SAFE PASSAGE PROJECT CORPORATION

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

DECEMBER 31, 2017 AND 2016

SAFE PASSAGE PROJECT CORPORATION

Index

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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 statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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.

Auditor's 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 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, 2017 and 2016, 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
October 22, 2018

Skody Scot & Company, CPAS, P.C.

SAFE PASSAGE PROJECT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 996,012	574,192
Contributions receivable	525,305	64,666
Investments	102,039	153,863
Total assets	$ 1,623,356	$ 792,721

LIABILITIES AND NET ASSETS

	2017	2016
Liabilities:		
Accounts payable and accrued expenses	$ 22,336	$ 13,973
Deferred income	-	50,000
Total liabilities	22,336	63,973
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	1,271,020	671,442
Temporarily restricted	330,000	57,306
Permanently restricted	-	-
Total net assets	1,601,020	728,748
Total liabilities and net assets	$ 1,623,356	$ 792,721

See accompanying notes to the financial statements.

SAFE PASSAGE PROJECT CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Support and Revenues:		
Unrestricted:		
Program service revenue	$ -	$ 13,390
Contributions	1,631,032	1,445,484
Contributions in-kind	222,451	237,000
Government grants	293,528	-
Investment return	1,412	(168)
Other income	-	780
Release of prior year's restricted contributions	57,306	-
Temporarily restricted:		
Contributions	330,000	57,306
Release of prior year's restricted contributions	(57,306)	-
Total support and revenues	2,478,423	1,753,792
Expenses:		
Program Expenses:		
Immigration assistance	1,387,693	969,438
Total program expenses	1,387,693	969,438
Management and general	139,039	121,148
Fundraising	79,419	75,715
Total expenses	1,606,151	1,166,301
Increase In Net Assets:		
Unrestricted	599,578	530,185
Temporarily restricted	272,694	57,306
Permanently restricted	-	-
Increase in net assets	872,272	587,491
Net assets, beginning of year	728,748	141,257
Net assets, end of year	$ 1,601,020	$ 728,748

See accompanying notes to the financial statements.

SAFE PASSAGE PROJECT CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Increase/(decrease) in net assets	$ 872,272	$ 587,491
Adjustments for non-cash items included in operating activities:		
(Gains)/losses on sales of investments	316	3,225
Donation of investments	(109,826)	(50,221)
Changes in assets and liabilities:		
Accounts payable and accrued expenses	8,363	9,974
Deferred income	(50,000)	(8,692)
Contributions receivable	(460,639)	(50,061)
Net cash provided/(used) by operating activities	260,486	491,716
Cash flows from investing activities:		
Purchase of investments	-	(105,661)
Sale of investments	161,334	102,518
Net cash provided/(used) by investing activities	161,334	(3,143)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	421,820	488,573
Cash and cash equivalents, at beginning of year	574,192	85,619
Cash and cash equivalents, at end of year	$ 996,012	$ 574,192

See accompanying notes to the financial statements.

SAFE PASSAGE PROJECT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017				2016
	Program	**Supporting Services**			
	Immigration Assistance	Management & General	Fundraising	Total Expenses	Total Expenses
Staff salaries	$ 912,941	$ 83,965	$ 52,469	$1,049,375	$ 802,312
Payroll taxes	69,811	6,420	4,193	80,424	61,453
Employee benefits	18,421	1,693	1,059	21,173	16,276
Client welfare expenses	13,522	-	-	13,522	6,861
Consultants & contractors	80,521	900	6,300	87,721	51,272
Cost of living allowances	33,624	-	-	33,624	29,184
Insurance	7,434	684	427	8,545	8,611
Office supplies & expenses	46,280	4,255	6,527	57,062	25,075
Professional fees	24,148	27,612	-	51,760	11,870
Program sub-grants	10,667	-	-	10,667	41,997
Rent	132,285	10,012	6,258	148,555	100,000
Staff development & training	15,250	1,403	876	17,529	2,954
Telephone & communications	2,682	247	154	3,083	2,538
Travel and meetings	20,107	1,848	1,156	23,111	5,898
Total expenses	$ 1,387,693	$ 139,039	$ 79,419	$1,606,151	$1,166,301

See accompanying notes to the 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 salaries based on estimated time and other expenses are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as management and general expenses.

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.

The Organization received several grants from governmental agencies. In accordance with the grant provisions, the Organization either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of period-end are recorded as grant receivables and all advanced funds not expended are 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, 2017 and 2016 in the statements 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.

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, 2017 and 2016:

	2017	2016
Level 1	$ 102,039	$ 153,863
Level 2	-	-
Level 3	-	-
Total	$ 102,039	$ 153,863

Note 3 - Investments and Investment Income

Investments consisted of the following at December 31, 2017:

	Cost	Fair Value	Unrealized Gain/(Loss)
ETFs	$ -	$ -	$ -
Mutual funds	104,254	102,039	(2,215)
Total investments	$ 104,254	$ 102,039	$(2,215)

Investments consisted of the following at December 31, 2016:

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

The components of investment income for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Interest and dividends	$ 1,728	$ 3,057
Net realized and unrealized gains/(losses)	(316)	(3,225)
Net investment income	$ 1,412	$(168)

Note 4 - In-Kind Services

Significant services and facilities were donated to the Organization by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

For the years ended December 31, 2017 and 2016, $222,451 and $237,000, respectively, was received and reported as contributions in-kind on the accompanying statements of activities and mainly consisted of donated office and program space, pro bono legal and other professional services.

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. Pro bono attorneys worked on 514 and 509 cases during the years ended December 31, 2017 and 2016, respectively. The value of the contributed time is not being disclosed due to a lack of an objective valuation.

Note 5 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2017 and 2016:

	2017	2016
Checking and savings	$ 831,206	$ 572,299
Money market funds	164,806	1,893
	$ 996,012	$ 574,192

Note 6 - Restrictions on Net Assets

As of December 31, 2017 and 2016, temporarily restricted net assets are available in future years for the following purposes:

	2017	2016
2017 activities	$ -	$ 50,000
2018 activities	140,000	-
2019 activities	50,000	-
Client-related travel	-	7,306
Services for immigrant children	140,000	-

Note 7 - Contributions Receivable

Promises to give are unconditional and nonreciprocal. Long-term pledges are not discounted as of December 31, 2017 and 2016 because the discount has been deemed immaterial due to prevailing low interest rates. As of December 31, 2017 and 2016 pledges are expected to be realized in the following periods:

	2017	2016
In one year or less	$ 475,305	$ 64,666
In two years	50,000	-
	$ 525,305	$ 64,666

All receivables are expected to be realized, therefore, no allowance for uncollectible receivables was recorded as of December 31, 2017 and 2016.

Note 8 - Related Party Transactions

One of the Organization's board members is also an employee of the Organization. For the years ended December 31, 2017 and 2016, the total salary paid to the board member amounted to $101,157 and $37,706.

Note 9 - Government Grants

The Organization was awarded various grants by governmental entities. During the years ended December 31, 2017 and 2016, total grant revenue recognized under the grants amounted to $293,528 and $0, respectively.

Note 10 - 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 years ended December 31, 2017 and 2016.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 22, 2018, which is the date the financial statements were available to be issued.