

# **Safe Passage Project Corporation**

Financial Statements

December 31, 2023 and 2022



## **Independent Auditors' Report**

### **Board of Directors Safe Passage Project Corporation**

#### **Opinion**

We have audited the accompanying financial statements of Safe Passage Project Corporation (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Board of Directors**  
**Safe Passage Project Corporation**  
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**Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

*PKF O'Connor Davies, LLP*

October 31, 2024

## Safe Passage Project Corporation

### Statements of Financial Position

	December 31	
	2023	2022
<b>ASSETS</b>		
Cash	\$ 2,515,314	\$ 4,635,484
Contributions and grants receivable	2,554,692	1,781,814
Investments	2,766,500	2,608,313
Prepaid expenses and other assets	14,610	2,400
Property and equipment, net	45,903	36,164
	\$ 7,897,019	\$ 9,064,175
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 25,105	\$ 26,283
Contract advance	-	59,500
Total Liabilities	25,105	85,783
Net Assets		
Without donor restrictions	6,200,319	7,244,678
With donor restrictions	1,671,595	1,733,714
Total Net Assets	7,871,914	8,978,392
	\$ 7,897,019	\$ 9,064,175

See notes to financial statements

**Safe Passage Project Corporation**

Statements of Activities

	Year Ended					
	December 31, 2023		December 31, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 1,406,992	\$ 1,016,667	\$ 2,423,659	\$ 1,855,408	\$ 1,545,000	\$ 3,400,408
Government grants	2,411,941	-	2,411,941	2,717,376	-	2,717,376
Contributions in-kind	125,282	-	125,282	124,489	-	124,489
Other income	40,310	-	40,310	-	-	-
Investment income	158,187	-	158,187	39,795	-	39,795
Net assets released from restrictions	1,078,786	(1,078,786)	-	1,059,620	(1,059,620)	-
Total Support and Revenue	<u>5,221,498</u>	<u>(62,119)</u>	<u>5,159,379</u>	<u>5,796,688</u>	<u>485,380</u>	<u>6,282,068</u>
<b>EXPENSES</b>						
Program services	4,899,682	-	4,899,682	4,105,245	-	4,105,245
Management and general	942,514	-	942,514	711,891	-	711,891
Fundraising	423,661	-	423,661	282,674	-	282,674
Total Expenses	<u>6,265,857</u>	<u>-</u>	<u>6,265,857</u>	<u>5,099,810</u>	<u>-</u>	<u>5,099,810</u>
Change in Net Assets	(1,044,359)	(62,119)	(1,106,478)	696,878	485,380	1,182,258
<b>NET ASSETS</b>						
Beginning of year	<u>7,244,678</u>	<u>1,733,714</u>	<u>8,978,392</u>	<u>6,547,800</u>	<u>1,248,334</u>	<u>7,796,134</u>
End of year	<u>\$ 6,200,319</u>	<u>\$ 1,671,595</u>	<u>\$ 7,871,914</u>	<u>\$ 7,244,678</u>	<u>\$ 1,733,714</u>	<u>\$ 8,978,392</u>

See notes to financial statements

## Safe Passage Project Corporation

### Statement of Functional Expenses Year Ended December 31, 2023

	Program Services	Supporting Services		2023 Total Expenses	2022 Total Expenses
	Immigration Assistance	Management and General	Fundraising		
Staff salaries	\$ 3,463,001	\$ 498,550	\$ 229,606	\$ 4,191,157	\$ 3,331,622
Payroll taxes and employee benefits	827,884	86,160	37,933	951,977	603,792
Total Payroll and Related Expenses	<u>4,290,885</u>	<u>584,710</u>	<u>267,539</u>	<u>5,143,134</u>	<u>3,935,414</u>
Accounting and auditing	-	108,700	-	108,700	101,600
Client welfare expenses	9,756	358	19	10,133	9,639
Communications	8,700	1,057	599	10,356	10,587
Consultants and contractors	101,453	55,500	121,927	278,880	238,792
Database and other technology costs	96,937	18,749	7,814	123,500	120,303
Depreciation	8,872	740	400	10,012	6,352
Dues and subscriptions	7,881	384	2,266	10,531	9,502
Insurance	12,806	1,504	224	14,534	14,368
Legal fees	-	34,979	-	34,979	64,136
Meetings	18,353	4,040	350	22,743	12,065
Occupancy	226,023	22,169	12,588	260,780	255,277
Office supplies and expenses	28,598	5,915	2,856	37,369	16,921
Other expenses	4,937	44,196	2,515	51,648	40,972
Payroll service	-	43,756	-	43,756	34,696
Postage and delivery	58,258	7,145	4,111	69,514	87,744
Staff development and training	26,223	8,612	453	35,288	141,442
Total Expenses	<u>\$ 4,899,682</u>	<u>\$ 942,514</u>	<u>\$ 423,661</u>	<u>\$ 6,265,857</u>	<u>\$ 5,099,810</u>

See notes to financial statements

## Safe Passage Project Corporation

### Statement of Functional Expenses Year Ended December 31, 2022

	Program Services	Supporting Services		
	Immigration Assistance	Management and General	Fundraising	Total Expenses
Staff salaries	\$ 2,962,614	\$ 263,963	\$ 105,045	\$ 3,331,622
Payroll taxes and employee benefits	544,560	40,405	18,827	603,792
Total Payroll and Related Expenses	3,507,174	304,368	123,872	3,935,414
Accounting and auditing	-	101,600	-	101,600
Client welfare expenses	9,215	217	207	9,639
Communications	9,149	941	497	10,587
Consultants and contractors	83,814	31,989	122,989	238,792
Database and other technology costs	98,203	16,165	5,935	120,303
Depreciation	5,209	698	445	6,352
Dues and subscriptions	6,454	610	2,438	9,502
Insurance	12,204	1,394	770	14,368
Legal fees	-	64,136	-	64,136
Meetings	10,212	1,282	571	12,065
Occupancy	234,104	13,926	7,247	255,277
Office supplies and expenses	12,713	3,206	1,002	16,921
Other expenses	2,227	35,694	3,051	40,972
Payroll service	-	34,696	-	34,696
Postage and delivery	75,724	7,871	4,149	87,744
Staff development and training	38,843	93,098	9,501	141,442
Total Expenses	\$ 4,105,245	\$ 711,891	\$ 282,674	\$ 5,099,810

See notes to financial statements

## Safe Passage Project Corporation

### Statements of Cash Flows

	Year Ended December 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,106,478)	\$ 1,182,258
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized gain on investments	(45,365)	-
Forgiveness of Paycheck Protection Program loan	-	(631,767)
Depreciation	10,012	6,352
Changes in operating assets and liabilities:		
Contributions and grants receivable	(772,878)	523,514
Prepaid expenses and other assets	(12,210)	16,573
Accounts payable and accrued expenses	(1,178)	3,691
Contract advance	(59,500)	59,500
Net Cash from Operating Activities	(1,987,597)	1,160,121
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds and maturities of investments	2,700,000	-
Purchase of investments	(2,812,822)	(39,795)
Purchase of property and equipment	(19,751)	(40,182)
Net Cash from Investing Activities	(132,573)	(79,977)
Net Change in Cash	(2,120,170)	1,080,144
Beginning of year	4,635,484	3,555,340
End of year	\$ 2,515,314	\$ 4,635,484

See notes to financial statements



## **Safe Passage Project Corporation**

Notes to Financial Statements  
December 31, 2023 and 2022

### **1. Organization and Tax Status**

Safe Passage Project Corporation (the "Organization"), a not-for-profit organization, was incorporated in the State of New York on May 13, 2013. The Organization primarily receives its support from contributions, and its mission is to address unmet legal needs of immigrant youth living in the New York City area. The Organization fundamentally believes no child should face the immigration process alone and provides comprehensive legal services to immigrant children facing deportation through direct representation, and through mentoring and training pro bono attorneys to take on cases.

#### ***Tax Status***

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.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Contributions and Grants Receivable***

Contributions and grants receivable expected to be collected within one year are recorded at their net realizable value. Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Management assesses receivables to determine whether balances are probable of collection based on historical experience of collections. Management records bad debt expense for those accounts where collections are doubtful through an allowance. As of December 31, 2023 and 2022, management expects all receivable to be collected, and therefore no allowance for doubtful accounts is necessary.

## Safe Passage Project Corporation

Notes to Financial Statements  
December 31, 2023 and 2022

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

#### ***Investments***

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. 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 in which they occur.

The Organization initially records investments it receives as donations at fair value as of the date the investment is donated.

#### ***Fair Value Measurement of Investments***

FASB requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchical 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.

## Safe Passage Project Corporation

Notes to Financial Statements  
December 31, 2023 and 2022

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

#### ***Property and Equipment***

Property and equipment are recorded at cost. The Organization capitalizes all property and equipment in excess of \$1,000. Depreciation of property and equipment is computed by the straight-line method over estimated useful lives ranging from three to seven years. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

#### ***Net Asset Presentation***

Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board for a specified purpose.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

#### ***Revenue Recognition***

The Organization recognizes contributions when cash, noncash assets, and unconditional promises to give are received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

All 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 for a purpose are reported as revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization receives expense based reimbursement grants from governmental agencies. As determined by provisions of each grant, revenue is recognized as costs are incurred. Monies received in advance to be spent on future program activities are recorded as contract advances until expended.

There were no contract assets or liabilities at December 31, 2023 and 2022 and January 1, 2022.

**Safe Passage Project Corporation**

Notes to Financial Statements  
December 31, 2023 and 2022

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

***Functional Allocation of Expenses***

The Organization 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 recorded according to their natural expenditure classification; these expenses include client welfare expenses, database and other technology costs and legal fees. Costs that are common to several functions are allocated among program and supporting services based on either a time and effort basis or usage as estimated by the Organization’s management; these include staff salaries, payroll taxes and employee benefits and occupancy costs.

***Collective Bargaining Agreement***

In January 2022, the Organization entered into a collective bargaining agreement (the “Agreement”) with a term through December 2024. Approximately 65% of the Organization’s employees are covered by the Agreement.

***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions when they are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdiction for periods prior to 2020.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which was October 31, 2024.

**3. Contributions and Grants Receivable**

Contributions and grants receivable are summarized as follows at December 31:

	<u>2023</u>	<u>2022</u>
In one year or less	\$ 2,129,692	\$ 1,686,814
Between one and two years	<u>425,000</u>	<u>95,000</u>
Total	<u>\$ 2,554,692</u>	<u>\$ 1,781,814</u>

Management has determined a present value discount would be insignificant and elected not to recognize a discount at December 31, 2023 and 2022.

## Safe Passage Project Corporation

Notes to Financial Statements  
December 31, 2023 and 2022

### 4. Investments and Investment Return

The Organization's investments, other than cash and money market mutual funds, bought, sold and held were valued using Level 1 inputs under the fair value hierarchy. Investments consist of the following at December 31:

	2023	2022
Measured at Fair Value		
Equity securities	\$ 3,021	\$ -
Exchange-traded funds	10,542	-
United States treasury notes	990,781	-
Bond funds	1,002,030	-
Other	242,480	-
Total at Fair Value	2,248,854	-
Cash Investments, at Cost		
Cash	27,942	-
Money Market Mutual funds	489,704	2,608,313
Total Investments	\$ 2,766,500	\$ 2,608,313

Investment return for 2023 and 2022 consists of the following:

	2023	2022
Interest and dividends	\$ 112,822	\$ 39,795
Net unrealized gains	45,365	-
	\$ 158,187	\$ 39,795

### 5. Property and Equipment

Property and equipment, at cost, consists of the following at December 31:

	2023	2022
Furniture and fixtures	\$ 12,967	\$ 12,967
Office equipment	61,476	41,725
	74,443	54,692
Less: accumulated depreciation	(28,540)	(18,528)
Total	\$ 45,903	\$ 36,164

## Safe Passage Project Corporation

Notes to Financial Statements  
December 31, 2023 and 2022

### 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available as follows as of December 31:

	2023	2022
Time restricted	\$ 796,595	\$ 621,214
Services for immigrant children	875,000	1,112,500
	\$ 1,671,595	\$ 1,733,714

Net assets were released from donor restrictions as follows during the years ended December 31:

	2023	2022
Time restricted	\$ 491,286	\$ 667,120
Services for immigrant children	587,500	142,500
Long Island expansion	-	250,000
	\$ 1,078,786	\$ 1,059,620

### 7. Contributions In-Kind

The Organization recognizes contributions of goods or services if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized.

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

Contributions in-kind for the years ended December 31, 2023 and 2022 consist of the following:

	2023	2022	Utilization in Programs/ Activities	Donor Restriction	Valuation Techniques and Inputs
Legal services	\$ 25,282	\$ 24,489	Management and general	None	Donated services are valued at the estimated fair value based on current rates for similar legal services.
Donated rent	100,000	100,000	Program services	None	Donated rent is valued at the estimated market value based on current rates for similar space.
	\$ 125,282	\$ 124,489			

## Safe Passage Project Corporation

Notes to Financial Statements  
December 31, 2023 and 2022

### 7. Contributions In-Kind (*continued*)

Various individuals volunteered their time to perform a variety of tasks which 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 over 500 cases during each of the years ended December 31, 2023 and 2022.

### 8. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of receivables which are expected to be collected in the normal course of business, cash on deposit with financial institutions and investments held at financial institutions. Deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Investment holdings at financial institutions are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 (\$250,000 for cash holdings). At times balances may exceed the FDIC and/or the SIPC limit.

Approximately 36% and 28% of the Organization's total support and revenue was from one government funding source during the years ended December 31, 2023 and 2022. The receivable balance from this source was approximately 42% and 45% of total receivables at December 31, 2023 and 2022.

One and three donors from non-government sources accounted for approximately 12% and 38% of the Organization's total support and revenue for the years ended December 31, 2023 and 2022. Receivables from these donors were 12% and 37% of total receivables at December 31, 2023 and 2022.

### 9. Retirement Plan

In September 2019, the Organization adopted a 401(k) defined contribution plan (the "Plan"). Any employee is eligible to participate in the Plan. The Organization makes voluntary matching contributions based on a percentage of employee contributions. For the years ended December 31, 2023 and 2022, the Organization contributed a total of \$181,872 and \$102,175 towards the Plan.

### 10. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

**Safe Passage Project Corporation**

Notes to Financial Statements  
December 31, 2023 and 2022

**10. Liquidity and Availability of Financial Assets (continued)**

The following reflects the Organization’s financial assets, as of December 31, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 2,515,314	\$ 4,635,484
Contributions and grants receivable	2,554,692	1,781,814
Investments	<u>2,766,500</u>	<u>2,608,313</u>
Total Financials Assets	7,836,506	9,025,611
Less those unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	(1,671,595)	(1,733,714)
Add next year's release of donor restrictions	<u>1,246,595</u>	<u>1,638,714</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 7,411,506</u>	<u>\$ 8,930,611</u>

**11. Commitments and Contingencies**

The Organization’s lease agreement for office space (6 offices) expired as of December 31, 2023, and was renewed through June 30, 2024 at a monthly rent of \$12,078 in aggregate for these six offices. Rent expense was approximately \$261,000 and \$255,000 for the years ended December 31, 2023 and 2022. The Organization applies the short term lease exemption under ASC 842.

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