

Safe & Sound

Financial Statements
Year Ended December 31, 2023
(with Summarized Information for the Year Ended
December 31, 2022)

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Safe & Sound

Financial Statements
Year Ended December 31, 2023 (with Summarized Information
for the Year Ended December 31, 2022)

Safe & Sound

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Independent Auditor's Report

The Board of Directors
Safe & Sound
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Safe & Sound, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Safe & Sound as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Report on Summarized Comparative Information

We have previously audited Safe & Sound's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, P.C.

July 18, 2024

Financial Statements

Safe & Sound

Statement of Financial Position (with summarized comparative totals for 2022)

<i>December 31,</i>	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,612,938	\$ 11,002,524
Investments	9,182,352	1,860,836
Government grants receivable	1,736,636	2,357,995
Contributions and other grants receivable, current portion	838,200	2,458,232
Prepaid expenses	264,638	183,745
Other current assets	85,932	22,481
Total Current Assets	15,720,696	17,885,813
Contributions and Other Grants Receivable, Net	137,520	43,318
Property and Equipment, Net	5,631,253	5,852,805
Total Assets	\$ 21,489,469	\$ 23,781,936
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 465,155	\$ 645,417
Accrued payroll related liabilities	654,074	536,741
Grants payable	434,000	-
Deferred revenue	-	48,328
Other liabilities	4,500	4,500
Total Current Liabilities	1,557,729	1,234,986
Net Assets		
Without donor restrictions	17,398,522	17,573,443
With donor restrictions	2,533,218	4,973,507
Total Net Assets	19,931,740	22,546,950
Total Liabilities and Net Assets	\$ 21,489,469	\$ 23,781,936

See accompanying notes to financial statements.

Safe & Sound

Statement of Activities and Changes in Net Assets (with summarized comparative totals for 2022)

Year ended December 31,

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Government grants	\$ 5,327,299	\$ -	\$ 5,327,299	\$ 5,380,710
Contributions and other grants	1,611,662	2,174,173	3,785,835	3,658,376
Fundraising events, net of direct donor benefits of \$207,291 and \$222,036, respectively	705,727	-	705,727	879,301
Investment return	360,776	-	360,776	26,319
Rental income	260,405	-	260,405	531,248
In-kind donations	252,790	-	252,790	224,563
Program service fees	96,187	-	96,187	133,883
Other income (loss)	(5,869)	-	(5,869)	3,279
Net assets released from restrictions	4,614,462	(4,614,462)	-	-
Total Support and Revenue	13,223,439	(2,440,289)	10,783,150	10,837,679
Expenses				
Program services	11,053,581	-	11,053,581	11,528,238
Management and general	1,256,368	-	1,256,368	1,215,305
Fundraising	1,088,411	-	1,088,411	1,196,705
Total Expenses	13,398,360	-	13,398,360	13,940,248
Change in Net Assets, before non-operating activities	(174,921)	(2,440,289)	(2,615,210)	(3,102,569)
Contributions Received Through Acquisition	-	-	-	544,184
Change in Net Assets	(174,921)	(2,440,289)	(2,615,210)	(2,558,385)
Net Assets, beginning of year	17,573,443	4,973,507	22,546,950	25,105,335
Net Assets, end of year	\$ 17,398,522	\$ 2,533,218	\$ 19,931,740	\$ 22,546,950

See accompanying notes to financial statements.

Safe & Sound

Statement of Functional Expenses (with summarized comparative totals for 2022)

Year ended December 31,

	Program Services				Supporting Services		Total	
	Children and Family Services	Community Education and Partnerships	Strategic Partnerships and Policy	Total Program Services	Management and General	Fundraising	2023	2022
Salaries and stipends	\$ 2,321,913	\$ 1,074,086	\$ 1,257,673	\$ 4,653,672	\$ 789,886	\$ 599,955	\$ 6,043,513	\$ 5,267,236
Subcontractors	21,038	1,016,276	1,829,296	2,866,610	-	-	2,866,610	4,381,659
Payroll taxes and benefits	495,202	219,565	193,684	908,451	139,984	91,603	1,140,038	1,017,761
Consultants	190,150	295,178	380,899	866,227	50,740	181,956	1,098,923	1,067,030
Utilities and maintenance	44,441	24,982	247,669	317,092	15,682	12,226	345,000	376,058
Program supplies	63,271	97,508	138,433	299,212	282	193	299,687	74,702
Depreciation	71,256	53,741	63,644	188,641	24,116	18,610	231,367	236,128
Client support	183,706	23,451	-	207,157	-	-	207,157	321,856
Legal	72,383	32,645	43,111	148,139	24,314	17,987	190,440	243,713
Dues and subscriptions	48,739	22,860	29,278	100,877	16,027	32,400	149,304	164,688
Audit and tax	-	-	-	-	139,921	-	139,921	79,246
Telephone and communications	64,445	18,692	24,919	108,056	15,827	13,222	137,105	107,258
Insurance	67,833	5,575	24,460	97,868	6,712	5,137	109,717	97,803
Office supplies, postage, printing, and copying	16,741	3,593	12,044	32,378	6,769	31,573	70,720	94,132
Travel, conferences, and meetings	12,816	26,409	23,898	63,123	5,743	653	69,519	45,096
Bay Park Owners Association dues	-	4,436	56,520	60,956	-	-	60,956	58,382
Bad debt expense	-	-	-	-	-	58,030	58,030	143,209
Staff appreciation	20,865	6,070	8,289	35,224	6,637	4,038	45,899	34,915
Equipment purchase, rental, and repair	16,129	8,651	10,365	35,145	5,340	4,473	44,958	42,456
Accounting and payroll	14,137	6,330	7,549	28,016	4,467	3,389	35,872	31,112
Recruitment and professional development	13,206	5,100	1,557	19,863	5,764	987	26,614	34,209
Bank charges and interest expense	1,042	122	371	1,535	92	11,759	13,386	14,883
Space rental	979	8,327	6,033	15,339	(7,518)	220	8,041	1,431
Board expenses	-	-	-	-	5,583	-	5,583	5,285
Total Expenses	\$ 3,740,292	\$ 2,953,597	\$ 4,359,692	\$ 11,053,581	\$ 1,256,368	\$ 1,088,411	\$ 13,398,360	\$ 13,940,248

See accompanying notes to financial statements.

Safe & Sound

Statement of Cash Flows (with summarized comparative totals for 2022)

<i>Year ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (2,615,210)	\$ (2,558,385)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	231,367	236,128
Bad debt expense	58,030	143,209
Contribution received through acquisition	-	(544,184)
Loss on disposal of property and equipment	14,895	-
Realized and unrealized losses (gains) on investments	(26,166)	128,714
Changes in assets and liabilities:		
Government grants receivable	621,359	(950,092)
Contributions and other grants receivable	1,467,800	3,000,774
Prepaid expenses	(80,893)	36,160
Other current assets	(63,451)	48,268
Accounts payable and accrued liabilities	(180,262)	(119,945)
Accrued payroll related liabilities	117,333	97,107
Grants payable	434,000	-
Deferred revenue	(48,328)	(178,626)
Other liabilities	-	(5,547)
Net Cash Used in Operating Activities	(69,526)	(666,419)
Cash Flows from Investing Activities		
Cash received from acquisition	-	544,184
Purchases of property and equipment	(24,710)	-
Sales of investments	1,006,882	-
Purchases of investments (and dividends reinvested)	(8,302,232)	(1,057,431)
Net Cash Used in Investing Activities	(7,320,060)	(513,247)
Net Change in Cash	(7,389,586)	(1,179,666)
Cash, beginning of year	11,002,524	12,182,190
Cash, end of year	\$ 3,612,938	\$ 11,002,524
Safe & Sound acquired the Center for Youth Wellness and the non-cash portion of the contribution included the following identifiable assets and liabilities:		
Fair value of assets acquired	\$ -	\$ 544,184
Cash transferred to Safe & Sound	-	(544,184)
Total	\$ -	\$ -

See accompanying notes to financial statements.

Safe & Sound

Notes to Financial Statements

1. Organization

Nature of Activities

Safe & Sound is a nonprofit organization established in 1973 whose mission is to prevent and reduce the impact of childhood abuse, neglect, and trauma. Exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code, Safe & Sound is governed by a 21-member Board of Directors. Safe & Sound supports children and their families in vulnerable situations, educates children and adults in the community about child safety, collaborates to ensure that the systems and social safety net protect children and effectively respond to instances of abuse, advocates for children and their safety, and works to build a movement of people who do, too. Detailed information is available at safeandsound.org.

Safe & Sound's programs include:

Strategic Partnerships and Policy

Safe & Sound's Strategic Partnerships & Policy team enhances services for children and caregivers by building and strengthening partnerships across the city. This includes supporting policies and advocacy efforts on critical issues like child abuse prevention, nutrition investments, and tax credits for families. The team leads the San Francisco Family Resource Center (FRC) Alliance, uniting 40+ FRCs and child-serving agencies to collectively support over 40,000 children and caregivers. As a backbone organization, Safe & Sound plays a central role in initiatives like the Family First Prevention Services Act (FFPSA), collaborating with FRCs and community-based organizations to provide essential support for families and reduce involvement with the child welfare system. Safe & Sound is also the backbone agency of the Children's Advocacy Center of San Francisco (CAC), which provides trauma-informed services to children and families affected by abuse. Finally, Safe & Sound's Center for Youth Wellness (CYW), resulting from a 2021 merger, aims to revolutionize society's response to children affected by Adverse Childhood Experiences (ACEs) and toxic stress. The CYW Team is implementing a project studying their training model with enhanced learning technology, funded by HRSA, to integrate an ACEs, toxic stress, and trauma-informed framework into pediatric primary care. They train and support medical professionals, nonprofits, and community leaders in ACEs screening and effective interventions, collaborating with healthcare networks and driving awareness of the long-term effects of toxic stress.

Community Education and Partnerships

Safe & Sound's Community Education & Partnerships team, in collaboration with the San Francisco Unified School District, focuses on Child Safety Awareness training for both students and child-serving adults. The program empowers children to advocate for their safety and emphasizes to adults the understanding of responsibilities as mandated reporters and fostering action when child abuse is suspected, as well as advocating for necessary changes to the child welfare field. Additionally, Safe & Sound leads essential services for families with young children exposed to violence through the SafeStart Family Resource Collaborative. The Communities of Care (CoC) project extends this work, aiming to prevent child abuse and maintain family strength through a collaborative, evidence-based framework. The CoC model incorporates Protective Factor training and assessments, fostering a data-informed approach to enhance support for families through community partnerships. The team acts as the bridge between policy work and direct service delivery, aiming to not only support the community but to build the capacity of family serving organizations across the city.

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Notes to Financial Statements

Children and Family Services

Safe & Sound's Children & Family Services offers comprehensive trauma-informed interventions and direct, wrap-around services to improve the well-being of children, families, and communities affected by child abuse, neglect, trauma, and Adverse Childhood Experiences. The program employs an intergenerational approach, empowering parents and children through early, focused interventions to disrupt the cycle of abuse. Services include a therapeutic children's playroom, parent and child education, a 24/7 parental stress TALK Line, concrete needs support, and integrated family services aimed at assessing Protective Factors and delivering tailored, evidence-based interventions to families in at-risk situations.

2. Summary of Significant Accounting Policies

Method of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of Safe & Sound and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may, or will, be met either by actions of Safe & Sound and/or the passage of time. Some net assets restrictions are required by donors to be held in perpetuity (endowment).

Expirations of restrictions on net assets as the result of the passage of time and/or fulfilling donor-imposed stipulations are reported as net assets released from restrictions between the applicable classes of net assets in the statement of activities and changes in net assets.

Comparative Totals

The 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 GAAP. Accordingly, such information should be read in conjunction with Safe & Sound's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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Notes to Financial Statements

Cash and Cash Equivalents

Cash consists of cash on deposit with banks. Cash equivalents consist of highly liquid investments with maturities of three months or less at date of acquisition, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Financial instruments that potentially subject Safe & Sound to concentrations of credit risk consist of cash deposits with a commercial bank and a brokerage firm. Safe & Sound maintains its cash and cash equivalents in various accounts between three commercial banks. These deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. As of December 31, 2023 and 2022, Safe & Sound held cash in excess of insured amounts.

Investments

Safe & Sound carries investments in certificates of deposit, money market funds, fixed income funds, and bond funds. As of December 31, 2023, Safe & Sound held \$8,270,268 of money market funds, \$458,492 of fixed income funds, and \$453,592 of bond funds. As of December 31, 2022, Safe & Sound held \$1,006,882 of certificates of deposit and \$853,954 of bond funds. Certificates of deposit are valued at cost plus accrued interest. Money market, fixed income, and bond funds have readily determinable fair values and are considered Level 1 under the fair value hierarchy. The fair value of investments in funds and securities is based on quoted market prices and is valued at the closing price on the last business day of the year. Realized and unrealized gains and losses, interest, and dividends are included in the statement of activities and changes in net assets as investment return.

Donated investments are initially recorded at fair value on, or near, the date of the gift.

Government Grants Receivable

Government contracts receivable include amounts billed and unbilled under various governmental contracts for program services performed during the year. Management periodically reviews the collectability of government contracts receivable and provides a provision at the time it is determined that they are uncollectable. Management determined that no allowance was considered necessary as of both December 31, 2023 and 2022.

Contributions and Other Grants Receivable, Net

Contributions and other grants receivable consist of unconditional promises to give by donors that have not yet been received by Safe & Sound. Conditional promises to give are recognized when the conditions are substantially met. Safe & Sound has no conditional promises to give outstanding as of December 31, 2023. Contributions and other grants receivable are measured at fair value upon receipt. If a pledge or grant is not expected to be collected within one year, it is discounted to its estimated fair value using a present-value technique. The fair value of a pledge that is collectable within one year is recognized at its net realizable value. Management periodically reviews the collectability of pledges and grants receivable and provides a provision at the time it is determined that they are uncollectable. Management determined that an allowance of \$20,300 and \$17,770 was necessary as of December 31, 2023 and 2022, respectively.

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Notes to Financial Statements

Revenue Recognition and Accounting for Restricted Support

Safe & Sound is awarded grants from federal, state, county, and city agencies. Grants are typically awarded for a multi-year period, with the amount awarded negotiated in advance. Those grants funded typically renew annually. Grant revenue is most appropriately classified as conditional contributions, and therefore, revenue is recognized as conditions are met, which is typically as allowable costs are incurred.

Safe & Sound had \$2,982,294 in conditional grants outstanding as of December 31, 2023. These grants are expected to be recognized in the year ending December 31, 2024, as conditions are met.

Contributions and other grants received are recorded when an unconditional promise to give is made and is recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Safe & Sound reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets are released from restriction.

Safe & Sound recognizes program revenues are recognized when the performance obligation has been satisfied (typically as program activities occur). The transaction price is determined based on standard charges for the various goods and services to be provided. Rental income is recognized in the month in which occupancy is provided. Rental income is recorded on a straight-line basis over the lease terms. Amounts collected in advance are deferred and recognized as earned.

Funding and Revenue Concentration

Safe & Sound received approximately 33% and 18% of support and revenue from two and one funding sources during the years ended December 31, 2023 and 2022, respectively.

Contributed Goods and Services

Safe & Sound at times receives significant in-kind contributions of time and pro-bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by Safe & Sound. Safe & Sound recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

Donated and pro-bono services are valued at the standard hourly rates for similar services in the local market. Donated goods are valued at the wholesale prices that would be paid for similar products.

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Notes to Financial Statements

Property and Equipment, Net

Property and equipment are reported at cost if purchased, or at fair value at the date of gift if donated. Individual items with a value greater than \$5,000 and that have a useful life of greater than one year are capitalized. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Asset Category	Years
Building and building improvements	15-30
Furniture, fixtures, equipment, and vehicles	3-5

Long-Lived Assets

Long-lived assets, such as land, building, and other property, are reviewed at least annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, Safe & Sound first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. Safe & Sound determines fair value of long-lived assets held and used by reference to independent appraisals, quoted market prices (e.g., an offer to purchase) and other factors. There were no impairment charges recorded in the periods presented.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 - This level consists of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets, or liabilities.

Level 2 - This level consists of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - This level consists of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

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The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The carrying amounts of Safe & Sound's other financial instruments, which include accounts receivable, accounts payable, and other accrued expenses, approximate their fair values due to their short-term maturities.

Functional Expenses

Safe & Sound allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Indirect expenses are allocated based on the ratio of each function's salary expense to total salary expense, with the exception of certain Third Street building expenses (inclusive of utilities and maintenance, insurance, and Bay Park Owners Association dues), which are considered costs of the Strategic Partnerships function.

Income Taxes

Safe & Sound is exempt from federal and California state income taxes under Section 501(c)(3) of IRC Section 23701(d) of the California Revenue and Taxation Code, respectively. Safe & Sound had no sources of unrelated business income during the years ended December 31, 2023 and 2022.

Recent Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016 13, *Financial Instruments Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use a new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. The revised effective date is for annual periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative effect adjustment to partner's capital as of the beginning of the first reporting period in which the guidance is effective. A prospective approach is required for debt securities for which an other than temporary impairment had been recognized before the effective date and loans and debt securities acquired with deteriorated credit quality. Early adoption is permitted. The organization adopted the new standard using a modified retrospective approach on January 1, 2023. The adoption of this update did not materially impact Safe & Sound's financial statements.

Subsequent Events

Safe & Sound evaluated subsequent events through July 18, 2024 which was the date of the financial statements were available to be issued.

Safe & Sound

Notes to Financial Statements

3. Net Assets with Donor Restrictions

Net assets with donor restrictions represent pledges and grants to Safe & Sound that have been restricted for a specific purpose or time period. Net assets with donor restrictions are as follows:

<i>December 31,</i>	2023	2022
Net Assets with Purpose or Time Restrictions		
Strategic Partnerships and Policy	\$ 1,182,930	\$ 2,918,871
Time restricted	440,000	340,000
Children and Family Services	389,465	750,636
Community Education and Partnerships	353,228	484,000
Third Street Building purchase and operating reserve	-	140,000
Other specific purposes	157,595	330,000
	2,523,218	4,963,507
Net Assets with Perpetual Restrictions		
Endowments	10,000	10,000
Total	\$ 2,533,218	\$ 4,973,507

4. Liquidity and Availability of Resources

Safe & Sound's financial assets available for general expenditure—that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date—comprise the following:

<i>December 31,</i>	2023	2022
Financial Assets at Year End		
Cash and cash equivalents	\$ 3,612,938	\$ 11,002,524
Investments	9,182,352	1,860,836
Government grants receivable	1,736,636	2,357,995
Contributions and other grants receivable, net	975,720	2,501,550
Total Financial Assets	15,507,646	17,722,905
Less amounts not available to be used within one year:		
Contributions and other grants receivable, net	(137,520)	(43,318)
Net assets with donor restrictions for particular purposes	(2,395,698)	(4,930,189)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$ 12,974,428	\$ 12,749,398

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Safe & Sound has a goal to maintain financial assets, which consist of cash, short-term investments, and current receivables on hand to meet six months of normal operating expenses, which are, on average, approximately \$1,100,000 per month. Safe & Sound has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, Safe & Sound invests cash in various short-term investments in accordance with its investment policy.

Safe & Sound

Notes to Financial Statements

5. Contributions and Other Grants Receivable, Net

Contributions and other grants receivable are recorded in the statement of financial position as follows:

<i>December 31,</i>		2023		2022
Receivable in less than one year	\$	851,000	\$	2,471,002
Receivable in one to five years		150,000		50,000
		1,001,000		2,521,002
Less: discount on long-term contributions and other grants		(4,980)		(1,682)
Less: reserve for uncollectable contributions and other grants		(20,300)		(17,770)
Total	\$	975,720	\$	2,501,550

<i>December 31,</i>		2023		2022
Contributions and other grants receivable, current portion	\$	838,200	\$	2,458,232
Contributions and other grants receivable, net		137,520		43,318
Total	\$	975,720	\$	2,501,550

The amounts presented above have been discounted to present value using a discount rate of 4.79% and 4.73% in 2023 and 2022, respectively.

6. Property and Equipment, Net

Property and equipment, net, are as follows:

<i>December 31,</i>		2023		2022
Land	\$	2,102,159	\$	2,102,159
Building and building improvements		5,412,746		5,388,036
Furnishings and equipment		301,053		348,091
		7,815,958		7,838,286
Less: accumulated depreciation		(2,184,705)		(1,985,481)
Total	\$	5,631,253	\$	5,852,805

Depreciation expense for the years ended December 31, 2023 and 2022, was \$231,367 and \$236,128, respectively.

7. In-Kind Donations

In-kind donations included pro-bono legal services and donated goods. Donations were utilized by Safe & Sound's supporting services and there were no donor-imposed restrictions.

Safe & Sound

Notes to Financial Statements

In-kind donations were as follows:

Year ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Donated legal services	\$ -	\$ 189,990	\$ -	\$ 189,990
Donated auction goods	-	-	62,800	62,800
Total	\$ -	\$ 189,990	\$ 62,800	\$ 252,790

Year ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Donated legal services	\$ -	\$ 197,113	\$ -	\$ 197,113
Donated auction goods	-	-	27,450	27,450
Total	\$ -	\$ 197,113	\$ 27,450	\$ 224,563

8. Retirement Plan

The 401(k) plan covers employees who have been employed by Safe & Sound for at least one year and who regularly work at least 20 hours per week. Employees may elect to make contributions to the Plan. Employer contributions made on behalf of eligible employees are discretionary. Safe & Sound contributed \$164,154 and \$144,143 to the 401(k) plan for the years ended December 31, 2023 and 2022, respectively.

9. Commitments and Contingencies

Leases

Safe & Sound leases out 3450 Third Street, Building 2, which it owns, to three tenants. Two of the leases expired during the year ended December 31, 2023 and were not renewed. The third lease will expire in November 2025.

Safe & Sound's future minimum estimated rental income as of December 31, 2023, is as follows:

Year ending December 31,

2024	\$	70,126
2025		64,282
Total	\$	134,408

Grant Awards

At December 31, 2023, there were \$1,644,410 of conditional grant subawards outstanding to various organizations. These awards are expected to be recorded as expense during the year ending December 31, 2024, as conditions are met by recipients.