MISSIONSAFE: A NEW BEGINNING, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2022

Smith Sullivan & Brown PC
CERTIFIED PUBLIC ACCOUNTANTS
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MISSIONSAFE: A NEW BEGINNING, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Mission Statement

MissionSAFE works with highly at-risk youth to help them gain the skills and confidence to thrive, not simply survive and to give back to their community and the larger world around them.

MissionSAFE believes all youth have the right and the ability to be happy, successful global citizens, and to discover and foster their unique potential to its fullest.

www.missionsafe.org

MISSIONSAFE: A NEW BEGINNING, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MissionSAFE: A New Beginning, Inc.
Roxbury, Massachusetts

Opinion

We have audited the accompanying financial statements of MissionSAFE: A New Beginning, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 MissionSAFE: A New Beginning, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 MissionSAFE: A New Beginning, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

To the Board of Directors
MissionSAFE: A New Beginning, Inc.

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 MissionSAFE: A New Beginning, Inc. '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 MissionSAFE: A New Beginning, Inc.'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.

Smith, Sullivan & Brown, P.C.

Westborough, Massachusetts
July 24, 2023

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:	
Cash	$ 470,230
Pledges and Grants Receivable	146,409
Commitment for Donated Rent	8,052
Prepaid Expenses	5,652
Other Assets	8,875
Total Current Assets	639,218
NET PROPERTY AND EQUIPMENT	1,043
NON-CURRENT ASSETS:	
Grants Receivable, Non-Current	100,000
Board Designated Reserves	153,211
Operating Lease Right-of-Use Asset	65,829
Total Non-Current Assets	319,040
TOTAL ASSETS	$ 959,301

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts Payable and Accrued Expenses	$ 64,121
Accrued Payroll and Related Costs	26,664
Operating Lease Liability, Current Portion	19,006
Total Current Liabilities	109,791
LONG-TERM LIABILITIES:	
Operating Lease Liability, Net of Current Portion	46,823
Total Long-Term Liabilities	46,823
TOTAL LIABILITIES	156,614
NET ASSETS:	
Net Assets Without Donor Restrictions	307,368
Net Assets With Donor Restrictions	495,319
Total Net Assets	802,687
TOTAL LIABILITIES AND NET ASSETS	$ 959,301

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES
SUPPORT, REVENUES AND RECLASSIFICATIONS:			
Support and Revenues:			
Gifts, Grants and Contributions	$ 595,559	$ 566,346	$ 1,161,905
Government Grants	257,428	576,369	833,797
Proceeds from Brighter Futures Golf Tournament	127,055	-	127,055
Less: Cost of Direct Benefits to Donors	(37,082)	-	(37,082)
Donated Goods and Services	2,212	-	2,212
Other Revenue:			
Investment Income	3,211	-	3,211
Interest Income	136	-	136
Total Support and Revenues	948,519	1,142,715	2,091,234
Reclassifications of Net Assets - Released from Restrictions:			
Satisfaction of Program and Time Restrictions	1,084,442	(1,084,442)	-
TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS	**2,032,961**	**58,273**	**2,091,234**
EXPENSES:			
Program Services	1,549,529	-	1,549,529
Supporting Services:			
Administrative	101,515	-	101,515
Fund Raising	211,226	-	211,226
TOTAL EXPENSES	**1,862,270**	**-**	**1,862,270**
CHANGE IN NET ASSETS	**170,691**	**58,273**	**228,964**
NET ASSETS - BEGINNING OF YEAR	**136,677**	**437,046**	**573,723**
NET ASSETS - END OF YEAR	**$ 307,368**	**$ 495,319**	**$ 802,687**

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES	ADMINI-STRATIVE	FUND RAISING	DIRECT EVENT COSTS	TOTAL FUNCTIONAL EXPENSES
Salaries and Wages	$ 457,783	$ 4,519	$ 101,767	$ -	$ 564,069
Payroll Taxes	36,887	339	8,223	-	45,449
Employee Benefits	38,358	13,116	26,353	-	77,827
Youth Stipends	541,625	-	286	-	541,911
Professional Fees	106,460	60,869	25,625	-	192,954
Fundraising Events	-	-	5,933	37,082	43,015
Occupancy	51,752	1,346	1,344	-	54,442
Donated Rent	20,334	1,130	1,130	-	22,594
Program Supplies and Activities	142,967	-	8,524	-	151,491
Minor Equipment and Furnishings	24,953	4,039	1,136	-	30,128
Vehicle Expenses	19,105	-	-	-	19,105
General and Liability Insurance	8,169	2,051	-	-	10,220
Office Supplies and Expenses	5,963	939	1,020	-	7,922
Telephone and Communications	13,247	-	-	-	13,247
Staff Travel and Development	74,907	-	4,750	-	79,657
Interest Expense	-	3	-	-	3
Dues, Fees, and Licenses	2,776	489	2,646	-	5,911
Depreciation Expense	2,743	-	-	-	2,743
Advertising	-	12,675	22,489	-	35,164
Miscellaneous	1,500	-	-	-	1,500
Total Functional Expenses	**1,549,529**	**101,515**	**211,226**	**37,082**	**1,899,352**
Direct Cost of Benefits to Donors	-	-	-	(37,082)	(37,082)
Total Expenses Per the Statement of Activities	**$ 1,549,529**	**$ 101,515**	**$ 211,226**	**$ -**	**$ 1,862,270**

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	$ 228,964
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:	
Depreciation Expense	2,743
Commitment for Donated Rent	22,594
Investment Income	(3,211)
(Increase) Decrease in Current Assets:	
Pledges and Grants Receivable	(36,408)
Prepaid Expenses	4,208
Other Assets	(4,777)
Increase (Decrease) in Current Liabilities:	
Operating Lease Liability, Current Portion	557
Accounts Payable and Accrued Expenses	39,948
Accrued Payroll and Related Costs	4,237
(Increase) Decrease in Non-Current Assets:	
Grants Receivable, Non-Current	(100,000)
Operating Lease Right-of-Use Asset	18,400
Increase (Decrease) in Long-Term Liabilities:	
Operating Lease Liability, Net of Current Portion	(18,957)
Net Adjustment	(70,666)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**158,298**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	(150,000)
Net Cash Flows from Investing Activities	(150,000)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Payments on Long-Term Debt	(592)
Net Cash Flows from Financing Activities	(592)
NET INCREASE IN CASH BALANCES	**7,706**
CASH BALANCES - BEGINNING OF YEAR	**462,524**
CASH BALANCES - END OF YEAR	**$ 470,230**
Supplemental Disclosure :	
Interest Paid	*$ 3*

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 ORGANIZATION

MissionSAFE: A New Beginning, Inc. ("MissionSAFE" or the "Organization"), was incorporated in 1998 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

MissionSAFE: A New Beginning, Inc. is a relational, trauma-informed youth development program for at- and high-risk young people. Its mission is to work with youth and their families to gain the skills, joy, and confidence to thrive, not just survive, and to help improve their community and the larger world. MissionSAFE is committed to helping youth realize their full and unique potential, to helping to reduce generational poverty and to reduce violence. To accomplish these goals, MissionSAFE offers the following programming:

Explorers Academy (EA):

Out-of-school time programming for youth ages 11 - 13 that focuses on academic support, social, emotional growth, communication skills development, community service, violence prevention, civic engagement and horizon-broadening exploration of new experiences, places and the arts.

Youth Leadership Service Corps (YLSC):

Out-of-school time programming for youth ages 14 - 18 that focuses on personal growth, leadership development, communication, problem-solving skills, violence prevention, civic engagement, the arts, college and career exploration, and job readiness training with strong academic support that includes collaboration with schools that youth are attending and tutoring and mentoring by college students and corporate volunteers. YLSC also includes a strong component of community service and horizon-broadening experiences.

MissionSAFE Futures:

Works with young people ages 14 up to age 24 who have been involved in violence or with the courts, and who may be unemployed and/or have dropped out of school. MissionSAFE Futures focuses, through several sub-programs, on providing job readiness and job training with partners such as National Grid, People's Academy and other businesses, as well as life-skills training and case management to create a path for long-term self-sufficiency, employment, growth and fulfillment. Additionally, youth work on personal growth, building resilience and participating in horizon-broadening experiences.

Safe City Dorchester:

Works with diverse young people ages 11 - 21, primarily from the Fields Corner and Bowdoin/Geneva areas of Dorchester, using sports and fitness, arts and workforce development as its key components. Safe City Academy is the key job training program, working with 18+ youth per year in paid, experiential training in maintenance, repairs, painting, drywall and other related skills, which are then augmented with referrals to additional training programs or jobs. Focus & Finish is our after- after-school program, going from 5:30 to 7:30 Monday through Thursday.

NOTE 2 *(Continued)*

MissionSAFE Sports:

In partnership with our Safe City Dorchester at MissionSAFE staff and partners, including Boxing Power & Fitness, Beantown Slam, Battle New England, Jack's Soccer and Boston Bowl, we provide young men and women ages 14 and up access to sports programs.

MissionSAFE Arts in Collaboration:

Working with Dorchester Art Project, MassArt and other collaborators, MissionSAFE offers Spoken Word, music (steel pan band), podcast, photography, script writing, acting and other visual and performing arts opportunities, since the arts are a key confidence builder and helps expand learning and cognitive skills.

Counseling for Self-Efficacy:

MissionSAFE provides a trained clinical counselor and clinical interns to foster trauma-informed counseling and interactions. Our counselors are community-based and knowledgeable about our young people's situations.

Youth, Street & School Outreach:

An ongoing recruitment/interaction initiative of MissionSAFE in which staff and locally-based Community Ambassadors reach out to and meet youth and their families in their homes, on the streets, and in the schools to gain and maintain a better sense of youths' lives in their community context and to monitor and help transform their academic experience.

Mission: Together - Alums/Parents:

In truly grassroots style, staff reach out and develop relationships with parents to engage them as allies in our work with young people. Parents and alums of MissionSAFE come together to support the program and explore ways in which to support each other and promote positive change in their lives.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the MissionSAFE: A New Beginning, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

NOTE 3 *(Continued)*

Fair Value of Financial Instruments:

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Organization's financial statements is the initial and recurring measurement of its investments.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2022, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 3 *(Continued)*

Investments:

Investment purchases are recorded at cost, or if donated at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return (loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Cash held in brokerage accounts is reported as investments for purposes of these financial statements. Investments are classified as either short-term or long-term, depending upon the underlying intentions. In the accompanying financial statements, all investments are reported as *Board Designated Reserves*.

Pledges and Grants Receivable:

Pledges and Grants Receivable represent amounts which are due from unconditional grant awards and multi-year pledge commitments and are reported at their net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Amounts scheduled for receipt within one year are reported as current, and amounts are reported as non-current when the expected date of receipt exceeds one year. Management periodically reviews receivables to determine if any balances are uncollectible. When applicable, the allowance for uncollectible receivables is determined based on historical experience, review of specific accounts, an assessment of economic conditions, and a review of subsequent collections. Management believes that these amounts are fully collectible, and therefore, no allowance for doubtful amounts has been established. For the year presented, the Organization reported no losses from uncollectible pledges and grants receivable.

Commitment for Donated Rent:

Commitment for Donated Rent represents an unconditional promise to give discounted rent pursuant to a below-market lease agreement. Commitments of this nature are classified as current if they are scheduled for usage within one year, and non-current when the expected benefit period exceeds one year.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of $2,500 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation is computed using the straight-line method, and is charged against activities over the estimated useful lives of the assets, which is typically three to five years. As of December 31, 2022, equipment consisted of a fully depreciated vehicle used for program transportation with an original cost of $17,000 and office equipment with an original cost of $3,130 and accumulated depreciation of $2,087.

Leases:

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the Statement of Financial Position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

NOTE 3 *(Continued)*

The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The weighted-average discount rate is based on the discount rate implicit in each lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the weighted average risk-free rate option for all leases which are subject to the standard.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Gifts, Grants and Contributions:

The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restriction are met, at which time the net assets are reclassified to net assets without donor restrictions.

Revenue Recognition:

MissionSAFE receives revenue from cost-reimbursement agreements and grants from the Commonwealth of Massachusetts and local municipalities which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. All government grants received by the Organization during the year presented are accounted for as conditional grant funding under the accounting standards. Amounts received are recognized as revenue when MissionSAFE has incurred expenditures in compliance with specific contract or grant provisions. MissionSAFE invoices governmental agencies for reimbursement after such expenses have been incurred and does not receive payment in advance of service delivery. As of December 31, 2022, there was no obligation for deferred revenue or conditional grant advances arising from these agreements in the accompanying financial statements.

NOTE 3 *(Continued)*

Donated Goods, Services and Facilities:

Contributed nonfinancial assets may include professional services, facility usage and below-market rent, program supplies and other non-cash donations, which are recorded at the respective fair value of the services received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. All such in-kind donations are without donor restrictions and MissionSAFE does not monetize its donations of nonfinancial assets.

For the year ended December 31, 2022, MissionSAFE recognized the value of below-market rent as further disclosed in Note 9. Below-market leases represent a commitment for future donated rent and are recognized upon commencement of the underlying lease. In addition, the Organization recognized pro bono professional services and printing services valued at $2,212. The fair value of these services was provided by the consultants and vendors engaged by MissionSAFE using established hourly rates and pricing for existing agreements.

Functional Expenses:

The Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. *Salaries and Wages*, *Payroll Taxes* and *Employee Benefits*, are allocated on the basis of estimated time and effort, while *Occupancy* and *Donated Rent* are allocated based upon the space usage as measured on a square footage basis. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to MissionSAFE's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Direct Event Costs - includes the direct cost of the *Brighter Futures Open Golf Tournament*, a fund raising events which reflect the value of goods and services received by the donors.

Advertising:

The Organization expenses advertising costs as incurred.

NOTE 3 *(Continued)*

Recent Accounting Guidance:

Recently Implemented Standards

On January 1, 2022, MissionSAFE adopted Accounting Standards Update ("ASU") 2016-02, *Leases,* which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. MissionSAFE elected not to reassess at adoption (1) expired or existing contracts to determine whether they are or contain a lease, (2) the lease classification of any existing leases, or (3) initial direct costs for existing leases. As a result of implementation, on January 1, 2022 MissionSAFE made an adjustment to its Statement of Financial Position to record ROU assets in the amount of $84,229 in exchange for operating lease liabilities.

On January 1, 2022, the Organization also adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. Although the standard did not change the accounting for contributed nonfinancial assets, the Organization's disclosures have been enhanced to provide qualitative policy information on the techniques and inputs used to determine the valuation of nonfinancial donations

NOTE 4 INVESTMENTS

As of December 31, 2022, MissionSAFE's investment portfolio consists of the following:

Investment Type	Total Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money Market Funds (at Cost)	$ 6,201	$ -	$ -
U.S. Treasury Bills	85,135	-	85,135
Equities	61,875	61,875	-
Total	$153,211	$61,875	$85,135

The Organization uses the following ways to determine the fair value of its investments:

United States Treasury Bills: Valued at the market quotations provided by brokers and dealers who used quotations for similar securities in active markets, which represents a market approach.

Equity Mutual Funds and Exchange-Traded Products: determined by the published closing prices on the last business day of the calendar year.

NOTE 5 NOTES PAYABLE

In February 2018, the Organization signed a $15,000 promissory note to purchase a vehicle that was financed by Salem Five Cents Savings Bank. The note was payable in 60 monthly installments of $283, which included principal and interest at the rate of 5%, and was paid in full in 2022.

NOTE 6 LINE-OF-CREDIT

The Organization maintains a $300,000 line-of-credit with Salem Five Cents Savings Bank. The line-of-credit is secured by all business assets of the Organization and has an annual interest rate of prime plus 2% (7.5% as of December 31, 2022). The line was not drawn upon during 2022 and there was no outstanding balance as of December 31, 2022.

NOTE 7 NET ASSETS

Net Assets with Donor Restrictions:

As of December 31, 2022, net assets with donor restrictions consisted of assets restricted by donors for the following purposes:

Purpose	Amount
Capacity Building	$150,000
Time Restrictions	230,000
Program Restricted	63,267
Facilities Repairs	44,000
Future Facility Usage	8,052
Total	$495,319

For the year presented, net assets were released from restrictions for the following purposes:

Purpose	Amount
Program Restrictions	$ 936,848
Capacity Building	75,000
Facility Usage	22,594
Lapse of Time Restrictions	50,000
Total	$1,084,442

Board Designated Net Assets:

The Organization established a *Board Designated Reserves* to ensure an adequate level of net assets without donor restrictions to support the Organization's operating costs in the event of unforeseen financial shortfalls, including temporary cash flow shortages that may result from delayed payments from funders. The reserve was established with an initial deposit of $150,000 during 2022.

NOTE 8 CONDITIONAL GRANTS

Cummings Foundation:

In 2021, MissionSAFE received a $50,000 sustaining grant from the Cummings Foundation which provides for up to nine annual renewals, conditional upon the sole discretion of the Foundation. During 2022, MissionSAFE had received its second year of funding, with an additional 8 remaining annual installments available under the grant. As of December 31, 2022, the conditional amount of the commitment was $400,000.

NOTE 8 *(Continued)*

City of Boston:

MissionSAFE received a grant from the City of Boston Department of Youth Engagement & Employment ("DYEE") for participation in the SuccessLink Youth Employment Program. The grant provides funding for the 2022 - 2023 school year beginning in September 2022 and ending in June 2023. During the calendar year 2022, MissionSAFE received 60% of the total award, or $57,487. The remaining installment of $55,875 is contingent upon satisfactory mid-season results, which will be determined in February 2023.

As of December 31, 2022, the aggregate conditional amount of the above commitments was $455,875. As the terms of the conditions have not been met, the support has not been recognized in the accompanying financial statements.

NOTE 9 OPERATING LEASE OBLIGATIONS

During 2021, the Organization entered into an amended lease for approximately 4,000 square feet of program space in Dorchester, Massachusetts under a lease agreement expiring April 30, 2023. The Organization is obligated to pay $1,734 per month ($20,808 annually) for the space, which is approximately 50% below the market value of the space. MissionSAFE recorded the discounted value of the space received as an in-kind contribution upon inception of the lease. The commitment for the future donated rent for the period January 1, 2023 through April 30, 2023 is recorded as *Donated Rent* (expense) and *Commitment for Donated Rent* (asset) and included in net assets with donor restrictions on the accompanying Statement of Activities and Statement of Financial Position as of, and for the year ended December 31, 2022, in the amount of $8,052. The net assets will be released from donor restriction to coincide with the term of the lease, at which time the receivable will be fulfilled and the rent expense recorded in the Statement of Functional Expenses.

The accompanying financial statements include an operating lease right-of-use asset in the amount of $65,829 and an offsetting operating lease liability, of which amount $19,006 represents the current obligation at present value for the year ended December 31, 2023. The Organization used a weighted-average discount rate of 3.25% to approximate the remaining lease term, including options to extend when such options are reasonably certain to be exercised. Accordingly, the option to extend the lease through April 30, 2026 was incorporated into the underlying assumptions. The right-of-use asset obtained in exchange for operating lease liabilities was $84,229 and the operating lease expense recognized for the year ended December 31, 2022 was $20,808, excluding the value of donated rent which is noted below.

The future minimum financial obligation arising from these commitments is scheduled below:

Year Ending	Amount
December 31, 2023	$20,808
December 31, 2024	20,808
December 31, 2025	20,808
December 31, 2026	6,936
Total Undiscounted Cash Flows	69,360
Less: Present Value Discount	(3,531)
Total Lease Liabilities	$65,829

NOTE 9 *(Continued)*

Total rent expense for the year ended December 31, 2022 was $41,616 and is included in *Occupancy* and *Donated Rent* in the accompanying Statement of Functional Expenses. In addition to rent, MissionSAFE is obligated to reimburse the landlord for its proportionate share of real estate taxes. Occupancy also includes short-term program site rentals.

NOTE 10 RETIREMENT PLAN

Effective January 21, 2022, the Board of Directors elected to participate in the state sponsored Massachusetts Defined Contribution CORE Plan. MissionSAFE elected to participate in a 401(k) Safe Harbor Non-Elective Contribution Plan wherein MissionSAFE, as the Participating Employer, will make contributions to the account of each eligible employee in an amount equal to at least 3% of each participant's compensation. For the year ended December 31, 2022, the Organization contributed $12,732 to the Plan, which is included in *Employee Benefits* in the accompanying Statement of Functional Expenses.

NOTE 11 CONCENTRATIONS

Pledges and Grants Receivable:

As of December 31, 2022, approximately 79% of *Pledges and Grants Receivable* represent amounts due from one grant.

Government Grants:

For the year ended December 31, 2022, *Government Grants* represents funding through the Commonwealth of Massachusetts and the City of Boston. One grant under the Community Empowerment and Reinvestment Grant Program represents approximately 24% of total support and revenues.

Contribution Revenue:

For the year ended December 31, 2022, approximately 39% of *Gifts, Grants and Contributions* represent the amounts due from three donors.

NOTE 12 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of December 31, 2022, which are available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Statement of Financial Position date.

	Amount
Cash	$470,230
Pledges and Grants Receivable, Current	146,409
Total	$616,639

The Organization also receives revenue from grants, corporate, foundation and individual contributions throughout the year. As further disclosed in Note 7, while the Organization does not intend to spend its *Board Designated Reserves*, these investments are not restricted and may be accessed if necessary.

NOTE 12 *(Continued)*

As discussed in Note 6, the Organization has access to a $300,000 line-of-credit. As of December 31, 2022, the available borrowing amount under this line was $300,000.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating programs as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 13 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through July 24, 2023, the date which the financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.