

SAFE PASSAGE PROJECT CORPORATION

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

DECEMBER 31, 2016

SAFE PASSAGE PROJECT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Safe Passage Project Corporation

We have audited the accompanying financial statements of Safe Passage Project Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 Passage Project Corporation as of December 31, 2016, 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.

New York, NY
September 14, 2017

Skody Scot & Company, CPAs, P.C.

SAFE PASSAGE PROJECT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Cash	\$ 574,192
Contributions receivable	64,666
Investments	<u>153,863</u>
Total assets	<u><u>\$ 792,721</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 13,973
Deferred income	50,000
Total liabilities	<u>63,973</u>
Commitments and contingencies (see notes)	
Net Assets:	
Unrestricted	671,442
Temporarily restricted	57,306
Permanently restricted	-
Total net assets	<u>728,748</u>
Total liabilities and net assets	<u><u>\$ 792,721</u></u>

See accompanying notes to financial statements.

**SAFE PASSAGE PROJECT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

Support and Revenues:	
Unrestricted:	
Program service revenue	\$ 13,390
Contributions	1,445,484
Contributions in-kind	237,000
Investment return	(168)
Other income	780
Temporarily Restricted:	
Contributions	57,306
Total support and revenues	<u>1,753,792</u>
Expenses:	
Program Expenses:	
Immigration assistance	969,438
Total program expenses	<u>969,438</u>
Management and general	121,148
Fundraising	75,715
Total expenses	<u>1,166,301</u>
Increase In Net Assets:	
Unrestricted	530,185
Temporarily restricted	57,306
Permanently restricted	-
Increase in net assets	<u>587,491</u>
Net assets, beginning of year	<u>141,257</u>
Net assets, end of year	<u><u>\$ 728,748</u></u>

See accompanying notes to financial statements.

**SAFE PASSAGE PROJECT CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016**

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ 587,491
Adjustments for non-cash items included in operating activities:	
(Gains)/losses on sales of investments	3,225
Donation of investments	(50,221)
Changes in assets and liabilities:	
Accounts payable and accrued expenses	9,974
Deferred income	(8,692)
Contributions receivable	(50,061)
Net cash provided by operating activities	<u>491,716</u>
Cash flows from investing activities:	
Purchase of investments	(105,661)
Sale of investments	102,518
Net cash provided/(used) by investing activities	<u>(3,143)</u>
Cash flows from financing activities	
	-
Net increase/(decrease) in cash	<u>488,573</u>
Cash, at beginning of year	<u>85,619</u>
Cash, at end of year	<u>\$ 574,192</u>

See accompanying notes to financial statements.

**SAFE PASSAGE PROJECT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	Program Expenses	Supporting Services		Total Expenses
	Immigration Assistance	Management & General	Fundraising	
Staff salaries	\$ 657,856	\$ 80,231	\$ 64,225	\$ 802,312
Payroll taxes	50,392	6,145	4,916	61,453
Employee benefits	13,346	1,628	1,302	16,276
Client welfare expenses	6,861	-	-	6,861
Consultants & contractors	51,272	-	-	51,272
Cost of living allowances	29,184	-	-	29,184
Insurance	7,061	861	689	8,611
Office supplies & expenses	19,390	2,085	3,600	25,075
Professional fees	713	11,087	70	11,870
Program sub-grants	41,997	-	-	41,997
Rent	82,000	18,000	-	100,000
Staff development & training	2,422	296	236	2,954
Telephone & communications	2,081	254	203	2,538
Travel and meetings	4,863	561	474	5,898
Total expenses	<u>\$ 969,438</u>	<u>\$ 121,148</u>	<u>\$ 75,715</u>	<u>\$ 1,166,301</u>

See accompanying notes to financial statements.

**SAFE PASSAGE PROJECT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Safe Passage Project Corporation (Organization), a not-for-profit organization, was incorporated in the State of New York on May 13, 2013. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions.

The Organization's mission is to address unmet legal needs of immigrant youth living in the New York City area. Safe Passage Project fundamentally believes no child should face the immigration process alone. Safe Passage Project provides comprehensive legal services to immigrant children facing deportation through direct representation, and through mentoring and training pro bono attorneys to take on cases.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates expenses based on estimated usage. The Organization classifies expenses, which are not directly related to a specific program, to supporting services.

SAFE PASSAGE PROJECT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Investments

All marketable debt and equity securities and mutual funds are measured at fair value on a recurring basis and are reported at their fair values as of December 31, 2016 in the statement of financial position.

The Organization initially records investments it receives as donations at the fair value as of the dates the investments are donated to the Organization and thereafter carries such investments at current fair values.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

**SAFE PASSAGE PROJECT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Fair Value Measurement of Investments

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange traded funds.

Level 2: Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, and government debt securities.

Level 3: Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment's fair value measurement 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following summarizes the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2016:

Level 1	\$ 153,863
Level 2	-
Level 3	-
Total	<u>\$ 153,863</u>

SAFE PASSAGE PROJECT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 3 - Investments and Investment Income

Investments consisted of the following at December 31, 2016:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
ETFs	\$ 51,302	\$ 51,372	\$ 70
Mutual funds	<u>104,254</u>	<u>102,491</u>	<u>(1,763)</u>
Total investments	<u>\$ 155,556</u>	<u>\$ 153,863</u>	<u>\$ (1,693)</u>

The components of investment income for the year ended December 31, 2016 are as follows:

Interest and dividends	\$ 3,057
Net realized and unrealized gains/(losses)	<u>(3,225)</u>
Net investment income	<u>\$ (168)</u>

Note 4 - In-Kind Services

Contributions in-kind reported on the accompanying statement of activities for the year ended December 31, 2016 comprised of \$100,000 in free space and \$137,000 of executive staff from a law school.

Various individuals volunteered their time to perform a variety of tasks that assist the Organization. The majority of volunteers provide pro bono legal assistance to immigrants. An average case requires 35 hours of legal work to complete and pro bono attorneys worked on 509 cases during the year ended December 31, 2016. The value of the contributed time is not being disclosed due to a lack of an objective valuation.

Note 5 - Restrictions on Net Assets

Temporarily restricted net assets are available in future years for the following purposes:

2017 activities	\$ 50,000
Client-related travel	7,306

Note 6 - Concentrations

The Organization maintains its checking and investment accounts with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. The Securities Investor Protection Corporation (SIPC) insures cash and securities, including money market funds, up to \$500,000 per financial institution. At times, the balances of the accounts may have exceeded the insured limits during the year ended December 31, 2016.

**SAFE PASSAGE PROJECT CORPORATION
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 14, 2017, which is the date the financial statements were available to be issued.