



SAFE HORIZON, INC.

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2020 and 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

SAFE HORIZON, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Safe Horizon, Inc.

We have audited the accompanying financial statements of Safe Horizon, Inc. ("Safe Horizon"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Safe Horizon as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



New York, NY
December 15, 2020

SAFE HORIZON, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 2B and 16)	\$ 4,694,171	\$ 4,407,696
Grants receivable (Notes 2E, 2J and 4)	19,342,688	14,873,227
Grants receivable - DoVE (Notes 2E, 2J and 4)	8,729,791	8,730,466
Contributions receivable, net (Notes 2D, 2E and 5)	2,483,203	3,073,031
Investments (Notes 2F, 2G and 6)	14,479,785	13,622,469
Prepaid expenses and other assets	1,282,178	1,107,649
Cash held for restitution payable (Notes 7 and 16)	6,179,045	6,661,260
Property and equipment, net (Notes 2I and 8)	4,155,057	4,502,314
Beneficial interest in perpetual trusts (Notes 2H and 11)	670,835	687,178
TOTAL ASSETS	\$ 62,016,753	\$ 57,665,290
LIABILITIES		
Accounts payable and accrued expenses (Note 2L)	\$ 7,016,629	\$ 6,538,125
Accounts payable and accrued expenses - DoVE	8,725,000	8,508,470
Due to grantor (Notes 2J and 15)	1,024,786	578,894
Restitution payable (Note 7)	6,179,045	6,661,260
TOTAL LIABILITIES	22,945,460	22,286,749
COMMITMENTS AND CONTINGENCIES (Note 15)		
NET ASSETS (Notes 2C, 11 and 12)		
Without donor restrictions	33,292,904	30,371,535
With donor restrictions (Notes 11 and 12)	5,778,389	5,007,006
TOTAL NET ASSETS	39,071,293	35,378,541
TOTAL LIABILITIES AND NET ASSETS	\$ 62,016,753	\$ 57,665,290

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

SAFE HORIZON, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
SUPPORT AND REVENUE:						
Grants revenue	\$ 82,767,586	\$ -	\$ 82,767,586	\$ 72,999,147	\$ -	\$ 72,999,147
Contributions	2,433,305	5,759,759	8,193,064	1,905,801	4,014,666	5,920,467
In-kind contributions (Notes 2M and 10)	2,582,852	-	2,582,852	2,958,669	-	2,958,669
Special events (net of direct expenses of \$201,525 in 2019)	-	-	-	904,203	-	904,203
Investment income, net (Notes 2F and 6)	848,950	6,993	855,943	836,288	7,471	843,759
Program fee revenue (Note 2K)	1,520,660	-	1,520,660	1,887,039	-	1,887,039
(Loss) gain on beneficial interest in perpetual trust (Note 2H)	-	(16,343)	(16,343)	-	4,575	4,575
Miscellaneous income	331,973	-	331,973	355,962	-	355,962
Net assets released from restrictions (Note 11)	4,979,026	(4,979,026)	-	3,650,326	(3,650,326)	-
TOTAL SUPPORT AND REVENUE	<u>95,464,352</u>	<u>771,383</u>	<u>96,235,735</u>	<u>85,497,435</u>	<u>376,386</u>	<u>85,873,821</u>
EXPENSES: (Note 2N)						
Program Services:						
Domestic violence and hotline	37,259,297	-	37,259,297	32,544,677	-	32,544,677
Community and criminal justice	26,878,092	-	26,878,092	25,672,130	-	25,672,130
Child, adolescent and mental health treatment	16,181,712	-	16,181,712	14,499,888	-	14,499,888
	<u>80,319,101</u>	<u>-</u>	<u>80,319,101</u>	<u>72,716,695</u>	<u>-</u>	<u>72,716,695</u>
Supporting Services:						
Management and general	10,431,082	-	10,431,082	9,133,403	-	9,133,403
Fundraising	1,792,800	-	1,792,800	1,952,491	-	1,952,491
	<u>12,223,882</u>	<u>-</u>	<u>12,223,882</u>	<u>11,085,894</u>	<u>-</u>	<u>11,085,894</u>
TOTAL EXPENSES	<u>92,542,983</u>	<u>-</u>	<u>92,542,983</u>	<u>83,802,589</u>	<u>-</u>	<u>83,802,589</u>
CHANGE IN NET ASSETS	2,921,369	771,383	3,692,752	1,694,846	376,386	2,071,232
Net assets - Beginning of year	<u>30,371,535</u>	<u>5,007,006</u>	<u>35,378,541</u>	<u>28,676,689</u>	<u>4,630,620</u>	<u>33,307,309</u>
NET ASSETS - END OF YEAR	<u>\$ 33,292,904</u>	<u>\$ 5,778,389</u>	<u>\$ 39,071,293</u>	<u>\$ 30,371,535</u>	<u>\$ 5,007,006</u>	<u>\$ 35,378,541</u>

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

SAFE HORIZON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Program Services				Supporting Services				Total 2020	Total 2019
	Domestic Violence and Hotline	Community and Criminal Justice	Child, Adolescent and Mental Health Treatment	Total Program Services	Management and General	Fundraising	Total Supporting Services			
Salaries	\$ 13,439,227	\$ 17,567,347	\$ 7,584,870	\$ 38,591,444	\$ 6,242,180	\$ 874,755	\$ 7,116,935	\$ 45,708,379	\$ 41,090,135	
Payroll taxes and employee benefits (Note 13)	3,559,093	4,765,831	2,079,603	10,404,527	1,706,089	242,107	1,948,196	12,352,723	10,350,061	
Total Salaries and Related Costs	16,998,320	22,333,178	9,664,473	48,995,971	7,948,269	1,116,862	9,065,131	58,061,102	51,440,196	
Professional fees (Notes 2M and 10)	633,941	476,372	946,273	2,056,586	473,173	159,857	633,030	2,689,616	3,050,701	
Client assistance	736,737	243,907	287,873	1,268,517	-	-	-	1,268,517	1,165,625	
Contracted Domestic Violence Empowerment Services	9,101,250	-	-	9,101,250	-	-	-	9,101,250	7,967,966	
Program materials and other publications	61,327	59,430	115,121	235,878	-	-	-	235,878	380,622	
Staff development and meetings	42,765	62,582	78,551	183,898	69,523	86,968	156,491	340,389	851,793	
Insurance	160,719	216,653	91,397	468,769	76,129	10,918	87,047	555,816	545,806	
Occupancy (Notes 2L, 10, 14 and 15)	7,334,522	1,451,051	3,347,195	12,132,768	498,859	66,219	565,078	12,697,846	11,924,242	
Furniture and equipment	293,779	312,406	100,312	706,497	122,476	8,131	130,607	837,104	602,580	
Supplies, photocopying and delivery	110,448	157,949	79,742	348,139	124,405	28,514	152,919	501,058	358,840	
Equipment rentals and maintenance	486,866	654,940	252,534	1,394,340	264,692	35,922	300,614	1,694,954	1,717,056	
Public outreach	-	-	-	-	17,128	184,533	201,661	201,661	200,105	
Telephone	277,707	334,297	151,072	763,076	122,065	16,480	138,545	901,621	799,855	
Temporary help	587,655	18,704	248,410	854,769	310,885	13,800	324,685	1,179,454	1,152,528	
Depreciation and amortization	252,217	353,471	406,109	1,011,797	102,592	3,307	105,899	1,117,696	1,124,084	
Miscellaneous	181,044	203,152	412,650	796,846	300,886	61,289	362,175	1,159,021	722,115	
Total Other Than Personnel Services	20,260,977	4,544,914	6,517,239	31,323,130	2,482,813	675,938	3,158,751	34,481,881	32,563,918	
Direct special event expenses	-	-	-	-	-	-	-	-	(201,525)	
TOTAL EXPENSES	\$ 37,259,297	\$ 26,878,092	\$ 16,181,712	\$ 80,319,101	\$ 10,431,082	\$ 1,792,800	\$ 12,223,882	\$ 92,542,983	\$ 83,802,589	

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

SAFE HORIZON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total 2019</u>
	<u>Domestic Violence and Hotline</u>	<u>Community and Criminal Justice</u>	<u>Child, Adolescent and Mental Health Treatment</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 10,770,453	\$ 16,968,269	\$ 6,786,637	\$ 34,525,359	\$ 5,630,230	\$ 934,546	\$ 6,564,776	\$ 41,090,135
Payroll taxes and employee benefits (Note 13)	2,786,182	4,232,035	1,684,828	8,703,045	1,411,206	235,810	1,647,016	10,350,061
Total Salaries and Related Costs	<u>13,556,635</u>	<u>21,200,304</u>	<u>8,471,465</u>	<u>43,228,404</u>	<u>7,041,436</u>	<u>1,170,356</u>	<u>8,211,792</u>	<u>51,440,196</u>
Professional fees (Notes 2M and 10)	1,016,459	394,542	1,091,052	2,502,053	335,316	213,332	548,648	3,050,701
Client assistance	642,018	252,835	270,772	1,165,625	-	-	-	1,165,625
Contracted Domestic Violence Empowerment Services	7,967,966	-	-	7,967,966	-	-	-	7,967,966
Program materials and other publications	73,859	146,922	159,841	380,622	-	-	-	380,622
Staff development and meetings	92,213	130,777	112,022	335,012	162,152	354,629	516,781	851,793
Insurance	145,684	221,722	92,417	459,823	73,562	12,421	85,983	545,806
Occupancy (Notes 2L, 10, 14 and 15)	6,867,294	1,430,042	3,096,325	11,393,661	460,730	69,851	530,581	11,924,242
Furniture and equipment	210,011	163,215	202,270	575,496	21,778	5,306	27,084	602,580
Supplies, photocopying and delivery	63,731	146,992	50,927	261,650	65,993	31,197	97,190	358,840
Equipment rentals and maintenance	494,311	766,092	240,547	1,500,950	180,917	35,189	216,106	1,717,056
Public outreach	44,849	-	-	44,849	22,604	132,652	155,256	200,105
Telephone	240,203	313,443	125,291	678,937	103,673	17,245	120,918	799,855
Temporary help	755,658	19,288	86,138	861,084	291,444	-	291,444	1,152,528
Depreciation and amortization	237,011	315,298	424,803	977,112	118,528	28,444	146,972	1,124,084
Miscellaneous	136,775	170,658	76,018	383,451	255,270	83,394	338,664	722,115
Total Other Than Personnel Services	<u>18,988,042</u>	<u>4,471,826</u>	<u>6,028,423</u>	<u>29,488,291</u>	<u>2,091,967</u>	<u>983,660</u>	<u>3,075,627</u>	<u>32,563,918</u>
Direct special event expenses	-	-	-	-	-	(201,525)	(201,525)	(201,525)
TOTAL EXPENSES	<u>\$ 32,544,677</u>	<u>\$ 25,672,130</u>	<u>\$ 14,499,888</u>	<u>\$ 72,716,695</u>	<u>\$ 9,133,403</u>	<u>\$ 1,952,491</u>	<u>\$ 11,085,894</u>	<u>\$ 83,802,589</u>

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

SAFE HORIZON, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,692,752	\$ 2,071,232
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,117,696	1,124,084
Provision for doubtful accounts	485,167	85,400
Loss (gain) on beneficial interest in perpetual trust	16,343	(4,575)
Realized gain on sale of investments	(461,724)	(84,136)
Unrealized gain on investments	(131,665)	(478,112)
Subtotal	4,718,569	2,713,893
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Grants receivable	(4,469,461)	(1,817,468)
Grants receivable - DoVE	675	(8,429,390)
Contributions receivable	104,661	(499,710)
Restricted cash - DoVE	-	4,607,973
Cash held for restitution payable	482,215	814,857
Prepaid expenses and other assets	(174,529)	(182,512)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	478,504	124,857
Accounts payable and accrued expenses - DoVE	216,530	3,900,497
Due to grantor	445,892	147,843
Restitution payable	(482,215)	(814,857)
Net Cash Provided by Operating Activities	1,320,841	565,983
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,161,470)	(3,273,393)
Proceeds from sales of investments	2,897,543	2,991,974
Purchases of property and equipment	(770,439)	(1,171,195)
Net Cash Used in Investing Activities	(1,034,366)	(1,452,614)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	286,475	(886,631)
Cash and cash equivalents - Beginning of year	4,407,696	5,294,327
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,694,171	\$ 4,407,696

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

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Safe Horizon, Inc. ("Safe Horizon") was organized under the not-for-profit corporation law of the State of New York and is qualified as a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Safe Horizon's mission is to provide support, prevent violence, and promote justice for victims of crime and abuse, their families and communities. Safe Horizon receives support from city, state and federal agencies, and contributions from corporations, foundations and individuals. Substantially all services are performed in New York City.

Safe Horizon accomplishes their mission through the following major programs:

- **Domestic Violence and Hotline Programs** – Safe Horizon operates three 24-hour hotlines – the New York City Domestic Violence Hotline, the Crime Victims Hotline, and the Rape and Sexual Assault Hotline. For victims of violence and their families, a phone call to one of our hotlines serves as a gateway to a range of services, such as safety planning and linkage to emergency shelter for victims of domestic violence. Safe Horizon is New York City's most comprehensive domestic violence shelter provider, with 710 beds available throughout the five boroughs. Safe Horizon operates both emergency shelters for crisis situations and transitional shelters where survivors and their dependent children are transferred in order to continue services and plan for a future free from violence and abuse. The shelters offer safety and comprehensive services such as: case management, childcare and support groups, housing assistance, practical assistance (such as food, clothing and metro-cards) and referrals to critical services (such as medical, mental health, schools and job centers). The SafeWay Forward program works with families in a specific borough who have open child welfare cases and have experienced domestic violence in the home. This program provides concrete services and therapeutic interventions to the entire family, in partnership with the Administration for Children's Services. Safe Horizon's legal services programs provide legal advice and representation citywide. The Domestic Violence Law Project provides legal advice and representation in family courts, integrated domestic violence courts, and supreme courts on a wide range of family law matters to low-income victims of domestic violence. The Immigration Law Project provides legal advice and representation to undocumented victims of domestic violence, assault and other crimes. The program also works with those victimized by violence abroad seeking safety in this country.

The Domestic Violence Empowerment ("DoVE") Initiative is the New York City Council's investment in bolstering the response to domestic violence in communities across New York City. Since 2006, the City Council has designated Safe Horizon as the Program Administrator for the DoVE Initiative to ensure that grantees receive funding and support to provide case management, crisis intervention, legal services, outreach and education and training. Services are provided in a variety of languages and settings to meet the needs of survivors from diverse backgrounds, and grantees are evaluated annually to help ensure the efficacy of the initiative.

- **Community and Criminal Justice Programs** – Safe Horizon offers services to victims of crime and abuse, including victims of domestic violence, sexual assault, stalking, families of homicide victims and all types of crime. Staff located at community programs, precincts and court programs, including the Family Justice Centers, provide services that include crisis intervention, support, assistance with understanding and navigating the criminal justice system, supervised visitation, court-ordered restitution, housing and public systems, and individual and group psycho-education about trauma and coping skills. Safe Horizon also operates a Helpline as well as SafeChat, a new chat service, for individuals seeking crime-victim and survivor-related information, referrals and support. Case management services include advocacy; court accompaniment; practical assistance, including food, clothing, lock changes and assistance with accessing shelter; support services through safety assessment and risk management planning and supportive counseling. Staff provides information and linkages to public entitlement programs and other community-based organizations. The Anti-Trafficking Program provides legal and case management services to survivors of labor and sex trafficking.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **Child, Adolescent and Mental Health Treatment Programs** – Safe Horizon has developed comprehensive programs for children and adolescents who have experienced crime, abuse and/or trauma, including specific programs for children who have been sexually or severely physically abused. Safe Horizon is the pioneer of the urban Child Advocacy Center (“CAC”) model that co-locates a multi-disciplinary team of experts, including professionals from the NYPD, District Attorney’s Office, Administration for Children’s Services, medical providers and Safe Horizon.

The Child Advocacy Centers provide coordinated services that expedite the investigation and prosecution of child abuse cases while ensuring victims and impacted family members receive an immediate and effective array of support. The Child Trauma Response Team (CTRTR), operating in select precincts, works collaboratively with Domestic Violence Police Officers to identify children exposed to domestic violence and provide timely response to help reduce the harmful impact of traumatic events of children. Streetwork reaches youth through a harm-reduction model drop-in center, street outreach, and emergency shelter program for homeless youth. Serving clients from ages 16 to 24, Streetwork provides individual and group counseling, case management, advocacy, mental health intervention, emergency and transitional housing, assistance obtaining Medicaid and other benefits, hot meals, showers, clothing, as well as HIV prevention counseling and parenting groups, in a safe, non-judgmental setting. Streetwork also refers clients for legal, medical and psychiatric services.

Safe Horizon operates the only New York State licensed out-patient mental health treatment clinic that specializes in providing services for adult and child victims of crime, abuse and/or trauma. The Counseling Center is the central hub within Safe Horizon for the provision of expert mental health treatment services, offering a range of evidence-based mental health treatments at our primary site as well as satellite locations in some of the domestic violence shelters, a community program and one of the Streetwork drop-in centers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting** – Safe Horizon’s financial statements have been prepared on the accrual basis of accounting. Safe Horizon adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. **Cash Equivalents** – Safe Horizon considers all highly liquid investments with maturities of three months or less when acquired, to be cash equivalents, except for cash and money market funds contained in Safe Horizon’s investment portfolio.
- C. **Net Assets** – Safe Horizon maintains its net assets under the following two classes:
- Without Donor Restrictions – represents resources available for support of Safe Horizon’s operations over which the Board of Directors has discretionary control.
 - With Donor Restrictions – represents assets resulting from contributions whose use by Safe Horizon is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of Safe Horizon pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. In addition, contributions of unconditional promises to give with payments due in future periods are reported as with donor restrictions unless the donor expressly stipulates, or circumstances surrounding the receipt of the promise make clear that the donor intended them to be used to support activities of the current period. Also included in net assets with donor restrictions are those resources, based on donor-imposed stipulations, to be maintained intact in perpetuity by Safe Horizon. The donors of these assets permit the use of all the income earned on related investments, and the net capital appreciation thereon, for general purposes.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. **Contributions Receivable** – Contributions receivable (pledges) are recorded as income when Safe Horizon is formally notified of the grants or contributions by the respective donors. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
- E. **Allowance for Uncollectible Receivables** – Safe Horizon recorded an allowance for doubtful accounts for contributions receivable of \$50,000 as of each June 30, 2020 and 2019. No allowance for doubtful accounts for grants receivable was recorded for June 30, 2020 and 2019. Such estimates are based on management's evaluation of the creditworthiness of its donors and grantors, the aged basis of its receivables from government sources, as well as current economic conditions and historical information.
- F. **Investments** – Investments are reported at fair value. Donated securities are recorded at their fair value on the date received using an average of the high and low price on the date received. Investment income is recorded as an increase or decrease in net assets without donor restrictions unless restricted by the donor, and is included in the accompanying statements of activities.
- G. **Fair Value Measurements** – Fair value measurements are the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.
- H. **Split-Interest Agreements** – Safe Horizon has been named as the beneficiary of two perpetual trusts. The investment principal remains part of the trusts and is not the property of Safe Horizon. Therefore, Safe Horizon has no right to the trust principal. Because Safe Horizon will receive a perpetual stream of income from the trusts, the projected contributions are classified as part of net assets with donor restrictions at June 30, 2020 and 2019. Given the nature of the promises as well as the inability to compute the present value of the income stream, the beneficial interests have been recorded on the statements of financial position at the fair value of Safe Horizon's proportionate share of the trusts. The fluctuation in the fair value of the trusts from year to year is included in the statements of activities as changes in net assets with donor restrictions.
- I. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Safe Horizon capitalizes all property and equipment having a cost of \$2,500 or more and a useful life of more than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease.
- J. **Revenue from Government Sources** – Principal support for the programs operated by Safe Horizon is derived from various Federal, New York State and New York City governmental sources. Safe Horizon recognizes revenue from these sources when the contractual obligations are met. Cost recovery occurs when the grants awarded provide for reimbursement of budgeted expenditures incurred within the grant period. The funds are received in either predetermined installments or in increments based on expenditures or milestones for the period. Upon termination, unexpended cash funds received, and revertible equipment purchased are returnable to the grantor. Accordingly, grant income under these awards is recognized in amounts equal to budgeted expenditures incurred. Funds received under these grants are subject to audit.

Unreimbursed expenditures on programs funded under contractual agreements, when such expenditures are less than contract amounts, but more than cash advances, are reflected as grants receivable. Cash advances in excess of unexpended funds are reflected as due to grantor.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. As of June 30, 2020 and 2019, Safe Horizon received conditional grants and contracts from government agencies in the aggregate amounts of \$6,907,508 and \$5,454,612, respectively, that have not been recorded in the accompanying financial statements, as they have not been earned. These grants and contracts require Safe Horizon to provide certain services as specified in the contracts. If such services are not provided, the foundations and governmental entities are not obligated to expend the funds allotted under the grants and contracts and Safe Horizon may be required to return the funds already remitted.

- K. **Program Fees and Other Revenue** – Fee income is recognized and recorded at the time a service is performed. Such services include counseling, legal services, third-party medical reimbursements, and client fees. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Safe Horizon measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2020. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. Safe Horizon determines the transaction price based on established rates and contracts for services provided. Program service fees consist of revenues for the following programs:

	2020	2019
Child, Adolescent and Mental Health Treatment	\$ 1,256,594	\$ 1,401,678
Criminal & Criminal Justice	212,849	374,516
Domestic Violence & Hotlines	51,217	110,845
	\$ 1,520,660	\$ 1,887,039

- L. **Rent Expense and Deferred Rent** – Safe Horizon leases real property under operating leases expiring at various dates in the future. Since the rent payments increase over time, Safe Horizon records an adjustment to rent expense each year to reflect its straight-line policy. Straight-lining of rent gives rise to a timing difference that is reported within accounts payable and accrued expenses in the accompanying statements of financial position.
- M. **Contributed Services, Rent and Other In-Kind** – Safe Horizon receives noncash contributions consisting primarily of contributed facilities and services (legal and public outreach services). The contributed facilities and services have been valued at the standard market rates that would have been incurred by Safe Horizon and are reported as both revenue and expense in the accompanying financial statements because they meet the criteria as prescribed by U.S. GAAP.
- N. **Functional Allocation of Expenses** – The costs of providing various programs and other activities of Safe Horizon have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services. Most of the expenses are directly allocated when payments are made except for shared costs, which are automatically allocated at the end of the month by a formula based on a calculated percentage of actual salaries for the period. The shared cost categories include, but are not limited to computer, software, other equipment, equipment lease and rental, equipment repairs and maintenance, telecommunication, supplies, general and property insurance, audit fees, payroll and related processing fees. In addition, expenses for fringe benefits and indirect costs are allocated on a monthly basis based on the federally approved rate which is annually approved by the Federal Department of Health and Human Services.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- O. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- P. **Reclassification** – Certain items in the June 30, 2019 financial statements have been reclassified to conform with the June 30, 2020 presentation. These reclassifications had no impact on the changes in net assets for the year ended June 30, 2019.
- Q. **Adoption of New Accounting Standards** – Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) was adopted by Safe Horizon for the year ended June 30, 2020. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services, as described in Note 2K.

FASB ASU 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” (Topic 958) was also adopted by Safe Horizon for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional, as further described in Note 2J.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Safe Horizon regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Safe Horizon has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and lines of credit that provide funding for operations as needed. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Safe Horizon considers all expenditures related to its ongoing activities of programs as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, Safe Horizon expects and anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, 2020 and 2019, 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, included the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,694,171	\$ 4,407,696
Investments	14,479,785	13,622,469
Grants receivable	19,342,688	14,873,227
Contributions receivable, net	<u>2,483,203</u>	<u>3,073,031</u>
Total	40,999,847	35,976,423
Less:		
Contributions receivable in more than 12 months	(1,100,000)	(2,150,000)
Investments held for endowments	<u>(139,775)</u>	<u>(135,945)</u>
Total financial assets available	<u>\$ 39,760,072</u>	<u>\$ 33,690,478</u>

In addition, Safe Horizon has two lines of credit totaling \$16,000,000 with a financial institution which can be drawn upon if needed (see Note 9).

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 – GRANTS RECEIVABLE

Grants receivable due under governmental contracts, grants and entitlements consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
New York City agencies	\$ 16,033,613	\$ 11,599,870
New York State agencies	2,829,197	2,881,900
Federal agencies	300,873	293,455
Other	<u>179,005</u>	<u>98,002</u>
Subtotal grants receivable	19,342,688	14,873,227
Grants receivable – DoVE (NYC agency)	<u>8,729,791</u>	<u>8,730,466</u>
Total grants receivable	<u>\$ 28,072,479</u>	<u>\$ 23,603,693</u>

NOTE 5 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Amount due in less than one year	\$ 1,433,203	\$ 973,031
Amount due in one to five years	<u>1,100,000</u>	<u>2,150,000</u>
	2,533,203	3,123,031
Less: Allowance for doubtful accounts	<u>(50,000)</u>	<u>(50,000)</u>
	<u>\$ 2,483,203</u>	<u>\$ 3,073,031</u>

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Investments, measured at fair value on a recurring basis, are classified as Level 1 and consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Investments:		
U.S. Government Securities	\$ 6,682,493	\$ 8,694,761
Money market funds	215,673	246,726
Mutual funds – short-term growth	<u>7,581,619</u>	<u>4,680,982</u>
Total	<u>\$ 14,479,785</u>	<u>\$ 13,622,469</u>

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

In determining fair value, Safe Horizon utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Mutual Funds - Short-Term Growth – are valued at their daily closing price as reported by the fund. These funds held by Safe Horizon are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The funds held by Safe Horizon are deemed to be actively traded.

Money Market Funds – are valued at NAV at a constant \$1.00 per share, of which, only the yield goes up and down.

U.S. Government Securities – are valued at the closing price reported in the active market in which the individual securities are traded.

Safe Horizon’s policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. During the years ended June 30, 2020 and 2019, no such transfers between fair value levels occurred.

Investments are subject to market volatility that could substantially change their carrying values in the near term. Investment income consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 283,573	\$ 306,505
Unrealized gain on investments	131,665	478,112
Realized gain on sale of investments	461,724	84,136
Investment fees	<u>(21,019)</u>	<u>(24,994)</u>
Net investment income	<u>\$ 855,943</u>	<u>\$ 843,759</u>

NOTE 7 – CASH HELD FOR RESTITUTION PAYABLE

Cash held for restitution payable represents funds that Safe Horizon maintains in its role as a restitution agent for New York City. In this role, Safe Horizon, acting as an agent for the city, collects funds from convicted defendants, who are ordered by court to pay restitution and disburses those funds to the beneficiary identified by the court. Safe Horizon informs courts and the NYC Department of Probation of the status of defendant payments, including any delays or missed payments. When the defendant has paid-in full, Safe Horizon closes the case. If the beneficiary cannot be located or has already been paid, fully or partially, by another source, Safe Horizon maintains the funds in the restricted account and uses those unclaimed funds to pay beneficiaries who have not received full payment. Cash held for restitution payable amounted to \$6,179,045 and \$6,661,260 for the years ended June 30, 2020 and 2019, respectively, and is reported as an asset and liability in the accompanying statements of financial position.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Equipment	\$ 5,621,705	\$ 5,269,457	2-3 years
Furniture and fixtures	1,799,005	1,799,005	5 years
Leasehold improvements	10,028,909	10,028,909	5 years or lease term
Construction in progress	<u>418,191</u>	<u>-</u>	
Total cost	17,867,810	17,097,371	
Less: Accumulated depreciation and amortization	<u>(13,712,753)</u>	<u>(12,595,057)</u>	
Net book value	<u>\$ 4,155,057</u>	<u>\$ 4,502,314</u>	

Depreciation and amortization expense amounted to \$1,117,696 and \$1,124,084 for the years ended June 30, 2020 and 2019, respectively.

Construction in progress consists of renovations at Shelter and Safeway Forward sites with an estimated cost of completion of approximately \$481,000 for the year ended June 30, 2020. One project has been completed and is expected to open in January 2021. The other project is expected to be completed in the upcoming fiscal year.

NOTE 9 – BANK LINES OF CREDIT

Safe Horizon has two lines of credit with a bank. The first is for \$9,000,000 with a floating interest rate equal to either the bank's prime rate or the 30 day London Interbank Offered Rate ("LIBOR") rate plus 90 basis points subject to a minimum rate of 2.0% for June 30, 2020 and 2019 for the first \$6,000,000 and the 30 day LIBOR rate plus 1% (or the bank's prime rate, at the borrower's discretion) for the amount exceeding \$6,000,000. This credit line will expire on May 1, 2023 and is secured by Safe Horizon's investments. There were no outstanding borrowings as of June 30, 2020 and December 15, 2020.

The second line of credit is an unsecured line for \$7,000,000, which expired on May 1, 2020, and was renewed until May 2021. Borrowings bear interest at a floating rate equal to the prime rate or 30, 60 or 90 day LIBOR rate plus 2%, subject to a minimum rate of 3.0% plus 200 basis points for June 30, 2020 and 2019. There were no outstanding borrowings on this second line as of June 30, 2020 and December 15, 2020.

Interest expense on borrowings amounted to \$0 for the years ended June 30, 2020 and 2019.

NOTE 10 – IN-KIND CONTRIBUTIONS

For the years ended June 30, 2020 and 2019, Safe Horizon received \$262,852 and \$593,820 respectively, in contributed legal services that supported the work of the General Counsel's Office of Safe Horizon. In addition, a substantial number of volunteers have donated significant amounts of time in relation to Safe Horizon's program services and other activities. The contributed time by volunteers does not meet the criteria for recognition and its value; therefore, is not reflected in the statements of activities.

Safe Horizon receives rent-free occupancy for two publicly owned commercial properties located in New York, New York, and records an in-kind contribution and expense in acknowledgement of this arrangement. For each of the years ended June 30, 2020 and 2019, Safe Horizon recorded \$2,320,000 as an in-kind contribution and expense which are reflected in accompanying statements of activities and functional expenses. Basis of valuation is similar commercial and residential properties in Manhattan.

Safe Horizon expenses public outreach costs as incurred. For the years ended June 30, 2020 and 2019, Safe Horizon recorded \$0 and \$44,849, respectively, as an in-kind contribution and expense, which are reflected in the accompanying statements of activities and functional expenses. The in-kind contributions are related to the Public Awareness Campaign – Put the Nail in It.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to expenditures for specific purposes or the passage of time		
Domestic violence programs	\$ 1,040,630	\$ 925,810
Streetwork and youth programs	1,967,949	1,993,182
Sexual assault and child advocacy programs	687,125	980,824
Other	<u>1,354,930</u>	<u>363,092</u>
Subtotal	<u>5,050,634</u>	<u>4,262,908</u>
Net Assets Restricted in Perpetuity:		
Corpus of endowment	56,920	56,920
Perpetual trusts	<u>670,835</u>	<u>687,178</u>
Subtotal	<u>727,755</u>	<u>744,098</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,778,389</u>	<u>\$ 5,007,006</u>

Net assets released from donor restrictions by either incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors are as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Domestic violence programs	\$ 1,427,694	\$ 890,806
Streetwork and youth programs	1,781,972	1,651,544
Sexual assault and child advocacy programs	1,217,611	1,015,092
Other	<u>551,749</u>	<u>92,884</u>
	<u>\$ 4,979,026</u>	<u>\$ 3,650,326</u>

NOTE 12 – ENDOWMENTS

The Board of Safe Horizon recognizes that New York State adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act ("UMIFA"). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as net assets with donor restrictions until appropriated.

The Board explicitly appropriated all earnings as of and prior to September 17, 2010, whether deemed spent or not, as without restrictions. All unappropriated earnings on donor-restricted endowment funds after September 17, 2010, that would otherwise be considered without restrictions by the donor, are reflected as donor-restricted assets until appropriated.

The Board of Directors has interpreted NYPMIFA as allowing Safe Horizon to appropriate for expenditure or accumulate so much of an endowment fund as Safe Horizon determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 12 – ENDOWMENTS (Continued)

As a result of this interpretation, Safe Horizon has not changed the way net assets restricted in perpetuity are classified. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions (purpose and time-restricted for future periods), until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The policy for valuing Safe Horizon's investments is described in Note 2F. In accordance with U.S. GAAP, any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires Safe Horizon to retain in perpetuity is to be reported in net assets with donor restrictions. The policy has charged the Investment Committee (the "Committee") with investment decision responsibility.

Changes in endowment net assets consisted of the following for the year ended June 30, 2020:

	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 79,025	\$ 56,920	\$ 135,945
Investment earnings	<u>3,830</u>	<u>-</u>	<u>3,830</u>
Endowment net assets, end of year	<u>\$ 82,855</u>	<u>\$ 56,920</u>	<u>\$ 139,775</u>

Changes in endowment net assets consisted of the following for the year ended June 30, 2019:

	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 75,382	\$ 56,920	\$ 132,302
Investment earnings	<u>3,643</u>	<u>-</u>	<u>3,830</u>
Endowment net assets, end of year	<u>\$ 79,025</u>	<u>\$ 56,920</u>	<u>\$ 135,945</u>

NOTE 13 – PENSION PLAN

Safe Horizon maintains a defined contribution 401(a) plan which covers all employees with at least one year of service, who elect to participate in a voluntary contribution 403(b) plan. Contributions amounted to approximately \$1,251,000 and \$903,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 14 – RELATED-PARTY TRANSACTIONS

Safe Horizon performs central management and administrative functions for the Houston Housing Development Fund Corporation (the "Corporation"), in the same manner as Safe Horizon provides services for its other projects. Safe Horizon charged the Corporation a fixed annual management fee of \$48,000 for each of the fiscal years ended June 30, 2020 and 2019. In addition, Safe Horizon rents from the Corporation all its available units at a fixed price of \$48,000 per annum. The Corporation shares a common Board of Directors with Safe Horizon.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. In most instances, grants are subject to audits by city, state and federal auditors, and costs charged to grantors may be adjusted as a result of an audit. Safe Horizon believes that no material provision is required for cost adjustments. In addition, a reserve for future disallowances based on grantor audits of \$290,000 was included in due to grantor as of June 30, 2020 and 2019.

SAFE HORIZON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 15 – COMMITMENTS AND CONTINGENCIES (Continued)

Safe Horizon is a party to various lawsuits or complaints generally arising in the ordinary course of business. Safe Horizon believes it has adequate insurance to cover any material damages and, accordingly, such litigation will not have a material adverse effect on its financial condition.

Safe Horizon is obligated under operating leases for the rental of premises. Leases have escalation clauses related to increases in rent and taxes. Future minimum lease payments are indicated below for each of the five years subsequent to June 30, 2020 and thereafter:

2021	\$	6,557,387
2022		4,022,930
2023		3,617,970
2024		2,633,457
2025		1,262,668
Thereafter		<u>4,340,458</u>
	\$	<u>22,434,870</u>

Rent expense for the years ended June 30, 2020 and 2019 amounted to \$7,406,680 and \$7,020,812, respectively, and is included in occupancy expenses in the accompanying financial statements.

- B.** Safe Horizon believes it had no uncertain tax positions as of June 30, 2020 and 2019 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- C.** On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, state, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. While some of Safe Horizon’s services, such as shelters for domestic violence victims and runaway homeless youth, are considered essential in nature and have not been materially interrupted, other services have been performed remotely. We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our services and finances, including how the pandemic impacts our clients, subcontractors, suppliers, vendors and employees, and our ability to provide services to our clients. The ultimate impact of the COVID-19 pandemic on our operating results, cash flow and financial condition is likely to be determined by factors which are uncertain and, in some cases, outside of our control. The situation surrounding COVID-19 remains fluid. Safe Horizon is planning accordingly, however, disruptions could materially adversely impact our financial condition.

NOTE 16 – CONCENTRATIONS

Cash and cash equivalents and restricted cash that potentially subject Safe Horizon to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2020 and 2019, there was approximately \$11,340,000 and \$12,999,000 at various banks, respectively, of cash and cash equivalents and cash held for restitution payable that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statements of financial position through December 15, 2020, the date the financial statements were available to be issued.