

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

**FINANCIAL REPORT**

**September 30, 2021**

**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, 2021 and 2020, 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, 2021 and 2020, 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 May 2, 2022, 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.

## **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 18 - 21 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 audits 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*  
*May 2, 2022*

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 386,640	\$ 343,474
Contracts and grants receivable	309,090	258,001
Prepaid expenses	34,303	5,678
Other current assets	11,192	4,290
Total current assets	741,225	611,443
<b>Property and Equipment, at cost</b>		
Land	3,756,400	3,756,400
Building and improvements	-	1,638,937
Construction in progress	6,682,253	831,391
Furniture, fixtures, and equipment	55,212	55,212
	10,493,865	6,281,940
Less accumulated depreciation and amortization	55,212	445,082
	10,438,653	5,836,858
	\$ 11,179,878	\$ 6,448,301
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Line of credit	\$ 74,975	\$ -
Current maturities of notes payable	-	57,372
Accounts payable and accrued expenses	863,668	164,618
Recoverable grant payable	100,000	100,000
Total current liabilities	1,038,643	321,990
<b>Long-Term Liabilities</b>		
Notes payable, less current maturities	4,949,706	3,741,020
Total liabilities	5,988,349	4,063,010
<b>Net Assets</b>		
Without donor restrictions	5,184,029	2,377,791
With donor restrictions	7,500	7,500
Total net assets	5,191,529	2,385,291
	\$ 11,179,878	\$ 6,448,301

*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, 2021 and 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>Revenue and Support</b>				
Contributions				
Grants	\$ 5,325,072	\$ -	\$ 5,325,072	\$ 2,172,732
Crime victims compensation program fees	300,249	-	300,249	502,346
Corporate, foundation, and individual giving	136,981	-	136,981	168,580
In-kind donated services	71,750	-	71,750	94,539
Products and services				
Subgrants and contracts	-	-	-	10,000
Other income				
Paycheck Protection Program loan forgiveness income	267,860	-	267,860	-
Rental income	37,063	-	37,063	35,103
Other income	1,100	-	1,100	2,325
Interest income	109	-	109	355
Total revenue	<u>6,140,184</u>	<u>-</u>	<u>6,140,184</u>	<u>2,985,980</u>
<b>Program and Support Services Expenses</b>				
Program services:				
Crisis housing program	1,185,695	-	1,185,695	1,019,846
Crisis intervention program	644,877	-	644,877	491,641
Supportive advocacy program	885,630	-	885,630	883,708
Total program services	<u>2,716,202</u>	<u>-</u>	<u>2,716,202</u>	<u>2,395,195</u>
Support services:				
Management and general	617,158	-	617,158	757,718
Fundraising	586	-	586	49,347
Total support services	<u>617,744</u>	<u>-</u>	<u>617,744</u>	<u>807,065</u>
Total expenses	<u>3,333,946</u>	<u>-</u>	<u>3,333,946</u>	<u>3,202,260</u>
<b>Change in net assets</b>	2,806,238	-	2,806,238	(216,280)
<b>Net assets, beginning of year</b>	<u>2,377,791</u>	<u>7,500</u>	<u>2,385,291</u>	<u>2,601,571</u>
<b>Net assets, end of year</b>	<u>\$ 5,184,029</u>	<u>\$ 7,500</u>	<u>\$ 5,191,529</u>	<u>\$ 2,385,291</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, 2021**

	Program Services			Total Program Services	Management and General	Fundraising	Total Expenses
	Crisis Housing Program	Crisis Intervention Program	Supportive Advocacy Program				
Salaries	\$ 491,866	\$ 456,977	\$ 635,396	\$ 1,584,239	\$ 228,722	\$ -	\$ 1,812,961
Employee benefits	102,129	99,620	132,046	333,795	43,093	-	376,888
Occupancy	225,722	24,920	34,649	285,291	10,955	-	296,246
Outside contract services	86,934	-	3,840	90,774	48,293	-	139,067
Accounting	28,365	23,000	42,600	93,965	12,998	-	106,963
Emergency shelter	105,266	-	-	105,266	-	-	105,266
Interest	-	-	-	-	90,181	-	90,181
In-kind donated legal services	-	-	-	-	71,750	-	71,750
Depreciation and amortization	-	-	-	-	53,532	-	53,532
Repair and maintenance	41,747	-	-	41,747	266	-	42,013
Internet and telephone	17,688	9,634	3,329	30,651	2,786	-	33,437
Consultants	434	14,424	16,576	31,434	450	-	31,884
Business insurance	1,761	3,427	5,592	10,780	18,319	-	29,099
Emergency transportation	23,777	-	-	23,777	-	-	23,777
Staff training and development	1,657	9,720	9,117	20,494	3,238	-	23,732
Utilities	15,200	-	-	15,200	6,383	-	21,583
Security	16,750	-	-	16,750	-	-	16,750
Emergency food assistance	16,132	-	-	16,132	-	-	16,132
Bank charges	50	-	-	50	11,343	-	11,393
Supplies	4,351	2,294	1,442	8,087	469	-	8,556
Licenses, permits and fees	-	-	-	-	6,900	-	6,900
Emergency financial assistance	5,304	-	-	5,304	-	-	5,304
Equipment purchases	-	-	-	-	3,631	-	3,631
Other business expenses	-	-	-	-	3,267	-	3,267
Printing and copying	520	588	882	1,990	-	-	1,990
Postage and delivery	15	73	117	205	471	-	676
Fundraising fees	-	-	-	-	-	586	586
Travel	27	200	44	271	111	-	382
<b>Total expenses</b>	<b>\$ 1,185,695</b>	<b>\$ 644,877</b>	<b>\$ 885,630</b>	<b>\$ 2,716,202</b>	<b>\$ 617,158</b>	<b>\$ 586</b>	<b>\$ 3,333,946</b>

*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
<b>Total expenses</b>	<b>\$ 1,019,846</b>	<b>\$ 491,641</b>	<b>\$ 883,708</b>	<b>\$ 2,395,195</b>	<b>\$ 757,718</b>	<b>\$ 49,347</b>	<b>\$ 3,202,260</b>

*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, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,806,238	\$ (216,280)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	53,532	114,393
Paycheck Protection Program loan forgiveness	(267,760)	-
(Increase) decrease in assets:		
Contracts and grants receivable	(51,089)	104,187
Prepaid expenses	(28,625)	700
Recoverable income taxes	-	3,593
Other current assets	(6,902)	426
Increase (decrease) in liabilities:		
Bank overdraft	-	(5,379)
Accounts payable and accrued expenses	699,050	15,526
Net cash provided by operating activities	3,204,444	17,166
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(3,000,000)	(22,893)
Net cash used in investing activities	(3,000,000)	(22,893)
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	74,975	-
Proceeds from notes payable	3,294,379	324,696
Payments on notes payable	(3,530,632)	-
Net cash (used in) provided by financing activities	(161,278)	324,696
<b>Net increase in cash and cash equivalents</b>	43,166	318,969
<b>Cash and cash equivalents at beginning of year</b>	343,474	24,505
<b>Cash and cash equivalents at end of year</b>	\$ 386,640	\$ 343,474

*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, 2021 and 2020**

**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 a property located in Washington, DC. 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, 2021 and 2020**

**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, 2021 and 2020, 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.

***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.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**Note 2. Summary of Significant Accounting Policies (continued)**

***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 on the output method over time 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 subgrants and contracts.

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, 2021 and 2020**

**Note 2. Summary of Significant Accounting Policies (continued)**

***Disaggregation of Revenue***

SAFE's products and services revenue are recognized over time based on the performance obligations of each contract. Various economic factors affect revenues and cash flows. Substantially all customers are in the United States.

There was no products and services revenue recognized for the period ending September 30, 2021. The following table disaggregates SAFE's revenue based on the timing of satisfaction of performance obligations for the periods ending September 30, 2020:

	2020		
	Products and Services Transferred Over Time	Products and Services Transferred at a Point in Time	Total
Subgrants and contracts:	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>

***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 October 2021, a lease agreement was signed with the Subsidiary, for space in the office building, that will begin upon completion of the building of the new facility.

In preparing its consolidated financial statements, SAFE has evaluated subsequent events through May 2, 2022, 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.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**Note 3. Contracts and Grants Receivable**

Contracts and grants receivable consists of amounts owed from the District of Columbia Office of Victim Services (OVS) and funds owed from private grants. At September 30, 2021 and 2020, all contracts and grants receivable are due in one year or less. The balance of contracts and grants receivable at September 30, 2021 and 2020, was \$ 309,090 and \$ 258,001, 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 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. In 2021, the Organization received an additional \$ 3,000,000 grant from OVS to help fund the construction of the new SAFE Space building.

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 construction and preconstruction costs of \$ 6,682,253 and \$ 831,391, as of September 30, 2021 and 2020, 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 of credit was secured by the Parent's accounts receivable and was guaranteed by the Subsidiary. The line expired in August 2021. There was no outstanding balance on the line of credit as of September 30, 2020.

In August 2021, 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 4.25%, are due monthly. The line matures in August 2023, at which time unpaid principal and accrued interest will be due for payment. The line of credit is secured by all property of the Parent and the Subsidiary. The outstanding balance on the line of credit as of September 30, 2021 was \$ 74,975.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**Note 7. Notes Payable**

Notes payable at September 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Construction loan due May 2028. Interest is payable monthly at 5.00% through May 2028. See further description below.	\$ 4,949,706	\$ -
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 was fully paid in 2021.	-	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 was fully paid in 2021.	-	605,632
Paycheck Protection Program loan payable due April 2022. See Note #8 for details.	-	<u>267,760</u>
	<u>4,949,706</u>	<u>3,798,392</u>
Less current maturities	-	<u>57,372</u>
	<u>\$ 4,949,706</u>	<u>\$ 3,741,020</u>

In May 2021, the Subsidiary entered into an agreement 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 agreement refers to this loan as the “Senior Loan” and this lender as the “Senior Lender”. As part of the agreement, the Subsidiary also obtained a “Junior Loan” for a principal amount of up to \$2,930,000, with a DC nonprofit corporation referred to as “Junior Lender”. As of September 30, 2021 draws have been made against the Senior Loan, but not yet the Junior Loan. On both loans, interest only payments are due monthly from June 1, 2021 to June 1, 2023, when payments of principal and interest, based on a 30-year amortization period, are due monthly until May 6, 2028 when a final balloon payment is due. The rate is 5% and 6.4% per year for the Senior and Junior Loan, respectively.

Origination fees totaling \$ 172,000 have been paid to the lenders and are part of the capitalized costs of the building, recorded as construction in progress. This note is secured by land and buildings, which at no time may the outstanding balance exceed 80% of the lower of cost or market appraised value. The agreement contains multiple financial covenants that will require compliance after the project stabilization, which is to be no later than the scheduled construction completion date of May 6, 2023. The Parent is the guarantor of both the Senior and Junior Loans.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**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. During the year ended September 30, 2021, SAFE met all applicable SBA requirements, including having used loan proceeds in eligible expenditures for payroll and other expenses described in the CARES Act. Accordingly, SAFE applied for and has been notified that full loan forgiveness, and the related interest thereon, has been received. Therefore, the loan is recognized as other income on the statement of activities for the year ended September 30, 2021. SAFE's PPP loan is subject to an examination by the Small Business Administration (SBA) 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 leased office space from the Subsidiary, under an operating lease, until September 2021 when the Parent vacated the building in preparation for demolition and construction for the new facility. Intercompany rent of \$ 95,112 paid from the Parent to the Subsidiary during the year ended September 30, 2020 has been eliminated from the consolidated financial statements. There was no intercompany rent for the year ended September 30, 2021.

There was one tenant in the office building that subleased space from the Parent. The sublease agreement terminated when the building was vacated in preparation for demolition and construction for the new facility. Sublease rental income totaled \$ 37,063 and \$ 35,103 for the years ended September 30, 2021 and 2020, 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 2023 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.

In October 2020, SAFE entered into an operating lease agreement for office space with an expiration date of October 31, 2023. The following is a schedule of future minimum rental expenses under the lease as of September 30, 2021:

Year Ending September 30,	
2022	\$ 104,299
2023	<u>107,428</u>
	<u>\$ 211,727</u>

Total office rent and lease expense for the years ended September 30, 2021 and 2020, was \$ 296,246 and \$ 261,625, respectively.



**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**Note 10. Conditional Contributions and Promises to Give**

As of September 30, 2021 and 2020, 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 \$ 226,256 and \$ 177,375, 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, 2021 and 2020.

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, 2021 and 2020, 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, 2021 and 2020. 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 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, 2021 and 2020, totaled \$ 71,750 and \$ 94,539, 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.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**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 \$ 579,690 and \$ 100,000 of the total development fee as of September 30, 2021 and 2020, respectively, which has been capitalized as part of the construction in progress of the building.

In connection with the new SAFE Space building project (the acquisition described in Note 4 and building development described in the paragraph above), the Organization entered into a construction contract with a national building company. The Organization has incurred costs under this contract totaling \$ 3,103,169 and \$ 0 of September 30, 2021 and 2020, respectively, which have been capitalized as part of the construction in progress of the building. The total contract amount was \$ 14,062,497 as of September 30, 2021.

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 90% and 83% of SAFE's total revenue was from agreements with agencies of the Government of the District of Columbia for the years ended September 30, 2021 and 2020, respectively. Outstanding accounts receivable at September 30, 2021 and 2020, from the Government of the District of Columbia was \$ 288,681 and \$ 201,454, 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, 2021 and 2020, a discretionary contribution of \$ 25,668 and \$ 12,364, respectively, was made to the Plan.

**Note 16. Labor Agreements**

At September 30, 2021, approximately 50% of SAFE's employees worked with the OPEIU union. SAFE and the Union are still in the process of ratifying a collective bargaining agreement.

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**Note 17. 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, 2021.

**Note 18. 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, 2021 and 2020, were as follows:

	2021	2020
Cash and cash equivalents	\$ 386,640	\$ 343,474
Contracts and grants receivable	309,090	258,001
Less:		
Net assets with donor restrictions	7,500	7,500
Financial assets available to meet cash needs for general expenditures within one year	\$ 688,230	\$ 593,975

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 19. Supplemental Disclosures of Cash Flow Information**

Cash paid for interest during the years ended September 30, 2021 and 2020, was \$ 184,268 (including \$ 79,162 of capitalized interest) and \$ 178,536, respectively.

Summary of noncash financing activities for the years ended September 30, 2021 and 2020:

	2021	2020
Construction in progress acquired through notes payable	\$ 1,655,327	\$ -

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**September 30, 2021**

	<u>SAFE</u>	<u>AMARO</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 29,760	\$ 356,880	\$ -	\$ 386,640
Contracts and grants receivable	309,090	-	-	309,090
Prepaid expenses	34,303	-	-	34,303
Due from subsidiary	157,344	-	(157,344)	-
Other current assets	11,192	-	-	11,192
Total current assets	541,689	356,880	(157,344)	741,225
<b>Property and Equipment, at cost</b>				
Land	-	3,756,400	-	3,756,400
Building and improvements	-	-	-	-
Construction in progress	-	6,682,253	-	6,682,253
Furniture, fixtures, and equipment	55,212	-	-	55,212
	55,212	10,438,653	-	10,493,865
Less accumulated depreciation and amortization	55,212	-	-	55,212
	-	10,438,653	-	10,438,653
	\$ 541,689	\$ 10,795,533	\$ (157,344)	\$ 11,179,878
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Line of credit	\$ 74,975	\$ -	\$ -	\$ 74,975
Current maturities of notes payable	-	-	-	-
Accounts payable and accrued expenses	224,157	639,511	-	863,668
Recoverable grant payable	100,000	-	-	100,000
Due to parent	-	157,344	(157,344)	-
Total current liabilities	399,132	796,855	(157,344)	1,038,643
<b>Long-Term Liabilities</b>				
Notes payable, less current maturities	-	4,949,706	-	4,949,706
Total liabilities	399,132	5,746,561	(157,344)	5,988,349
<b>Net Assets</b>				
Without donor restrictions	135,057	5,048,972	-	5,184,029
With donor restrictions	7,500	-	-	7,500
Total net assets	142,557	5,048,972	-	5,191,529
	\$ 541,689	\$ 10,795,533	\$ (157,344)	\$ 11,179,878

*See independent auditors' report.*

**SURVIVORS AND ADVOCATES FOR EMPOWERMENT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**September 30, 2020**

	<b>SAFE</b>	<b>AMARO</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>				
<b>Current Assets</b>				
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
<b>Property and Equipment, at cost</b>				
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
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
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
<b>Long-Term Liabilities</b>				
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
<b>Net Assets</b>				
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 ACTIVITIES**  
**Year Ended September 30, 2021**

	<u>SAFE</u>		<u>AMARO</u>	<u>Eliminations</u>	<u>Consolidated</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>					
Contributions					
Grants	\$ 5,325,072	\$ -	\$ 3,000,000	\$ (3,000,000)	\$ 5,325,072
Crime victims compensation program fees	300,249	-	-	-	300,249
Corporate, foundation, and individual giving	136,981	-	-	-	136,981
In-kind donated services	-	-	71,750	-	71,750
Other income					
Paycheck Protection Program loan forgiveness income	267,860	-	-	-	267,860
Rental income	37,063	-	-	-	37,063
Other income	1,100	-	-	-	1,100
Interest income	109	-	-	-	109
Total revenue	<u>6,068,434</u>	<u>-</u>	<u>3,071,750</u>	<u>(3,000,000)</u>	<u>6,140,184</u>
<b>Program and Support Services Expenses</b>					
Program services:					
Crisis housing program	4,185,695	-	-	(3,000,000)	1,185,695
Crisis intervention program	644,877	-	-	-	644,877
Supportive advocacy program	885,630	-	-	-	885,630
Total program services	<u>5,716,202</u>	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>	<u>2,716,202</u>
Support services:					
Management and general	377,948	-	239,210	-	617,158
Fundraising	586	-	-	-	586
Total support services	<u>378,534</u>	<u>-</u>	<u>239,210</u>	<u>-</u>	<u>617,744</u>
Total expenses	<u>6,094,736</u>	<u>-</u>	<u>239,210</u>	<u>(3,000,000)</u>	<u>3,333,946</u>
<b>Change in net assets</b>	(26,302)	-	2,832,540	-	2,806,238
<b>Net assets, beginning of year</b>	<u>161,359</u>	<u>7,500</u>	<u>2,216,432</u>	<u>-</u>	<u>2,385,291</u>
<b>Net assets, end of year</b>	<u>\$ 135,057</u>	<u>\$ 7,500</u>	<u>\$ 5,048,972</u>	<u>\$ -</u>	<u>\$ 5,191,529</u>

*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
<b>Revenue and Support</b>					
Contributions					
Grants	\$ 2,172,732	\$ -	\$ 74,754	\$ (74,754)	\$ 2,172,732
Crime victims compensation program fees	502,346	-	-	-	502,346
Corporate, foundation, and individual giving	168,580	-	-	-	168,580
In-kind donated services	-	-	94,539	-	94,539
Products and services					
Subgrants and contracts	10,000	-	-	-	10,000
Other income					
Rental income	35,103	-	97,295	(97,295)	35,103
Other income	2,325	-	-	-	2,325
Interest income	355	-	-	-	355
Total revenue	2,891,441	-	266,588	(172,049)	2,985,980
<b>Program and Support Services Expenses</b>					
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
<b>Change in net assets</b>	(1,934)	-	(214,346)	-	(216,280)
<b>Net assets, beginning of year</b>	163,293	7,500	2,430,778	-	2,601,571
<b>Net assets, end of year</b>	\$ 161,359	\$ 7,500	\$ 2,216,432	\$ -	\$ 2,385,291

*See independent auditors' report.*