

MISSIONSAFE: A NEW BEGINNING, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2021 AND 2020

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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MISSIONSAFE: A NEW BEGINNING, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



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.

MISSIONSAFE: A NEW BEGINNING, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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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 statements of financial position as of December 31, 2021 and 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of MissionSAFE: A New Beginning, Inc. as of December 31, 2021, 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 ("GAAS"). 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 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 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, including omissions, 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, PC

Westborough, Massachusetts
August 2, 2022

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash	\$ 462,524	\$ 189,471
Pledges and Grants Receivable	110,000	-
Commitment for Donated Rent	22,594	-
Prepaid Expenses	9,860	13,449
Security Deposit	4,098	4,098
Total Current Assets	<u>609,076</u>	<u>207,018</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>3,787</u>	<u>8,230</u>
<u>NON-CURRENT ASSETS:</u>		
Future Commitment for Donated Rent	<u>8,052</u>	-
Total Non-Current Assets	<u>8,052</u>	-
<u>TOTAL ASSETS</u>	<u>\$ 620,915</u>	<u>\$ 215,248</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Line-of-Credit	\$ -	\$ 64,292
Current Portion of Long-Term Debt	592	3,788
Accounts Payable and Accrued Expenses	24,173	22,850
Accrued Payroll and Related Costs	<u>22,427</u>	<u>11,887</u>
Total Current Liabilities	<u>47,192</u>	<u>102,817</u>
<u>LONG-TERM LIABILITIES:</u>		
Long-Term Debt, Net of Current Portion	<u>-</u>	<u>563</u>
Total Long-Term Liabilities	<u>-</u>	<u>563</u>
<u>TOTAL LIABILITIES</u>	<u>47,192</u>	<u>103,380</u>
<u>NET ASSETS:</u>		
Net Assets (Deficit) Without Donor Restrictions	136,677	(33,016)
Net Assets With Donor Restrictions	<u>437,046</u>	<u>144,884</u>
Total Net Assets	<u>573,723</u>	<u>111,868</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 620,915</u>	<u>\$ 215,248</u>

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support and Revenues:</i>						
Gifts, Grants and Contributions	\$ 272,897	\$ 796,200	\$ 1,069,097	\$ 368,301	\$ 279,100	\$ 647,401
Government Grants	150,491	81,500	231,991	55,000	81,500	136,500
Gross Proceeds from Special Fund Raising Events	137,302	-	137,302	-	-	-
Less: Cost of Direct Benefits to Donors	(45,780)	-	(45,780)	-	-	-
Donated Rent and Future Commitments	129,499	30,646	160,145	64,085	-	64,085
<i>Other Revenue:</i>						
Other Income	-	-	-	13,659	-	13,659
Interest Income	37	-	37	19	-	19
Total Support and Revenues	644,446	908,346	1,552,792	501,064	360,600	861,664
<i>Reclassification of Net Assets:</i>						
Satisfaction of Program Restrictions	616,184	(616,184)	-	285,025	(285,025)	-
<u>TOTAL SUPPORT, REVENUES</u>	<u>1,260,630</u>	<u>292,162</u>	<u>1,552,792</u>	<u>786,089</u>	<u>75,575</u>	<u>861,664</u>
<u>AND RECLASSIFICATIONS</u>						
<u>EXPENSES:</u>						
Program Services	806,913	-	806,913	602,190	-	602,190
<i>Supporting Services:</i>						
Administrative	87,797	-	87,797	100,555	-	100,555
Fund Raising	196,227	-	196,227	97,360	-	97,360
<u>TOTAL EXPENSES</u>	<u>1,090,937</u>	<u>-</u>	<u>1,090,937</u>	<u>800,105</u>	<u>-</u>	<u>800,105</u>
<u>CHANGE IN NET ASSETS</u>	169,693	292,162	461,855	(14,016)	75,575	61,559
<u>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</u>	<u>(33,016)</u>	<u>144,884</u>	<u>111,868</u>	<u>(19,000)</u>	<u>69,309</u>	<u>50,309</u>
<u>NET ASSETS (DEFICIT) - END OF YEAR</u>	<u>\$ 136,677</u>	<u>\$ 437,046</u>	<u>\$ 573,723</u>	<u>\$ (33,016)</u>	<u>\$ 144,884</u>	<u>\$ 111,868</u>

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Comparative Totals for 2020)

	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>DIRECT</u>	<u>TOTAL</u>	
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>EVENT COSTS</u>	<u>FUNCTIONAL EXPENSES</u>	
					<u>2021</u>	<u>2020</u>
Salaries and Wages	\$ 300,554	\$ 18,919	\$ 85,674	\$ -	\$ 405,147	\$ 348,282
Payroll Taxes	30,700	1,637	8,596	-	40,933	34,250
Employee Benefits	26,485	3,988	16,664	-	47,137	55,548
Youth Stipends	182,875	-	1,313	-	184,188	73,138
Professional Fees	30,554	40,064	45,021	-	115,639	77,565
Fundraising Events	-	-	5,367	45,780	51,147	-
Occupancy	47,367	2,632	2,632	-	52,631	53,856
Donated Rent	116,549	6,475	6,475	-	129,499	64,085
Program Supplies and Activities	21,022	-	8,771	-	29,793	38,384
Minor Equipment and Furnishings	5,727	287	287	-	6,301	3,590
Vehicle Expenses	10,759	-	-	-	10,759	10,731
General and Liability Insurance	8,070	2,051	-	-	10,121	9,010
Office Supplies and Expenses	5,541	-	490	-	6,031	6,128
Telephone and Communications	6,953	-	-	-	6,953	6,123
Staff Travel and Development	5,864	-	670	-	6,534	3,194
Interest Expense	4	2,156	2	-	2,162	5,601
Dues, Fees, and Licenses	4,489	5,420	2,846	-	12,755	2,913
Depreciation Expense	3,400	1,043	-	-	4,443	3,400
Advertising	-	-	11,419	-	11,419	2,686
Miscellaneous	-	3,125	-	-	3,125	1,621
	<u>806,913</u>	<u>87,797</u>	<u>196,227</u>	<u>45,780</u>	<u>1,136,717</u>	<u>800,105</u>
Total Functional Expenses						
Direct Cost of Benefits to Donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,780)</u>	<u>(45,780)</u>	<u>-</u>
Total Expenses Per the Statement of Activities	<u>\$ 806,913</u>	<u>\$ 87,797</u>	<u>\$ 196,227</u>	<u>\$ -</u>	<u>\$ 1,090,937</u>	<u>\$ 800,105</u>

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 268,177	\$ 31,345	\$ 48,760	\$ 348,282
Payroll Taxes	26,373	3,082	4,795	34,250
Employee Benefits	42,772	4,999	7,777	55,548
Youth Stipends	73,138	-	-	73,138
Professional Fees	38,006	20,164	19,395	77,565
Occupancy	41,469	4,847	7,540	53,856
Donated Rent	49,345	5,768	8,972	64,085
Program Supplies and Activities	38,384	-	-	38,384
Minor Equipment and Furnishings	1,437	2,153	-	3,590
Vehicle Expenses	10,731	-	-	10,731
General and Liability Insurance	3,093	5,917	-	9,010
Office Supplies and Expenses	1,090	4,917	121	6,128
Telephone and Communications	1,676	4,447	-	6,123
Staff Travel and Development	1,016	2,178	-	3,194
Interest Expense	-	5,601	-	5,601
Dues, Fees, and Licenses	337	2,576	-	2,913
Depreciation Expense	3,400	-	-	3,400
Advertising	125	2,561	-	2,686
Miscellaneous	1,621	-	-	1,621
Total Functional Expenses	602,190	100,555	97,360	800,105
Direct Cost of Benefits to Donors	-	-	-	-
Total Expenses Per the Statement of Activities	\$ 602,190	\$ 100,555	\$ 97,360	\$ 800,105

MISSIONSAFE: A NEW BEGINNING, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 461,855	\$ 61,559
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	4,443	3,400
Commitment for Donated Rent	(30,646)	-
<i>(Increase) Decrease in Current Assets:</i>		
Pledges and Grants Receivable	(110,000)	68,349
Prepaid Expenses	3,589	(620)
Security Deposit	-	(2,000)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	1,323	(4,754)
Accrued Payroll and Related Costs	10,540	(44)
Net Adjustment	<u>(120,751)</u>	<u>64,331</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>341,104</u>	<u>125,890</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of Property and Equipment	<u>-</u>	<u>(3,130)</u>
Net Cash Flows from Investing Activities	<u>-</u>	<u>(3,130)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from (Repayments of) Line-of-Credit	(64,292)	64,292
Principal Payments on Long-Term Debt	<u>(3,759)</u>	<u>(4,575)</u>
Net Cash Flows from Financing Activities	<u>(68,051)</u>	<u>59,717</u>
<u>NET INCREASE IN CASH BALANCES</u>	273,053	182,477
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>189,471</u>	<u>6,994</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 462,524</u>	<u>\$ 189,471</u>
<i>Supplemental Disclosures :</i>		
Interest Paid	<u>\$ 2,162</u>	<u>\$ 5,601</u>

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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.

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: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(Continued)

NOTE 2 *(Continued)*

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 Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 year. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in the management's opinion, resulted in reliable and consistent financial reporting by the Organization.

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.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(Continued)

NOTE 3 (Continued)

These classifications are related to the existence or absence of donor-imposed restrictions as presented below:

Net Assets Without Donor Restrictions - consists of assets, contributions from the general public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represent the portion of net assets of the Organization that is not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets without donor restrictions of the Organization may include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests and may include investment income earned on restricted funds.

Pledges and Grants Receivable:

Pledges and Grants Receivable represents 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 believes that these amounts are fully collectible, and therefore, no allowance for doubtful amounts has been established. For the years presented, the Organization reported no losses from uncollectible pledges and grants receivable.

Commitment for Donated Rent:

Commitments 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. As of December 31, 2021, the non-current commitment was due within two years. Management believes that the entire commitment is collectible; therefore, no allowance for doubtful amounts has been established.

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.

Gifts, Grants and Contributions:

Contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(Continued)

NOTE 3 (Continued)

MissionSAFE recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions of assets other than cash are reported at their estimated fair value. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. When the conditions are met, the corresponding support is reported as contributions with donor restrictions.

Unconditional multi-year commitments are recognized in the year during which the initial commitment was made. 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.

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

Revenue Recognition:

MissionSAFE receives revenue from cost-reimbursement agreements and grants from 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 years 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, 2021 and 2020, there was no obligation for deferred revenue or conditional grant advances arising from these agreements in the accompanying financial statements. These agreements are subject to an annual renewal process and future funding is not guaranteed.

Donated Goods, Services and Facilities:

MissionSAFE maintains a policy whereby the value of donated goods and services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Donated rent in the amount of \$129,499 and \$64,085 for the years ended December 31, 2021 and 2020, respectively, were received and recognized as an expense with offsetting support in revenue in the accompanying financial statements as further discussed at Note 10. Below-market leases represent a commitment for future donated rent and are recognized upon commencement of the underlying lease.

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.

MISSIONSAFE: A NEW BEGINNING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(Continued)

NOTE 3 (Continued)

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.

Event Costs - includes the direct cost of special fund raising events which reflect the value of goods and services received by the donors.

Advertising:

The Organization expenses advertising costs as incurred.

Reclassifications:

Certain amounts in the prior year information have been reclassified to conform to the current year presentation. Reclassification made to the prior year information have no impact on total net assets or changes in net assets.

Recent Accounting Guidance:

Recently Implemented Standards

In May 2014, the FASB issued (Topic 606) *Revenue from Contracts with Customers*. In August 2015 and June 2020, the FASB deferred the effective implementation date. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. This standard was adopted by the Organization effective January 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited statements were required on a retrospective basis.

Recently Issued Standards

On September 17, 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. This standard is effective for the Organization in financial statements issued for the fiscal year beginning January 1, 2022 and is required to be applied retrospectively.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(Continued)

NOTE 3 (Continued)

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. This standard is effective for this Organization in financial statements issued for the fiscal year beginning January 1, 2022. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of *Property and Equipment* as of December 31, 2021 and 2020:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2021 Net Book Value</u>
Vehicle	5	\$17,000	\$15,300	\$1,700
Furniture, Fixtures and Equipment	3	<u>3,130</u>	<u>1,043</u>	<u>2,087</u>
Total		<u>\$20,130</u>	<u>\$16,343</u>	<u>\$3,787</u>

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2020 Net Book Value</u>
Vehicle	5	\$17,000	\$11,900	\$5,100
Furniture, Fixtures and Equipment	3	<u>3,130</u>	<u>-</u>	<u>3,130</u>
Total		<u>\$20,130</u>	<u>\$11,900</u>	<u>\$8,230</u>

NOTE 5 NOTES PAYABLE

The Organization signed a promissory note to the Sisters of Social Service effective March 20, 2007. The principal advance of \$55,000 was for operations of MissionSAFE. The note was payable in 54 monthly installments of \$1,350, including interest at the rate of 3%. The note matured November 2011; however, the Sisters of Social Service allowed MissionSAFE to repay as funds became available. The note was paid in full during 2020.

In February 2018, the Organization signed a promissory note to purchase a vehicle for \$17,000, of which amount \$15,000 was financed by Salem Five Cents Savings Bank. The note is payable in 60 monthly installments for \$283 which includes principal and interest at the rate of 5%. As of December 31, 2021 and 2020, the unpaid balance is \$592 and \$4,351, respectively.

As of December 31, 2021, the current principal portion of the long-term debt, due in 2022, is \$592.

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(Continued)

NOTE 6 LINE-OF-CREDIT

The Organization maintains a \$100,000 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% (3.25% and 4.25% as of December 31, 2021 and 2020, respectively). As of December 31, 2020, the outstanding balance was \$64,292, which was paid in full during 2021 and there was no outstanding balance as of December 31, 2021. Subsequent to year end, the borrowing limit was increased to \$300,000.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021, and 2020, net assets with donor restrictions consisted of assets restricted by donors for the following purposes:

<u>Purpose</u>	<u>2021</u>	<u>2020</u>
Capacity Building	\$237,500	\$ -
Program Restricted	146,400	122,384
Future Facility Usage	30,646	-
Time Restricted	<u>22,500</u>	<u>22,500</u>
Total	<u>\$437,046</u>	<u>\$144,884</u>

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

<u>Purpose</u>	<u>2021</u>	<u>2020</u>
Capacity Building	\$ 50,000	\$ -
Program Restricted	274,684	191,025
Paycheck Protection Program	81,500	81,500
Time Restricted	<u>210,000</u>	<u>12,500</u>
Total	<u>\$616,184</u>	<u>\$285,025</u>

NOTE 8 FUND RAISING ACTIVITIES

During 2021, the Organization sponsored fund raising events to generate contributions as well as to gain public awareness for its programs and charitable purpose. Proceeds from the fund raising events are reported on the Statements of Activities, net of the direct costs of the events. The Organization did not hold any special fund raising events during 2020. The results of fund raising events for the year ended December 31, 2021 are summarized below:

Gross Event Proceeds	\$137,302
Less: Direct Event Costs	<u>(45,780)</u>
Net Event Proceeds	<u>\$ 91,522</u>

NOTE 9 CONDITIONAL GRANTS

During 2019, MissionSAFE received a conditional grant award for \$85,000 per year for three years. The first payment of \$42,500 was received during 2019 and two payments totaling \$85,000 were received during 2020 and 2021. The remaining grant payments are conditional upon participation in an evaluation process and meeting milestones.

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NOTES TO FINANCIAL STATEMENTS

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(Continued)

NOTE 9 (Continued)

As of December 31, 2021 and 2020, the aggregate conditional amount of the above commitment was \$42,500 and \$127,500, respectively. As the terms of the conditions had not been met, the support has not been recognized in the accompanying financial statements.

Paycheck Protection Program:

MissionSAFE received two loans in the amount of \$81,500 from Salem Five Cents Savings Bank through the Paycheck Protection Program established by the U.S. CARES Act (the "PPP Loans") on April 18, 2020 and January 25, 2021. The Organization has elected to account for the expected forgivable portion of these loans as a conditional grant commitment as permitted by the AICPA. The Organization has applied for and received full forgiveness of the loans. The amount forgiven equals the amount incurred on qualifying costs (payroll, rent, utilities, as defined and subject to limitations) during the covered period. The Organization elected to use a 24-week covered period. As of December 31, 2020 and 2021, MissionSAFE has incurred \$81,500 of qualifying costs each year which has been recognized as grant income for each of the fiscal years then ended. The SBA forgave the entire amount of both loans on February 18, 2021 and July 19, 2021.

NOTE 10 OPERATING LEASE OBLIGATIONS

The Organization leased approximately 2,600 square feet of office and program space in Boston, Massachusetts under a lease agreement that expired January 14, 2021. After January 2021, the lease was continued under a month-to-month agreement through July 2021 and the monthly rent ranged from \$3,340 - \$3,527.

During 2020, the Organization entered into a lease for approximately 13,800 square feet of program space in Boston, Massachusetts under a month-to-month lease agreement. Beginning August 1, 2020, the Organization was obligated to pay \$1,000 per month for the space. The space was valued at \$13,817 per month for the years ended December 31, 2021 and 2020. MissionSAFE recorded the discounted value of the space received as *Donated Rent* on the accompanying Statements of Activities and Statement of Functional Expenses for the years ended December 31, 2021 and 2020. This lease agreement ended in September 2021.

During 2021, the Organization entered into a lease for approximately 4,000 square feet of program space in Dorchester, Massachusetts under a lease agreement expiring April 30, 2023. Beginning May 1, 2021, the Organization is obligated to pay \$1,734 per month for the space through November 30, 2021, at which time the rent increases to \$1,871 for the period December 1, 2021 through November 30, 2022. The rent is further increased to \$2,013 for the period December 1, 2022 through the end of the lease agreement on April 30, 2023. The rent due under the lease is approximately 50% below the market value of the space. MissionSAFE recorded the discounted value of the space received as an in-kind contribution on the accompanying Statements of Activities and Functional Expenses for the year ended December 31, 2021. The commitment for the future donated rent for the period January 1, 2022 through April 30, 2023 is recorded as *Donated Rent and Future Commitments* and included in net assets with donor restrictions on the accompanying Statements of Activities and Statement of Financial Position for the year ended December 31, 2021 in the amount of \$30,646. 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.

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(Continued)

NOTE 10 *(Continued)*

Future minimum payments arising from these lease obligations as of December 31, 2021 and 2020 are \$27,744 and \$1,215, respectively.

Total rent expense for the years ended December 31, 2021 and 2020 was \$177,241 and \$115,533, respectively, and is included in *Occupancy Expense* and *Donated Rent* in the accompanying Statements of Functional Expenses.

NOTE 11 CONCENTRATIONS

Pledges and Grants Receivable:

As of December 31, 2021, approximately 77% of all the *Pledges and Grants Receivable* represent the amounts due from two grants.

NOTE 12 CONTINGENCIES

Impact of COVID-19:

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of grants, contributions, revenue and other material adverse effects to the Organization's financial position, change in net assets and cash flows. MissionSAFE is not able to estimate the length of severity of this outbreak which could potentially impact future results of operations. Management will continue to assess and monitor the situation as it evolves.

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, 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.

	<u>2021</u>	<u>2020</u>
Cash	\$462,524	\$189,471
Pledges and Grants Receivable	<u>110,000</u>	<u>-</u>
Total	<u>\$572,524</u>	<u>\$189,471</u>

The Organization also receives revenue from grants, corporate, foundation and individual contributions throughout the year.

As discussed in Note 6, the Organization has access to a \$100,000 line-of-credit. As of December 31, 2021 and 2020, the available borrowing amount under this line was \$100,000 and \$35,708, respectively.

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.

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NOTES TO FINANCIAL STATEMENTS

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(Continued)

NOTE 14 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 August 2, 2022, the date which the financial statements were available for issue, and noted the following events which met the disclosure criteria:

Line-of-Credit:

In March 2022, the Salem Five Cents Savings Bank increased the borrowing limit on the line-of-credit to \$300,000.

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.