

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

FINANCIAL REPORT

September 30, 2020

**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 statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2020, and the changes in their net assets and their cash flows for the year 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 April 2, 2021, 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

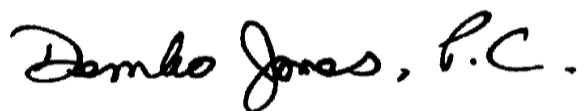
As discussed in Note 2, Survivors and Advocates for Empowerment, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of and for the year ended September 30, 2020. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Survivors and Advocates for Empowerment, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was 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 19 - 22 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
April 2, 2021

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2020
(With Comparative Totals for 2019)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 343,474	\$ 24,505
Contracts and grants receivable	258,001	362,188
Prepaid expenses	5,678	6,378
Recoverable income taxes	-	3,593
Other current assets	4,290	4,716
Total current assets	611,443	401,380
Property and Equipment, at cost		
Land	3,756,400	3,756,400
Building and improvements	1,638,937	1,638,937
Construction in progress	831,391	808,498
Furniture, fixtures, and equipment	55,212	55,212
	6,281,940	6,259,047
Less accumulated depreciation and amortization	445,082	330,689
	5,836,858	5,928,358
	\$ 6,448,301	\$ 6,329,738
Liabilities and Net Assets		
Current Liabilities		
Current maturities of notes payable	\$ 57,372	\$ -
Accounts payable and accrued expenses	164,618	149,092
Bank overdraft	-	5,379
Recoverable grant payable	100,000	100,000
Total current liabilities	321,990	254,471
Long-Term Liabilities		
Notes payable, less current maturities	3,741,020	3,473,696
Total liabilities	4,063,010	3,728,167
Net Assets		
Without donor restrictions	2,377,791	2,594,071
With donor restrictions	7,500	7,500
Total net assets	2,385,291	2,601,571
	\$ 6,448,301	\$ 6,329,738

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

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Year Ended September 30, 2020
(With Comparative Totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Support and Revenues				
Grants	\$ 2,182,732	\$ -	\$ 2,182,732	\$ 2,055,391
Crime victims compensation program fees	502,346	-	502,346	555,521
Contributions	168,580	-	168,580	84,530
In-kind donated services	94,539	-	94,539	261,444
Rental income	35,103	-	35,103	298,346
Other income	2,325	-	2,325	500
Interest income	355	-	355	310
	<u>2,985,980</u>	<u>-</u>	<u>2,985,980</u>	<u>3,256,042</u>
Program and Support Services Expenses				
Program services:				
Crisis housing program	1,019,846	-	1,019,846	967,077
Crisis intervention program	491,641	-	491,641	453,109
Supportive advocacy program	883,708	-	883,708	762,638
Total program services	<u>2,395,195</u>	<u>-</u>	<u>2,395,195</u>	<u>2,182,824</u>
Support services:				
Management and general	757,718	-	757,718	971,198
Fundraising	49,347	-	49,347	62,768
Total support services	<u>807,065</u>	<u>-</u>	<u>807,065</u>	<u>1,033,966</u>
Total expenses	<u>3,202,260</u>	<u>-</u>	<u>3,202,260</u>	<u>3,216,790</u>
Change in net assets from operations	(216,280)	-	(216,280)	39,252
Recordation tax repayment	-	-	-	74,752
Change in net assets	(216,280)	-	(216,280)	(35,500)
Net assets, beginning of year	<u>2,594,071</u>	<u>7,500</u>	<u>2,601,571</u>	<u>2,637,071</u>
Net assets, end of year	<u>\$ 2,377,791</u>	<u>\$ 7,500</u>	<u>\$ 2,385,291</u>	<u>\$ 2,601,571</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, 2020

	Program Services			Total Program Services	Management and General	Fundraising	Total Expenses
	Crisis Housing Program	Crisis Intervention Program	Supportive Advocacy Program				
Salaries	\$ 429,533	\$ 367,433	\$ 635,895	\$ 1,432,861	\$ 192,925	\$ 37,499	\$ 1,663,285
Employee benefits	92,386	75,088	123,559	291,033	51,429	-	342,462
Occupancy	261,625	-	-	261,625	-	-	261,625
Interest	-	-	-	-	178,405	-	178,405
Depreciation and amortization	-	-	-	-	114,393	-	114,393
Outside contract services	9,357	1,800	67,370	78,527	22,745	4,700	105,972
Accounting	24,584	18,829	44,171	87,584	13,015	-	100,599
Emergency shelter	95,191	-	-	95,191	-	-	95,191
In-kind donated legal services	-	-	-	-	94,539	-	94,539
Utilities	14,900	-	-	14,900	25,378	-	40,278
Security	30,482	-	-	30,482	-	-	30,482
Emergency food assistance	26,371	-	-	26,371	-	-	26,371
Internet and telephone	3,062	18,616	507	22,185	-	-	22,185
Repair and maintenance	4,426	-	-	4,426	15,302	-	19,728
Other business expenses	6,657	2,532	3,621	12,810	5,979	-	18,789
Supplies	3,070	3,714	2,254	9,038	5,730	-	14,768
Business insurance	1,270	1,397	1,690	4,357	10,287	-	14,644
Equipment purchases	280	-	2,735	3,015	8,675	-	11,690
Emergency financial assistance	10,001	140	-	10,141	-	-	10,141
Property and other taxes	-	25	-	25	8,591	-	8,616
Licenses, permits and fees	413	-	-	413	7,200	-	7,613
Fundraising fees	-	-	-	-	-	7,148	7,148
Emergency transportation	5,666	-	-	5,666	-	-	5,666
Consultants	207	1,678	508	2,393	-	-	2,393
Travel	145	133	78	356	1,605	-	1,961
Staff training and development	114	153	1,017	1,284	116	-	1,400
Printing and copying	-	-	187	187	946	-	1,133
Postage and delivery	31	103	116	250	146	-	396
Bank charges	75	-	-	75	312	-	387
Total expenses	\$ 1,019,846	\$ 491,641	\$ 883,708	\$ 2,395,195	\$ 757,718	\$ 49,347	\$ 3,202,260

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 STATEMENTS OF CASH FLOWS
Year Ended September 30, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (216,280)	\$ (35,500)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	114,393	118,061
(Increase) decrease in assets:		
Contracts and grants receivable	104,187	(114,855)
Prepaid expenses	700	12,837
Recoverable income taxes	3,593	(3,593)
Other current assets	426	62,824
Increase (decrease) in liabilities:		
Bank overdraft	(5,379)	5,379
Accounts payable and accrued expenses	15,526	59,573
Security deposits in escrow	<u>-</u>	<u>(22,245)</u>
Net cash provided by operating activities	<u>17,166</u>	<u>82,481</u>
 Cash flows from investing activities		
Purchase of property and equipment	<u>(22,893)</u>	<u>(677,746)</u>
Net cash used in investing activities	<u>(22,893)</u>	<u>(677,746)</u>
 Cash flows from financing activities		
Proceeds from notes payable	324,696	3,473,696
Payments on notes payable	<u>-</u>	<u>(2,920,600)</u>
Net cash provided by financing activities	<u>324,696</u>	<u>553,096</u>
 Net increase (decrease) in cash and cash equivalents	 318,969	 (42,169)
 Cash and cash equivalents at beginning of year	 <u>24,505</u>	 <u>66,674</u>
 Cash and cash equivalents at end of year	 <u>\$ 343,474</u>	 <u>\$ 24,505</u>

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, 2020 and 2019

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, 2020 and 2019

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.

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, 2020 and 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 May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. SAFE adopted the new standard effective October 1, 2019, the first day of SAFE's fiscal year, using the full retrospective method.

As part of the adoption of the ASU, SAFE elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) SAFE used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when SAFE expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) SAFE has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements Adopted (continued)

The adoption of this ASU did not have a significant impact on SAFE's financial statements. The majority of SAFE's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on SAFE's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. SAFE has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Comparative Totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SAFE's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

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.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 2. Summary of Significant Accounting Policies (continued)

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 Recognition

Revenue is generated from the following services:

Subgrants and Contracts - Subgrants and contracts are exchange transactions since commensurate value is traded. Typically, specific services are due to a specific agency with the grant award. As such, revenue is recognized as costs are incurred, milestones are accomplished, and as deliverables are produced. Funds received in excess of costs incurred are recorded as deferred revenue until expended for the purpose of the grants.

Conditional Grants and Contributions – Conditional grants and contributions are recognized once all eligibility criteria have been met.

Unconditional Grants and Contributions – Unconditional grants and contributions are recognized when an unconditional pledge is made or when cash is received if a pledge was not made.

Investment Return - Investment income is recognized upon receipt since there is no performance obligation.

Interest and Other Income - Interest and other income is small in nature and recognized upon receipt. Interest income is not subject to ASU 2014-09 or ASU 2018-08.

Revenue is primarily driven by grant and contribution funding to further SAFE's mission. This funding could be impacted by availability, legislation, and other not-for-profit competition. SAFE is currently not aware of any legislation or competition that should affect SAFE's operations or grant funding.

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.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 2. Summary of Significant Accounting Policies (continued)

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.

Subsequent Events

In preparing its consolidated financial statements, SAFE has evaluated subsequent events through April 2, 2021, which is the date the financial statements were available to be issued. In October 2020, SAFE was awarded a grant of \$ 3,000,000 to assist with construction costs of the building project described in Note 4. The grant includes a restrictive use covenant mandating that the building be utilized as a crisis housing and service facility for a continuous period of 20 years.

On February 16, 2021, SAFE signed a commitment letter with a Virginia banking corporation to obtain a construction loan converting to a permanent mortgage loan for a principal amount of up to \$ 17,200,000. The financing agreement contains various collateral, financial ratio, and equity requirements that SAFE will become subject to upon execution of the loan, some of which require compliance prior to the advancement of any loan proceeds. There is an origination fee of 1% of the loan amount and subsequent to year-end, SAFE has paid \$ 50,000 towards this fee. The loan would mature 7 years from the closing date and includes provisions for prepayment fees.

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, 2020 and 2019, all contracts and grants receivable are due in one year or less. The balance of contracts and grants receivable at September 30, 2020 and 2019, was \$ 258,001 and \$ 362,188, respectively.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

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 \$ 831,391 and \$ 808,498, as of September 30, 2020 and 2019 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 original term of the grant was two years, expiring during 2020. In accordance with the options in the grant agreement, the grantor has agreed not to require repayment yet, but may do so in the future.

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, 2021. 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, 2020 and 2019.

The line of credit agreement contained 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, 2020 reporting period.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 7. Notes Payable

Notes payable at September 30, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
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	\$ 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 interest rate and a 23-year amortization schedule. The note is secured by land and buildings.	605,632	548,696
Paycheck Protection Program loan payable due April 2022. See Note #8 for details.	<u>267,760</u>	<u>-</u>
	3,798,392	3,473,696
Less current maturities	<u>57,372</u>	<u>-</u>
	<u>\$ 3,741,020</u>	<u>\$ 3,473,696</u>

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

Year Ending September 30,	
2021	\$ 57,372
2022	<u>3,741,020</u>
	<u>\$ 3,798,392</u>

The bridge loan agreement contains financial covenants requiring maintenance of Minimum Debt Service Coverage (MDSC) and Global Debt Service Coverage (GDSC) ratios of no less than 1.15 to 1 and a maximum combined loan to value (LTV) ratio not to exceed 80%. The Parent and the Subsidiary were in compliance with the LTV ratios but not the MDSC and GDSC ratios for the September 30, 2020 reporting period. The bank issued a waiver for this non-compliance.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 8. Paycheck Protection Program

SAFE received a loan from a bank in the amount of \$ 267,760 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 29, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether SAFE will be eligible for forgiveness, in whole or in part. The loan bears interest at a rate of 1% and is payable in monthly installments of interest over 17 months beginning 7 months from the date of the note and one principal and interest payment 24 months from the date of note. The loan may be repaid at any time with no prepayment penalty. The Company's PPP loan is subject to an examination by the Small Business Administration or its authorized representatives for six years after the date the note is forgiven or repaid in full.

Note 9. 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 \$ 95,112 and \$ 92,520 paid from the Parent to the Subsidiary during the years ended September 30, 2020 and 2019, 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 \$ 35,103 and \$ 32,210 for the years ended September 30, 2020 and 2019, 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.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 9. Leases (continued)

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,

2021	\$ 35,404
2022	36,466
2023	-
2024	-
2025	-
	<u>\$ 71,870</u>

Total office rent and lease expense for the years ended September 30, 2020 and 2019, was \$ 261,625 and \$ 306,050, respectively.

Note 10. Conditional Contributions and Promises to Give

As of September 30, 2020 and 2019, SAFE had conditional contributions and promises to give, related to safely transitioning clients into permanent housing and completion of building project, as described in Note 4, totaling \$ 177,375 and \$ 150,000, respectively. Conditional contributions and promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Accordingly, revenue has not yet been recognized.

Note 11. 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, 2020 and 2019.

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, 2020 and 2019, 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, 2020 and 2019. 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.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 12. 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, 2020 and 2019, totaled \$ 94,539 and \$ 261,444, 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 13. 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, 2020 and 2019, which has been capitalized in the acquisition of the building.

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 14. Major Customers

Approximately 88% and 83% 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, 2020 and 2019, respectively. Outstanding accounts receivable at September 30, 2020 and 2019, from the Government of the District of Columbia was \$ 201,454 and \$ 355,266, respectively.

Note 15. 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 years ended September 30, 2020 and 2019 a discretionary contribution of \$ 12,364 and \$ 0, respectively, was made to the Plan.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 16. Related Party

A DC organization named Andres Corporation was established during the year ended September 30, 2020 and has applied for tax exempt status as a 501(c)(3) organization with the IRS. The organization will share certain board members with SAFE. No activity had occurred in this organization as of September 30, 2020.

Note 17. 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, 2020 and 2019, were as follows:

	2020	2019
Cash and cash equivalents	\$ 343,474	\$ 24,505
Contracts and grants receivable	258,001	362,188
Less:		
Bank overdraft	-	5,379
Net assets with donor restrictions	7,500	7,500
Financial assets available to meet cash needs for general expenditures within one year	\$ 593,975	\$ 373,814

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.

Note 18. Supplemental Disclosures of Cash Flow Information

Cash paid for interest during the years ended September 30, 2020 and 2019, was \$ 178,536 and \$ 166,763, 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 ended 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, 2020

	SAFE	AMARO	Eliminations	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	\$ 271,897	\$ 71,577	\$ -	\$ 343,474
Contracts and grants receivable	258,001	-	-	258,001
Prepaid expenses	5,678	-	-	5,678
Due from subsidiary	137,566	-	(137,566)	-
Other current assets	2,500	1,790	-	4,290
Total current assets	675,642	73,367	(137,566)	611,443
Property and Equipment, at cost				
Land	-	3,756,400	-	3,756,400
Building and improvements	-	1,638,937	-	1,638,937
Construction in progress	-	831,391	-	831,391
Furniture, fixtures, and equipment	55,212	-	-	55,212
	55,212	6,226,728	-	6,281,940
Less accumulated depreciation and amortization	55,212	389,870	-	445,082
	-	5,836,858	-	5,836,858
	\$ 675,642	\$ 5,910,225	\$ (137,566)	\$ 6,448,301
Liabilities and Net Assets				
Current Liabilities				
Current maturities of notes payable	\$ -	\$ 57,372	\$ -	\$ 57,372
Accounts payable and accrued expenses	139,023	25,595	-	164,618
Recoverable grant payable	100,000	-	-	100,000
Due to parent	-	137,566	(137,566)	-
Total current liabilities	239,023	220,533	(137,566)	321,990
Long-Term Liabilities				
Notes payable, less current maturities	267,760	3,473,260	-	3,741,020
Total liabilities	506,783	3,693,793	(137,566)	4,063,010
Net Assets				
Without donor restrictions	161,359	2,216,432	-	2,377,791
With donor restrictions	7,500	-	-	7,500
Total net assets	168,859	2,216,432	-	2,385,291
	\$ 675,642	\$ 5,910,225	\$ (137,566)	\$ 6,448,301

See independent auditors' report.

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

	SAFE	AMARO	Eliminations	Consolidated
Assets				
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
Recoverable income taxes	3,593	-	-	3,593
Due from subsidiary	32,242	-	(32,242)	-
Other current assets	2,440	10,424	(8,148)	4,716
Total current assets	408,335	33,435	(40,390)	401,380
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	55,212	-	-	55,212
	55,212	6,203,835	-	6,259,047
Less accumulated depreciation and amortization	55,212	275,477	-	330,689
	-	5,928,358	-	5,928,358
	\$ 408,335	\$ 5,961,793	\$ (40,390)	\$ 6,329,738
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	-	32,242	(32,242)	-
Total current liabilities	237,542	57,319	(40,390)	254,471
Long-Term Liabilities				
Notes payable, less current maturities	-	3,473,696	-	3,473,696
Total liabilities	237,542	3,531,015	(40,390)	3,728,167
Net Assets				
Without donor restrictions	163,293	2,430,778	-	2,594,071
With donor restrictions	7,500	-	-	7,500
Total net assets	170,793	2,430,778	-	2,601,571
	\$ 408,335	\$ 5,961,793	\$ (40,390)	\$ 6,329,738

See independent auditors' report.

SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

	SAFE		AMARO	Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Total
Support and Revenues					
Grants	\$ 2,182,732	\$ -	\$ 74,754	\$ (74,754)	\$ 2,182,732
Crime victims compensation program fees	502,346	-	-	-	502,346
Contributions	168,580	-	-	-	168,580
In-kind donated services	-	-	94,539	-	94,539
Rental income	35,103	-	97,295	(97,295)	35,103
Other income	2,325	-	-	-	2,325
Interest income	355	-	-	-	355
	2,891,441	-	266,588	(172,049)	2,985,980
Program and Support Services Expenses					
Program services:					
Crisis housing program	1,019,846	-	-	-	1,019,846
Crisis intervention program	491,641	-	-	-	491,641
Supportive advocacy program	883,708	-	-	-	883,708
Total program services	2,395,195	-	-	-	2,395,195
Support services:					
Management and general	448,833	-	480,934	(172,049)	757,718
Fundraising	49,347	-	-	-	49,347
Total support services	498,180	-	480,934	(172,049)	807,065
Total expenses	2,893,375	-	480,934	(172,049)	3,202,260
Change in net assets	(1,934)	-	(214,346)	-	(216,280)
Net assets, beginning of year	163,293	7,500	2,430,778	-	2,601,571
Net assets, end of year	\$ 161,359	\$ 7,500	\$ 2,216,432	\$ -	\$ 2,385,291

See independent auditors' report.

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

	SAFE		AMARO	Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Total
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
Total revenue	2,720,962	7,500	759,100	(231,520)	3,256,042
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	2,182,824	-	-	-	2,182,824
Support services:					
Management and general	468,860	-	733,858	(231,520)	971,198
Fundraising	62,768	-	-	-	62,768
Total support services	531,628	-	733,858	(231,520)	1,033,966
Total expenses	2,714,452	-	733,858	(231,520)	3,216,790
Change 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	156,783	-	2,480,288	-	2,637,071
Net assets, end of year	\$ 163,293	\$ 7,500	\$ 2,430,778	\$ -	\$ 2,601,571

See independent auditors' report.