:

Crisis Housing Program - SAFE works with the District of Columbia Metropolitan Police Department to assist domestic violence victims. SAFE offers 20 days of immediate crisis shelter for families who are at the highest risk of being killed or seriously injured by their abuser.

Crisis Intervention Program - SAFE provides a crisis intervention services response line that provides immediate crisis intervention services for domestic violence victims 24 hours a day, 7 days a week.

Supportive Advocacy Program - SAFE provides court-based advocacy services to over 4,000 clients annually. Specific assistance includes information about how to petition for a Civil Protection Order, safety planning assistance, pro bono attorney referrals and public benefits and social services referrals.

Note 2. Summary of Significant Accounting Policies

The following is a summary of SAFE's significant accounting and reporting policies.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, SAFE considers all highly liquid investments available with an original maturity of ninety days or less to be cash equivalents.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Survivors and Advocates for Empowerment, Inc. (the Parent) and its wholly owned subsidiary, Amaro LLC (the Subsidiary). All significant intercompany accounts and transactions have been eliminated.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued)

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby income and expenses are recognized in the period in which they are earned or incurred.

Basis of Consolidated Financial Statement Presentation

SAFE is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent the expendable net assets that are available to support SAFE. Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met by actions of SAFE and/or the passage of time and those that are subject to donor-imposed stipulations that SAFE maintain them permanently. As of September 30, 2019, net assets with donor restrictions totaled \$ 7,500. This represents contributions received as part of the capital campaign for the construction project described in Note 4.

Recent Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. SAFE has adopted this ASU as of and for the year ended September 30, 2019 with retrospective application for the year ended September 30, 2018 financial statements. SAFE opted to not disclose liquidity and availability information for 2018, as permitted under the ASU in the year of adoption. The adoption of this ASU had no effect on net assets or the change in net assets presented for the years ended September 30, 2019 and 2018.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

SAFE considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectible they will be charged to operations when the determination is made. If the allowance method was used instead the results would not be materially different.

Property and Equipment

Property and equipment are carried at cost. SAFE capitalizes property and equipment purchases of \$ 5,000 or more. Depreciation is calculated on a straight-line basis over a three or five year estimated useful life. Buildings and leasehold improvements are depreciated over their estimated useful lives of three to fifteen years.

Revenue and Support

SAFE recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received with donor stipulations limiting the use of the donated assets are recorded as net assets with donor restrictions. These assets are then reclassified to net assets without donor restrictions whenever the restrictions are satisfied. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which contributions are recognized.

Functional Allocation of Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses are allocated among program and supporting services based on time and effort. Accordingly, both direct and indirect expenses have been allocated to the appropriate function.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing its financial statements, SAFE has evaluated subsequent events through February 28, 2020, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications to prior year balances have been made in the accompanying consolidated financial statements to make disclosures consistent with those of the current year. Total net assets and change in net assets are unchanged due to these reclassifications.

Note 3. Contracts and Grants Receivable

Contracts and grants receivable consists of amounts owed from the District of Columbia Office of Victim Services and funds owed from private grants. At September 30, 2019 and 2018, all contracts and grants receivable are due in one year or less. The balance of contracts and grants receivable at September 30, 2019 and 2018, was \$ 362,188 and \$ 247,333, respectively.

Note 4. Building Acquisition

In June 2017, the Organization acquired a building for approximately \$ 5,300,000. The property will be used to provide safe emergency housing to victims of crime, with a particular interest to serving victims of intimate partner violence. The Organization received grants from the District Department of the Office of Victim Services (OVS) and the Department of Housing and Community Development (DHCD) for approximately \$ 2,300,000 of this acquisition. The seller of the building financed the remaining amount of the building for \$ 3,000,000.

These grants required the Organization to begin the conversion of this building into emergency housing within 2 years of the building acquisition. Accordingly, the Organization began activities for the conversion of the building in 2018 and has capitalized preconstruction costs of \$ 808,498 and \$ 384,076, as of the years ended September 30, 2019 and 2018 respectively, which are shown as construction in progress on the consolidated statement of financial position. The Organization is also required to operate the facility for 20 years.

Note 5. Recoverable Grant

During 2018, SAFE received \$ 100,000 in financing under a recoverable grant to assist in the completing design development drawing for the new emergency shelter. The term of this grant is for two years, expiring on March 31, 2020. Repayment of this amount will be the earlier of the closing on construction financing or the 24-month recoverable grant term.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 6. Line of Credit

In August 2019, the Parent secured a line of credit of up to \$ 250,000 from a local bank. Interest payments at the Prime Rate plus 1%, but not less than 6.5%, are due monthly. The line expires on August 22, 2020. The line of credit is secured by the Parent's accounts receivable and is guaranteed by the Subsidiary. There was no outstanding balance on the line of credit as of September 30, 2019, although draws on the line have been made subsequent to year end.

The line of credit agreement contains a financial covenant stating that the maximum loan to value ratio on the pledged receivables shall not exceed 80%. The Parent was in compliance with this covenant for the September 30, 2019 reporting period.

Note 7. Notes Payable

Notes payable at September 30, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Mortgage note payable due June 2020. Interest payable monthly at 5.5 - 6.5%. This note was paid in full in January 2019.	\$ -	\$ 2,920,600
Mortgage note payable due January 2022. Interest is payable monthly at 5.44% through January 2021. Principal and interest payments of \$ 18,732 are payable monthly beginning February 2021. This note is secured by land and buildings.	2,925,000	-
Bridge loan payable due January 2022. Interest is payable monthly at LIBOR plus 2.5% through January 2021. Principal and interest payments are due beginning February 2021, based upon the fixed interest rate and a 23-year amortization schedule. The note is secured by land and buildings.	<u>548,696</u>	<u>-</u>
	<u>3,473,696</u>	<u>2,920,600</u>
Less current maturities	-	-
	<u>\$ 3,473,696</u>	<u>\$ 2,920,600</u>

The aggregate annual maturities of long-term debt over the next five years are as follows:

Year Ending September 30,	
2020	\$ -
2021	53,646
2022	<u>3,420,050</u>
	<u>\$ 3,473,696</u>

The bridge loan agreement contains financial covenants requiring maintenance of Minimum Debt Service Coverage and Global Debt Service Coverage ratios of no less than 1.15 to 1 and a maximum combined loan to value ratio not to exceed 80%. The Parent and the Subsidiary were in compliance with these covenants for the September 30, 2019 reporting period.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 8. Leases

In June 2017, the Subsidiary purchased an office building in Washington, DC. The Parent leases office space from the Subsidiary under an operating lease that expires in September 2022. Intercompany rent of \$ 92,520 and \$ 83,413 paid from the Parent to the Subsidiary during the years ended September 30, 2019 and 2018, respectively, has been eliminated from the consolidated financial statements.

Lease agreements with three other tenants that shared space in this building were terminated during the year ended September 30, 2019. In connection with the termination of one of those leases, the Subsidiary incurred costs of \$ 83,086 related to exclusivity payments made to the tenant's new landlord, which were capitalized as part of the construction in progress on the consolidated statement of financial position. There remains one other tenant in the office building, that subleases space from the Parent under an agreement expiring in September 2022. Rental expense was offset by sublease rental income totaling \$ 32,210 and \$ 36,413 for the years ended September 30, 2019 and 2018, respectively.

In February 2018, SAFE entered into a lease agreement for residential housing units used as part of SAFE's court advocacy program. The lease expires in February 2021 and calls for a monthly licensee fee of \$ 1,700 - \$ 1,900 based on the lease year and number of residential housing units occupied during the month. The Organization leases between 10 – 16 units per month.

The following is a schedule of future minimum rental income receipts under the lease as of September 30, 2019, for each of the next five years and in the aggregate:

Year Ending September 30,	
2020	\$ 34,373
2021	35,404
2022	36,466
2023	-
2024	-
	<u>\$ 106,243</u>

Total office rent and lease expense for the years ended September 30, 2019 and 2018, was \$ 306,050 and \$ 351,443, respectively.

Note 9. Conditional Promises to Give

As of September 30, 2019 and 2018, SAFE had a conditional promise to give of \$100,000 whose donor condition, completion of the construction project described in Note 4, had not yet been met. Additionally, as of September 30, 2019, SAFE had a conditional promise to give of \$50,000 whose donor condition, full award of the construction project described in Note 4, had not yet been met. Accordingly, revenue has not yet been recognized.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 10. Income Taxes

SAFE is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, entities that are classified under this section of the Code are taxed on “unrelated business income” as defined by IRS regulations. There was no unrelated business income for the years ended September 30, 2019 and 2018.

Amaro LLC is a single-member limited liability company owned 100% by SAFE, and is considered a disregarded entity for income tax purposes.

Accounting principles generally accepted in the United States of America require SAFE to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by taxing authorities. SAFE has analyzed tax positions taken and has concluded that, as of September 30, 2019 and 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. SAFE had no interest and penalties related to income taxes for the years ended September 30, 2019 and 2018. SAFE is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. SAFE’s returns are subject to examination by taxing authorities, generally for a period of three years after the returns are filed.

Note 11. Donated Services

Donations of services and materials which either create or enhance non-financial assets or require specialized skills are recorded at their fair value. Such donations are recorded both as support and as assets or expenses in the period when donated. During the year, professional services were donated by attorneys, in connection with the building acquisition described in Note 4. The value of these donated services for the years ended September 30, 2019 and 2018, totaled \$ 261,444 and \$ 94,272, respectively, and they are reported as in-kind donated services in the accompanying consolidated statements of activities and functional expenses.

SAFE receives a significant amount of additional donated services from unpaid volunteers. No amounts have been recognized in the statement of activities for these services because the criteria for recognition noted above has not been satisfied.

Note 12. Commitments and Contingencies

The Organization has entered into a contract for the development of a building (the acquisition described in Note 4) to provide shelter for victims of domestic violence and office space. Compensation to be paid to the developer will be 8.5% of the total project cost (as defined in the agreement) or \$ 1,700,000, whichever is less. This amount is incrementally paid to the developer upon meeting certain installments in the agreement. The Organization has paid \$ 100,000 of the total development fee as of September 30, 2019 and 2018, which has been capitalized in the acquisition of the building.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 12. Commitments and Contingencies (continued)

SAFE participates in a number of federal and District of Columbia grant programs which are subject to financial and compliance audits by these agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from these audits. Management does not anticipate any significant adjustments as a result of these audits.

Note 13. Major Customers

Approximately 83% and 78% of SAFE's total earned revenue was earned from agreements with agencies of the Government of the District of Columbia for the years ended September 30, 2019 and 2018, respectively. Outstanding accounts receivable at September 30, 2019 and 2018, from the Government of the District of Columbia was \$ 355,266 and \$ 209,377, respectively.

Note 14. Defined Contribution Plan

In 2019, SAFE established the DC SAFE, Inc. 403(b) Plan for all eligible employees. Plan participants have the option of deferring a percentage of their annual salary, subject to Internal Revenue Service limitations. SAFE may make a discretionary matching contribution to the plan. During the year ending September 30, 2019, no discretionary contribution was made.

Note 15. Liquidity and Availability

Financial assets available within one year for operations that are not subject to donor restrictions that make them unavailable for general operations as of September 30, 2019, were as follows:

Cash and cash equivalents	\$ 24,505
Contracts and grants receivable	362,188
Less:	
Bank overdraft	5,379
Net assets with donor restrictions	<u>7,500</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 373,814</u>

SAFE is substantially supported by contracts and government grants with the primary objective of supporting the organization's crisis housing intervention and advocacy program. Expenditure of the grants is adopted and approved by the Board, which has broad authority to revise the terms of the agreement to meet its objectives. As part of SAFE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019 and 2018

Note 16. Supplemental Disclosures of Cash Flow Information

Cash paid for interest during the years ended September 30, 2019 and 2018, was \$ 166,763 and \$ 162,977, respectively.

The Subsidiary accrued costs for construction in progress of \$ 253,325 during the year ended September 30, 2018, which are shown as construction in progress and accounts payable and accrued expenses on the consolidated statement of financial position. These accrued costs were cash paid during the year ending September 30, 2019 and the acquisitions are shown in the investing section of the consolidated statement of cash flows.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2019

Assets	SAFE	AMARO	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	\$ 1,494	\$ 23,011	\$ -	\$ 24,505
Contracts and grants receivable	362,188	-	-	362,188
Prepaid expenses	6,378	-	-	6,378
Due from subsidiary	32,242	-	(32,242)	-
Recoverable income taxes	3,593	-	-	3,593
Other current assets	<u>2,440</u>	<u>10,424</u>	<u>(8,148)</u>	<u>4,716</u>
Total current assets	<u>408,335</u>	<u>33,435</u>	<u>(40,390)</u>	<u>401,380</u>
Property and Equipment, at cost				
Land	-	3,756,400	-	3,756,400
Building and improvements	-	1,638,937	-	1,638,937
Construction in progress	-	808,498	-	808,498
Furniture, fixtures, and equipment	<u>55,212</u>	<u>-</u>	<u>-</u>	<u>55,212</u>
	55,212	6,203,835	-	6,259,047
Less accumulated depreciation and amortization	<u>55,212</u>	<u>275,477</u>	<u>-</u>	<u>330,689</u>
	<u>-</u>	<u>5,928,358</u>	<u>-</u>	<u>5,928,358</u>
	<u>\$ 408,335</u>	<u>\$ 5,961,793</u>	<u>\$ (40,390)</u>	<u>\$ 6,329,738</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 124,015	\$ 25,077	\$ -	\$ 149,092
Bank overdraft	13,527	-	(8,148)	5,379
Recoverable grant payable	100,000	-	-	100,000
Due to parent	<u>-</u>	<u>32,242</u>	<u>(32,242)</u>	<u>-</u>
Total current liabilities	<u>237,542</u>	<u>57,319</u>	<u>(40,390)</u>	<u>254,471</u>
Long-Term Liabilities				
Notes payable	<u>-</u>	<u>3,473,696</u>	<u>-</u>	<u>3,473,696</u>
Total liabilities	<u>237,542</u>	<u>3,531,015</u>	<u>(40,390)</u>	<u>3,728,167</u>
Net Assets				
Without donor restrictions	163,293	2,430,778	-	2,594,071
With donor restrictions	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
Total net assets	<u>170,793</u>	<u>2,430,778</u>	<u>-</u>	<u>2,601,571</u>
	<u>\$ 408,335</u>	<u>\$ 5,961,793</u>	<u>\$ (40,390)</u>	<u>\$ 6,329,738</u>

See independent auditors' report.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2018

	SAFE	AMARO	Eliminations	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	\$ 27,991	\$ 38,683	\$ -	\$ 66,674
Contracts and grants receivable	247,333	-	-	247,333
Prepaid expenses	8,618	10,597	-	19,215
Due from subsidiary	33,345	-	(33,345)	-
Other current assets	<u>2,484</u>	<u>65,056</u>	<u>-</u>	<u>67,540</u>
Total current assets	<u>319,771</u>	<u>114,336</u>	<u>(33,345)</u>	<u>400,762</u>
Property and Equipment, at cost				
Land	-	3,756,400	-	3,756,400
Building and improvements	-	1,638,937	-	1,638,937
Construction in progress	-	384,076	-	384,076
Furniture, fixtures, and equipment	<u>55,212</u>	<u>-</u>	<u>-</u>	<u>55,212</u>
	55,212	5,779,413	-	5,834,625
Less accumulated depreciation and amortization	<u>55,212</u>	<u>157,415</u>	<u>-</u>	<u>212,627</u>
	<u>-</u>	<u>5,621,998</u>	<u>-</u>	<u>5,621,998</u>
	<u>\$ 319,771</u>	<u>\$ 5,736,334</u>	<u>\$ (33,345)</u>	<u>\$ 6,022,760</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 62,988	\$ 279,856	\$ -	\$ 342,844
Security deposits in escrow	-	22,245	-	22,245
Due to parent	<u>-</u>	<u>33,345</u>	<u>(33,345)</u>	<u>-</u>
Total current liabilities	<u>62,988</u>	<u>335,446</u>	<u>(33,345)</u>	<u>365,089</u>
Long-Term Liabilities				
Note payable	-	2,920,600	-	2,920,600
Recoverable grant payable	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total long-term liabilities	<u>100,000</u>	<u>2,920,600</u>	<u>-</u>	<u>3,020,600</u>
Total liabilities	<u>162,988</u>	<u>3,256,046</u>	<u>(33,345)</u>	<u>3,385,689</u>
Net Assets				
Without donor restrictions	<u>156,783</u>	<u>2,480,288</u>	<u>-</u>	<u>2,637,071</u>
	<u>\$ 319,771</u>	<u>\$ 5,736,334</u>	<u>\$ (33,345)</u>	<u>\$ 6,022,760</u>

See independent auditors' report.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

	Without Donor Restrictions SAFE	With Donor Restrictions SAFE	AMARO	Eliminations	Consolidated
Support and Revenues					
Grants	\$ 2,055,391	\$ -	\$ 139,000	\$ (139,000)	\$ 2,055,391
Crime victims compensation program fees	555,521	-	-	-	555,521
Rental income	32,210	-	358,656	(92,520)	298,346
In-kind donated services	-	-	261,444	-	261,444
Contributions	77,030	7,500	-	-	84,530
Other income	500	-	-	-	500
Interest income	310	-	-	-	310
	<u>2,720,962</u>	<u>7,500</u>	<u>759,100</u>	<u>(231,520)</u>	<u>3,256,042</u>
Program and Support Services Expenses					
Program services:					
Crisis housing program	967,077	-	-	-	967,077
Crisis intervention program	453,109	-	-	-	453,109
Supportive advocacy program	762,638	-	-	-	762,638
Total program services	<u>2,182,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,182,824</u>
Support services:					
Management and general	468,860	-	733,858	(231,520)	971,198
Fundraising	62,768	-	-	-	62,768
Total support services	<u>531,628</u>	<u>-</u>	<u>733,858</u>	<u>(231,520)</u>	<u>1,033,966</u>
Total expenses	<u>2,714,452</u>	<u>-</u>	<u>733,858</u>	<u>(231,520)</u>	<u>3,216,790</u>
Increase in net assets from operations	6,510	7,500	25,242	-	39,252
Recordation tax repayment	-	-	74,752	-	74,752
Change in net assets	6,510	7,500	(49,510)	-	(35,500)
Net assets, beginning of year	<u>156,783</u>	<u>-</u>	<u>2,480,288</u>	<u>-</u>	<u>2,637,071</u>
Net assets, end of year	<u>\$ 163,293</u>	<u>\$ 7,500</u>	<u>\$ 2,430,778</u>	<u>\$ -</u>	<u>\$ 2,601,571</u>

See independent auditors' report.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

	SAFE	AMARO	Eliminations	Consolidated
Support and Revenues				
Grants	\$ 1,888,309	\$ -	\$ -	\$ 1,888,309
Crime victims compensation program fees	577,303	-	-	577,303
Rental income	36,413	436,148	(83,413)	389,148
In-kind donated services	-	94,272	-	94,272
Contributions	59,716	-	-	59,716
Other income	8,663	-	-	8,663
Interest income	<u>163</u>	<u>-</u>	<u>-</u>	<u>163</u>
 Total revenue	 <u>2,570,567</u>	 <u>530,420</u>	 <u>(83,413)</u>	 <u>3,017,574</u>
Program and Support Services Expenses				
Program services:				
Crisis housing program	919,829	-	-	919,829
Crisis intervention program	483,878	-	-	483,878
Supportive advocacy program	<u>879,959</u>	<u>-</u>	<u>-</u>	<u>879,959</u>
Total program services	<u>2,283,666</u>	<u>-</u>	<u>-</u>	<u>2,283,666</u>
Support services:				
Management and general	175,983	518,834	(83,413)	611,404
Fundraising	<u>13,964</u>	<u>-</u>	<u>-</u>	<u>13,964</u>
Total support services	<u>189,947</u>	<u>518,834</u>	<u>(83,413)</u>	<u>625,368</u>
 Total expenses	 <u>2,473,613</u>	 <u>518,834</u>	 <u>(83,413)</u>	 <u>2,909,034</u>
 Change in net assets	 <u>96,954</u>	 <u>11,586</u>	 <u>-</u>	 <u>108,540</u>
 Net assets, beginning of year	 <u>59,829</u>	 <u>2,468,702</u>	 <u>-</u>	 <u>2,528,531</u>
 Net assets, end of year	 <u>\$ 156,783</u>	 <u>\$ 2,480,288</u>	 <u>\$ -</u>	 <u>\$ 2,637,071</u>

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