

SAFESPACE, INC.
FINANCIAL STATEMENTS
June 30, 2022

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CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1-3
Statements of Financial Position.....	4-5
Statements of Activities and Changes in Net Assets	6-7
Statement of Functional Expenses	8-9
Statement of Cash Flows	10
Notes to the Financial Statements.....	11-23
Supplementary Information	
Schedule of Expenditures of Federal Awards and Non-Federal Awards	24
Notes to Schedule of Expenditures of Federal Awards and Non-Federal Awards.....	25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	26-27
Independent Auditor's Report on Compliance for Each Major Program on Internal Control Over Compliance in Required by the Uniform Guidance	28-30
Schedule of Findings and Questioned Costs.....	31-32

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
SafeSpace, Inc.
Stuart, Florida

Opinion

We have audited the accompanying financial statements of SafeSpace, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, 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 June 30, 2022 and 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 of 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 Auditor's 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.

Auditor's 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.

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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and non-federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and Non-federal Awards, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2022, on our consideration of the Organization's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal

control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
December 30, 2022

SAFESPACE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022

<u>ASSETS</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 528,198	\$ 461,980	\$ 990,178
Grants receivable	397,239	-	397,239
Pledge receivable	250,994	-	250,994
Prepaid expenses	43,887	-	43,887
TOTAL CURRENT ASSETS	<u>1,220,318</u>	<u>461,980</u>	<u>1,682,298</u>
PROPERTY AND EQUIPMENT, NET- NOTE E	2,515,591	-	2,515,591
OTHER ASSETS			
Investments - NOTE D	259,249	584,490	843,739
Security deposits	5,126	-	5,126
TOTAL OTHER ASSETS	<u>264,375</u>	<u>584,490</u>	<u>848,865</u>
	<u>\$ 4,000,284</u>	<u>\$ 1,046,470</u>	<u>\$ 5,046,754</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 175,843	\$ -	\$ 175,843
Loan payable, current	597	-	597
TOTAL CURRENT LIABILITIES	176,440	-	176,440
NET ASSETS	<u>3,823,844</u>	<u>1,046,470</u>	<u>4,870,314</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,000,284</u>	<u>\$ 1,046,470</u>	<u>\$ 5,046,754</u>

The accompanying notes are an integral part of this financial statement

SAFESPACE, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
June 30, 2021

<u>ASSETS</u>	Without Donor Restriction	With Donor Restriction	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 420,817	\$ 280,193	\$ 701,010
Grants receivable	326,969	-	326,969
Prepaid expenses	12,055	-	12,055
TOTAL CURRENT ASSETS	<u>759,841</u>	<u>280,193</u>	<u>1,040,034</u>
PROPERTY AND EQUIPMENT, NET- NOTE E	2,427,298	-	2,427,298
OTHER ASSETS			
Investments - NOTE D	135,807	654,525	790,332
Security deposits	8,035	-	8,035
TOTAL OTHER ASSETS	<u>143,842</u>	<u>654,525</u>	<u>798,367</u>
	<u>\$ 3,330,981</u>	<u>\$ 934,718</u>	<u>\$ 4,265,699</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 133,000	\$ -	\$ 133,000
Loan payable, current	6,923	-	6,923
TOTAL CURRENT LIABILITIES	139,923	-	139,923
LONG TERM LIABILITIES			
Capital lease obligation, long term	597	-	597
NET ASSETS	<u>3,190,461</u>	<u>934,718</u>	<u>4,125,179</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,330,981</u>	<u>\$ 934,718</u>	<u>\$ 4,265,699</u>

The accompanying notes are an integral part of this financial statement

SAFESPACE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>OPERATING ACTIVITIES</u>			
PUBLIC SUPPORT AND REVENUE			
Bequest	\$ 459,566	\$ 39,103	\$ 498,669
Community grants	23,747	-	23,747
Contributions	642,672	408,695	1,051,367
Events	193,542	35,000	228,542
Federal and state grants	1,789,049	58,900	1,847,949
Other income - Note F	8,492	-	8,492
United Way	147,035	30,000	177,035
Interest and dividends	3,269	11,349	14,618
Net assets released from restrictions	<u>397,062</u>	<u>(397,062)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>3,664,434</u>	<u>185,985</u>	<u>3,850,419</u>
EXPENSES			
Program services			
Shelters	933,975	-	933,975
Advocacy and outreach	956,131	-	956,131
Program operations	<u>713,630</u>	<u>-</u>	<u>713,630</u>
TOTAL PROGRAM SERVICES	<u>2,603,736</u>	<u>-</u>	<u>2,603,736</u>
Supporting services			
Management and general	132,929	4,934	137,863
Fundraising	<u>261,959</u>	<u>-</u>	<u>261,959</u>
TOTAL SUPPORT SERVICES	<u>394,888</u>	<u>4,934</u>	<u>399,822</u>
TOTAL EXPENSES	<u>2,998,624</u>	<u>4,934</u>	<u>3,003,558</u>
CHANGES IN NET ASSETS FROM OPERATIONS	665,810	181,051	846,861
<u>NONOPERATING ACTIVITIES</u>			
INVESTMENT RETURN, NET	<u>(32,427)</u>	<u>(69,299)</u>	<u>(101,726)</u>
CHANGES IN NET ASSETS	633,383	111,752	745,135
NET ASSETS			
Beginning of Year	<u>3,190,461</u>	<u>934,718</u>	<u>4,125,179</u>
End of Year	<u>\$ 3,823,844</u>	<u>\$ 1,046,470</u>	<u>\$ 4,870,314</u>

The accompanying notes are an integral part of this financial statement

SAFESPACE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
Year Ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
<u>OPERATING ACTIVITIES</u>			
PUBLIC SUPPORT AND REVENUE			
Community grants	\$ 191,311	\$ -	\$ 191,311
Contributions	400,132	352,008	752,140
Events	141,615	-	141,615
Federal and state grants	1,359,036	-	1,359,036
Other income	798,736	-	798,736
Thrift Shoppe income	82,762	-	82,762
United Way	127,035	-	127,035
Interest and dividends	743	10,970	11,713
Net assets released from restrictions	202,878	(202,878)	-
TOTAL PUBLIC SUPPORT AND REVENUE	3,304,248	160,100	3,464,348
EXPENSES			
Program services			
Outreach and shelters	1,009,953	-	1,009,953
Advocacy	1,119,633	-	1,119,633
Thrift Shoppe	162,585	-	162,585
TOTAL PROGRAM SERVICES	2,292,171	-	2,292,171
Supporting services			
Management and general	304,403	4,208	308,611
Fundraising	204,522	-	204,522
TOTAL SUPPORT SERVICES	508,925	4,208	513,133
TOTAL EXPENSES	2,801,096	4,208	2,805,304
CHANGES IN NET ASSETS FROM OPERATIONS	503,152	155,892	659,044
<u>NONOPERATING ACTIVITIES</u>			
INVESTMENT RETURN, NET	36,012	98,024	134,036
CHANGES IN NET ASSETS	539,164	253,916	793,080
NET ASSETS			
Beginning of Year	2,651,297	680,802	3,332,099
End of Year	\$ 3,190,461	\$ 934,718	\$ 4,125,179

The accompanying notes are an integral part of this financial statement

SAFESPACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES
	SHELTERS	ADVOCACY AND OUTREACH	PROGRAM OPERATIONS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL SUPPORTING SERVICES	
Salaries, wages and leased employees	\$ 489,417	\$ 669,715	\$ 535,565	\$ 1,694,697	\$ 28,570	\$ 147,685	\$ 176,255	\$ 1,870,952
Other related costs and benefits	92,151	124,131	75,982	292,264	6,605	22,378	28,983	321,247
TOTAL SALARIES, WAGES, LEASED EMPLOYEES AND OTHER	581,568	793,846	611,547	1,986,961	35,175	170,063	205,238	2,192,199
Advertising	-	-	1,880	1,880	868	12,048	12,916	14,796
Bank charges	-	-	-	-	69	2,829	2,898	2,898
Board expense	-	-	-	-	3,732	172	3,904	3,904
Client assistance	31,031	62,052	24,637	117,720	-	-	-	117,720
Depreciation	126,695	219	-	126,914	5,198	-	5,198	132,112
Dues and fees	1,677	4,640	5,501	11,818	7,656	3,457	11,113	22,931
Employee recognition	3,238	2,766	3,215	9,219	1,336	786	2,122	11,341
Equipment	340	1,751	1,844	3,935	1,420	-	1,420	5,355
Fundraising expense	-	-	3,932	3,932	-	44,012	44,012	47,944
Insurance	21,879	21,314	12,227	55,420	11,976	884	12,860	68,280
Interest expense	-	-	285	285	-	-	-	285
Office expense	36,031	8,621	4,379	49,031	7,191	3,198	10,389	59,420
Postage and shipping	4	-	1,142	1,146	384	1,950	2,334	3,480
Professional services	660	-	15,898	16,558	13,470	972	14,442	31,000
Rent expense	2,411	24,384	6,884	33,679	21,300	9,593	30,893	64,572
Repairs and maintenance	46,260	7,143	5,512	58,915	21,258	6,807	28,065	86,980
Telephone	18,973	12,164	7,126	38,263	2,633	2,276	4,909	43,172
Training	-	-	-	-	375	-	375	375
Travel	1,554	14,690	4,378	20,622	116	1,244	1,360	21,982
Utilities	61,512	2,541	3,243	67,296	3,708	1,668	5,376	72,672
Volunteer expense	142	-	-	142	-	-	-	142
TOTAL EXPENSES	\$ 933,975	\$ 956,131	\$ 713,630	\$ 2,603,736	\$ 137,863	\$ 261,959	\$ 399,822	\$ 3,003,558

- Certain functional categories have been reallocated based on internal methods in 2022 and therefore may not be comparable to those presented in 2021.

The accompanying notes are an integral part of this financial statement

SAFESPACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021 (CONTINUED)

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL EXPENSES	
	OUTREACH AND SHELTERS	ADVOCACY	THRIFT SHOPPE	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING		TOTAL SUPPORTING SERVICES
Salaries, wages and leased employees	\$ 561,318	\$ 783,735	\$ 56,899	\$ 1,401,952	\$ 178,012	\$ 119,499	\$ 297,511	\$ 1,699,463
Other related costs and benefits	109,518	160,846	9,613	279,977	38,302	14,615	52,917	332,894
TOTAL SALARIES, WAGES, LEASED EMPLOYEES AND OTHER	670,836	944,581	66,512	1,681,929	216,314	134,114	350,428	2,032,357
Advertising	33,500	-	-	33,500	-	2,121	2,121	35,621
Bank charges	-	-	2,437	2,437	432	2,071	2,503	4,940
Board expense	-	-	-	-	244	-	244	244
Client assistance	31,196	23,491	635	55,322	-	-	-	55,322
Depreciation	82,626	31,746	2,144	116,516	5,547	-	5,547	122,063
Dues and fees	690	4,122	50	4,862	7,408	2,062	9,470	14,332
Employee recognition	129	107	-	236	1,813	83	1,896	2,132
Equipment	820	1,603	-	2,423	1,036	385	1,421	3,844
Fundraising expense	-	-	-	-	-	34,381	34,381	34,381
Insurance	29,526	23,999	-	53,525	7,696	-	7,696	61,221
Interest expense	-	-	202	202	2,595	-	2,595	2,797
Office expense	24,349	6,366	3,450	34,165	13,685	5,111	18,796	52,961
Postage and shipping	14	11	-	25	888	233	1,121	1,146
Professional services	10,195	8,271	-	18,466	11,431	13,104	24,535	43,001
Rent expense	322	16,708	25,200	42,230	19,477	5,493	24,970	67,200
Repairs and maintenance	70,952	17,575	10,827	99,354	6,086	2,120	8,206	107,560
Telephone	15,847	17,872	758	34,477	6,197	1,918	8,115	42,592
Training	-	232	-	232	-	-	-	232
Travel	1,527	8,667	-	10,194	3,060	-	3,060	13,254
Utilities	37,424	14,282	9,612	61,318	4,702	1,326	6,028	67,346
Loss on disposal of fixed assets	-	-	40,758	40,758	-	-	-	40,758
TOTAL EXPENSES	\$ 1,009,953	\$ 1,119,633	\$ 162,585	\$ 2,292,171	\$ 308,611	\$ 204,522	\$ 513,133	\$ 2,805,304

The accompanying notes are an integral part of this financial statement

SAFESPACE, INC.
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 745,135	\$ 793,080
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	132,112	122,063
Net (gain)/loss on investments	101,726	(134,036)
Net loss on disposals	-	40,758
(Increase) decrease in assets		
Grants/Pledges receivable	(321,264)	7,587
Prepaid expenses	(31,832)	(10,942)
Security deposits	2,909	-
Increase in liabilities		
Accounts Payable & Accrued Expenses	42,843	(45,864)
NET CASH PROVIDED BY OPERATING ACTIVITIES	671,629	772,646
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(220,405)	(15,431)
Sale of investments	199,244	60,540
Purchase of investments	(354,377)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(375,538)	45,109
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(55,757)
Payments on long-term debt-forgiveness	-	(396,888)
Payments on capital lease obligation	(6,923)	(3,247)
NET CASH USED IN FINANCING ACTIVITIES	(6,923)	(455,892)
NET INCREASE IN CASH AND CASH EQUIVALENTS	289,168	361,863
CASH AND CASH EQUIVALENTS		
Beginning of Year	701,010	339,147
End of Year	\$ 990,178	\$ 701,010
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 285	\$ 2,701

The accompanying notes are an integral part of this financial statement

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE A- NATURE OF ORGANIZATION AND REPORTING ENTITY

Organization and Purpose

SafeSpace, Inc. (the Organization) is a nonprofit organization formed in July 1979, to provide shelter to the victims of domestic violence and their children throughout Indian River, St. Lucie and Martin Counties. The Organization's primary funding sources are donor contributions, government and United Way grants, and private foundations. SafeSpace, Inc. provides the following services:

- 24 hour Confidential Crisis Hotline.
- Emergency Shelter - provide safe haven, food, clothing, and counseling for adult victims of Domestic Violence and their children.
- Injunction for Protection Program.
- Economic Justice Empowerment Program.
- Child Welfare Program.
- InVEST (Intimate Violence Enhanced Service Team).
- Youth Outreach Understanding Relationships (YOUR) Program.
- Outreach Advocacy Programs, including safety planning, risk/lethality assessments, relocation assistance, housing assistance, mental health services, linkage to community partners.
- Adult Education & Counseling Programs.
- Community & Professional Programs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

Cash and cash equivalents include cash and investments that are readily convertible into cash and have original maturities of three months or less.

Pledges Receivable

Pledges receivable that are expected to be collected in one year are recorded at their net realizable value. Amounts expected to be collected in future years are discounted to the present value of their estimated future cash flows.

Allowance for Doubtful Accounts

The Organization utilizes the specific write off method of estimating the allowance for doubtful accounts since the Organization's receivables are from contracts with government or other organizations and have historically been fully collectable. There is no allowance for doubtful accounts as of June 30, 2022 and 2021.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment acquisitions greater than \$1,000 are capitalized, and are stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the asset, which ranges from 5-40 years. Assets under capital lease obligations are amortized, which is included in depreciation expense, over the asset's estimated useful life.

Expense Allocation

The costs of various programs have been summarized on a functional basis in the statements of activities and changes in net assets, in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on percentage of time spent method. Depreciation expense is allocated based on actual depreciation expense by program and/or location.

Advertising Costs

The Organization expenses advertising costs as incurred. Cost incurred for soliciting contributions and for promotional materials is recorded as fundraising expenses.

Donated Materials and Contributed Services

Donated materials are recorded at their fair value to the Organization at the time of receipt. Contributed services that create or enhance non-financial 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 fair value in the period received. Contributed services that do not require specialized skills are not recorded in the financial statements.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with U.S. 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 period. Actual results could differ from those estimates.

Subsequent Events

Management evaluated all activity of the Organization through December 30, 2022, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE C – CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentration of credit risks include cash and cash equivalents in financial institutions, which may exceed FDIC insurance limits. As of June 30, 2022 and 2021, the Organization had uninsured cash balances in the amounts of \$736,126 and \$415,053, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE D – INVESTMENTS

Long-term investments, carried at fair value based on quoted prices in active markets, consist of the following as of June 30:

	2022		2021	
	FAIR VALUE	COST	FAIR VALUE	COST
Equities				
ETFs and CEFs	\$ 421,162	\$ 350,538	\$ 415,238	\$ 251,138
Fixed income and preferred securities				
ETFs and CEFs	422,577	434,749	375,094	367,772
	<u>\$ 843,739</u>	<u>\$ 785,287</u>	<u>\$ 790,332</u>	<u>\$ 618,910</u>

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE D – INVESTMENTS (CONTINUED)

The net investment income includes net earnings and net realized and unrealized gains and losses, and is as follows:

	<u>2022</u>	<u>2021</u>
Investment income/(loss)		
Interest and dividends	\$ 14,618	\$ 11,713
Net gain/(loss) on investments	<u>(101,726)</u>	<u>134,036</u>
NET INVESTMENT INCOME/(LOSS)	<u>\$ (87,108)</u>	<u>\$ 145,749</u>

NOTE E – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30:

	<u>2022</u>	<u>2021</u>
Building	\$ 3,540,574	\$ 3,439,159
Furniture and equipment	513,445	443,870
Leasehold improvements	13,484	13,484
Software	9,575	46,348
Vehicles	<u>138,855</u>	<u>95,559</u>
	4,215,933	4,038,420
Accumulated depreciation	<u>(1,769,067)</u>	<u>(1,675,122)</u>
Net depreciable assets	2,446,866	2,363,298
Construction in process	4,725	-
Land	<u>64,000</u>	<u>64,000</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 2,515,591</u>	<u>\$ 2,427,298</u>

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$132,112 and \$122,063 at June 30, 2022 and 2021, respectively.

The Organization insures the shelter facilities for various casualties including wind/hurricanes. As of June 30, 2022 and 2021, the Organization's insurance policy for named storms had a deductible of \$50,400 and \$48,000, respectively, for the Martin County shelter and \$30,000 and \$28,500, respectively, for the Vero Beach shelter, for each year, respectively. These amounts represent 3% of the insured value of the buildings. Some aspect of the Organization has sufficient funds available to cover the deductible in the event of a major storm.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE F – LONG-TERM DEBT

Following is a summary of long-term debt as of June 30:

	2022	2021
Loan payable to Navitas Credit Corp in the amount of \$21,623, payable in monthly installments of \$600 including interest at 6.5%, maturing July 2022.	\$ 597	\$ 7,520
	597	7,520
Less principal due within one year	597	597
TOTAL LONG-TERM DEBT	\$ -	\$ 6,923

NOTE G – GRANTS

The Organization received a substantial portion of its support from the State of Florida and the Federal Government, whose grant agreements are renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can only be recognized when eligible expenses are incurred. All required matches were met for these contracts. Revenue recorded from these grant sources for June 30, 2022 and 2021 are as follows:

	2022	2021
Florida Department of Children and Families		
Temporary Assistance to Needy Families Program	\$ 202,729	\$ 187,418
Family Violence Prevention and Services Program	189,211	141,719
Domestic Violence Trust Funds	270,305	35,452
Florida Coalition Against Domestic Violence	-	345,765
Child Protection Investigation	136,667	-
Violence Against Women Formula Grants	90,579	-
Cares Act	10,261	16,079
Economic Justice	-	25,959
Injunction for Protection	-	99,645
ARP (American Rescue Plan)	26,110	-
U.S. Department of Justice Victim of Crimes	922,087	506,999
TOTAL GRANTS	\$ 1,847,949	\$ 1,359,036

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS AND ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 are as follows:

	2022	2021
Comprehensive campaign	\$ 461,980	\$ 280,193
Educational endowment	256,100	256,100
Use time restriction	266,942	349,882
Other	61,448	48,543
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 1,046,470	\$ 934,718

During the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

	2022	2021
Pledge time restriction	\$ 15,674	\$ -
Comprehensive campaign	389,911	99,746
Other	(8,523)	103,132
TOTAL RELEASED ASSETS	\$ 397,062	\$ 202,878

NOTE I – CONTRIBUTED GOODS AND SERVICES

The Organization has received numerous donations of food, clothing and supplies during the year. The value of such donated materials has not been reflected in these statements, since no objective basis of measurement of valuation is available.

The Organization received contributed services amounting to 1,769 and 1,569 volunteer hours for the years ended June 30, 2022 and 2021 respectively. These volunteers provided help with organizing fundraising events and other services related to each of its programs. These volunteer services are not considered specialized skills, and, therefore are not recognized as revenue in the accompanying financial statements. The estimated value of volunteer services for the years ended June 30, 2022 and 2021 is \$36,154 and \$34,982, respectively.

NOTE J – LEASES

The Organization leases its office under operating leases and equipment under a capital lease during the years ended June 30, 2022 and 2021. The operating lease requires monthly rental payments ranging from \$4,839 to \$5,609 per month, through March 31, 2028. Total rental expense included in the statements of activities and changes in net assets for the years ended June 30, 2022 and 2021 is \$64,572 and \$67,200, respectively.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE J – LEASES (CONTINUED)

The fiscal year minimum future rental payments under these leases are as follows:

2023	\$ 58,499
2024	60,253
2025	62,061
2026	63,923
2027	65,841
Thereafter	50,483
	<u>\$ 361,060</u>

NOTE K – EVENTS

The Organization holds events that directly support the primary purpose of the Organization or are also fundraising activities for the Organization.

Events held in the year ended June 30, 2022:

	<u>GROSS RECEIPTS</u>	<u>DIRECT EXPENSES</u>	<u>NET INCOME</u>
EVENTS			
Harbor Ridge event	\$ 117,070	\$ 16,518	\$ 100,552
Walk A Mile in Her Shoes	58,292	17,281	41,011
Year-end mailing	30,126	10,081	20,045
Other	23,055	4,064	18,991
	<u>\$ 228,543</u>	<u>\$ 47,944</u>	<u>\$ 180,599</u>

Events held in the year ended June 30, 2021:

	<u>GROSS RECEIPTS</u>	<u>DIRECT EXPENSES</u>	<u>NET INCOME</u>
EVENTS			
Independence from domestic violence	\$ 29,495	\$ 6,865	\$ 22,630
Harbor Ridge event	68,921	7,434	61,487
Year-end mailing	32,309	14,818	17,491
Other	10,890	5,264	5,626
	<u>\$ 141,615</u>	<u>\$ 34,381</u>	<u>\$ 107,234</u>

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE L – LINE OF CREDIT

As of June 30, 2022 and 2021, the Organization had a \$100,000 line of credit with a bank. The interest rate on the line is subject to change from time to time based on changes in an independent index which will be the highest Prime Rate published in the "Money Rates" section of The Wall Street Journal for the last day of the preceding calendar month which is reported (9.5% and 5.75% at June 30, 2022 and 2021, respectively), and may be secured by money on deposit with the bank or property held by the bank to secure loans made under the agreement. Collateral securing other obligations to the bank may also secure loans under this agreement. As of June 30, 2022 and 2021, the outstanding balance was \$0.

NOTE M – DEFINED CONTRIBUTION PLAN

The Organization offers all employees, credited with 83.3 hours of service in a three month period, the option to participate in a 401(k) retirement plan. Starting in May 2017, the Organization updated its plan policy to make contributions up to 2% of the employee's salary based on their chosen level of contribution to the fund. Contributions will be earned on a vesting schedule basis according to the 401(k) benefits contract. 401(k) matching expense totaled \$12,392 and \$8,340 for the years ended June 30, 2022 and 2021, respectively.

NOTE N – FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE N – FAIR VALUE MEASUREMENTS (CONTINUED)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, certificate of deposits, current portion of pledges receivable, grants receivable, accounts payable. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

The following table presents the Organization's assets measured at fair value on a recurring basis at June 30, 2022:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Equities	\$ 421,162	\$ -	\$ -	\$ 421,162
Fixed income and preferred securities	<u>422,577</u>	<u>-</u>	<u>-</u>	<u>422,577</u>
TOTALS	<u>\$ 843,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 843,739</u>

The following table presents the Organization's assets measured at fair value on a recurring basis at June 30, 2021:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Equities	\$ 415,238	\$ -	\$ -	\$ 415,238
Fixed income and preferred securities	<u>375,094</u>	<u>-</u>	<u>-</u>	<u>375,094</u>
TOTALS	<u>\$ 790,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,332</u>

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, due to the level of risks associated with these instruments, it is reasonably possible that changes in the values of these instruments will occur in the near term, and such changes could materially affect the amounts reported in the statements of activities and changes in net assets.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE O – CONTINGENCIES, RISKS AND UNCERTAINTIES

The Organization is a party to various legal actions brought against it from time to time, some of which may ultimately result in settlements or decisions against the Organization. The financial statements do not include an accrual or provisions for loss contingencies that may result from these legal actions as the amount cannot be reasonably estimated. While the outcome of the proceeding cannot be predicted, due to the insurance coverage maintained by the Organization, management considers that any settlement or judgement not covered by insurance would not have a material adverse effect on the financial condition of the Organization.

NOTE P – AVAILABILITY AND LIQUIDITY

As of June 30, 2022, the Organization has working capital of \$1,506,554 and average days (based on normal expenditures) financial assets on hand to meet 106 days of normal operating expenses.

The following represents the Organization’s financial assets at June 30, 2022:

FINANCIAL ASSETS AT YEAR END	
Cash and cash equivalents	\$ 990,178
Grants receivable	397,238
Unrestricted investments	<u>209,857</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL	
EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u>\$ 1,597,273</u>

The Organization’s goal is generally to maintain financial assets to meet 30 days of operating expenses (approximately \$275,000).

NOTE Q – ENDOWMENT

Interpretation of Relevant Guidance

FASB ASC 958-205, Not-for-Profit Entities, Presentation of Financial Statements, provides guidance on the net asset classification of donor restricted endowment funds and also provides disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated funds). The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) which seeks to a) provide consistent investment and spending standards to all forms of charitable funds, b) strengthen the concept of prudent investing, c) abandon historic dollar value as a floor for expenditures and provide more flexibility to the organization in making decisions about whether to expend any portion of an endowment fund, and d) provide a process for the release or modification of restrictions on a gift instrument.

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE Q – ENDOWMENT (CONTINUED)

The Organization classifies as net assets with donor restriction a) the original value of the gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in net assets with donor restriction is classified as net assets without donor restrictions in accordance with the direction of the applicable donor gift instrument.

The Organization's endowment net asset funds consist of the following at June 30, 2022:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment funds	\$ 61,448	\$ 256,100	\$ 317,548

The Organization's endowment net asset funds consist of the following at June 30, 2021:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment funds	\$ 101,617	\$ 256,100	\$ 357,717

Changes in endowment net assets were as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, June 30, 2020	\$ 37,266	\$ 256,100	\$ 293,366
Investment income	6,146	-	6,146
Net gain on investments	60,633	-	60,633
Administrative fees	(2,428)	-	(2,428)
Endowment net assets, June 30, 2021	101,617	256,100	357,717
Investment income	6,473	-	6,473
Net loss on investments	(43,977)	-	(43,977)
Administrative fees	(2,665)	-	(2,665)
Endowment net assets, June 30, 2022	\$ 61,448	\$ 256,100	\$ 317,548

SAFESPACE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022 and 2021

NOTE Q – ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. When deficiencies occur, unless allowed by the agreement, the Organization does not appropriate expenditures from funds with deficiencies until the historical value is restored. These fund deficiencies are reported as reductions in net assets with donor restrictions. As of June 30, 2022 and 2021, there were no funds with deficiencies of this nature.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Specifically, the Organization's investment portfolio is managed to preserve the principal value of the assets, produce sufficient income to achieve its goals and grow its assets to maintain their value to meet future needs.

Strategies Employed for Achieving Objectives

To satisfy its long-term return objectives, the Organization relies on an asset allocation that includes a combination of cash equivalents, fixed income securities, equity securities and alternative investments to achieve its long-term goal.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization uses a distribution guideline of spending funds within the endowment that are without donor restrictions generated by investment income and net gains on investments.

SAFESPACE, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NON-FEDERAL AWARDS
 Year Ended June 30, 2022

<u>Federal/State Grantor/ Federal Program/State Project</u>	<u>Passthrough Entity</u>	<u>CFDA Number</u>	<u>Contract/ Grant No.</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Crime Victim Assistance	Victims of Crime Act/ Office of the Attorney General	16.575	VOCA-2021-SafeSpace, Inc.-00567	\$ 922,087
				<u>922,087</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Temporary Assistance for Needy Families	Department of Children and Families	93.588	LN152	202,729
Family Violence Prevention and Services	Department of Children and Families	93.671	LN152	189,211
Violence Against Women Formula Grants	Department of Children and Families	16.588	LN152	90,579
Domestic Violence Program	Department of Children and Families	60.134	LN152	270,305
Child Protection Investigation	Department of Children and Families	60.139	LN152	136,667
				<u>889,491</u>
			TOTAL EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS	<u>\$ 1,811,578</u>

SAFESPACE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NON-FEDERAL
AWARDS
Year Ended June 30, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and non-federal awards includes the federal and state award activity of the Agency under programs of the federal government and the State of Florida for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal and Non-federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Agency, it is not intended to, and does not present the financial position, changes in net assets or cash flows of the Agency.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization did not elect to use a 10% de minimis indirect cost rate.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS

To the Board of Directors
SafeSpace, Inc.,
Stuart, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of SafeSpace, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did not identify any deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
December 30, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

To the Board of Directors
SafeSpace, Inc,
Stuart, Florida

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited SafeSpace, Inc.'s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).^j Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.

Fort Pierce, Florida

December 30, 2022

SAFESPACE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there reportable findings under 2 CFR Section 200.516(a)?	No
Major Programs (list):	CFDA No. 16.575 VOCA Grant
Dollar Threshold:	Type A: \$750,000 Type B: all others
Low Risk Auditee?	Yes

SAFESPACE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2022

SECTION 2:

Findings None noted

SECTION 3:

Findings and questioned costs for Major Federal Award Programs None noted

SECTION 4:

Summary of prior year findings None noted