SAFEHOUSE OUTREACH, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

SAFEHOUSE OUTREACH, INC.

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MARTIN, HARPS, SYPHOE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Safehouse Outreach, Inc.:

We have audited the accompanying financial statements of SafeHouse Outreach, Inc. (the " Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safehouse Outreach, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Emphasis of Matters
As discussed in Note 1 to the financial statements, in 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* and No. 2018-08, *Clarify the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards, we* have also issued our report dated May 7, 2022, on our consideration of the Organization's internal control over financial reporting and 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 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 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.

Reporting on Summarized Comparative Information
We have previously audited Safehouse Outreach, Inc.'s 2019 financial statements, and our report dated August 19, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Martin, Harps, Sypher + Co.

Atlanta, Georgia
May 7, 2022

SAFEHOUSE OUTREACH, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Cash & cash equivalents	$ 794,594	$ 306,260
Investment (Note 3)	7,926	4,201
Promises to give (Note 4)	166,845	23,954
Grants receivable	43,988	7,427
Prepaid assets	19,113	8,000
Property and equipment (Note 5)	615,133	648,232
TOTAL ASSETS	$ 1,647,599	$ 998,074
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 17,304	$ 25,245
Deferred revenue	327,276	-
Loan payable - PPP	146,100	-
Note payable - current portion (Note 6)	29,458	25,870
Note payable - long-term portion (Note 6)	581,869	610,784
TOTAL LIABILITIES	1,102,007	661,899
NET ASSETS		
Without donor restrictions-		
Undesignated	300,592	91,175
Board designated (Note 8)	245,000	245,000
TOTAL NET ASSETS	545,592	336,175
TOTAL LIABILITIES AND NET ASSETS	$ 1,647,599	$ 998,074

See independent auditor's report and notes to the financial statements.

SAFEHOUSE OUTREACH, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Without donor restrictions	Totals 2020	Totals 2019
SUPPORT AND REVENUE			
Public support:			
Contributions and grants	$ 1,193,220	$ 1,193,220	$ 1,201,578
Government grants	167,948	167,948	53,854
Total public support	1,361,168	1,361,168	1,255,432
Revenue:			
Interest and dividend income	1,068	1,068	1,885
Gain/(loss) on investments - unrealized	(1,581)	(1,581)	47
Other income	-	-	5,430
Total revenue	(513)	(513)	7,362
Fundraising events - gross revenue	96,104	96,104	191,765
Less: cost of direct benefit to donors	-	-	(46,390)
Net fundraising events	96,104	96,104	145,375
TOTAL SUPPORT AND REVENUE	1,456,759	1,456,759	1,408,169
EXPENSES			
Program services	955,788	955,788	865,293
Total program services	955,788	955,788	865,293
Supporting services:			
Management and general	91,731	91,731	144,515
Fundraising	199,823	199,823	195,968
Total supporting services	291,554	291,554	340,483
TOTAL EXPENSES	1,247,342	1,247,342	1,205,776
CHANGE IN NET ASSETS	209,417	209,417	202,393
NET ASSETS, BEGINNING OF YEAR	336,175	336,175	133,782
NET ASSETS, END OF YEAR	$ 545,592	$ 545,592	$ 336,175

See independent auditor's report and notes to the financial statements.

SAFEHOUSE OUTREACH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Program Services						Supporting Services		Totals	
	Urban Nation	Career Development	Guardian	Impact Meals	Problem Solvers	Total Programs	Management and General	Fundraising	2020	2019
Salaries	$ 125,703	$ 126,426	$ 73,778	$ 46,595	$ 76,585	$ 449,087	$ 33,304	$ 96,774	$ 579,165	$ 604,460
Payroll taxes	7,197	5,802	4,230	2,678	4,266	24,173	2,038	5,605	31,816	30,783
Employee benefits	21,898	13,348	12,045	9,542	12,171	69,004	13,263	16,543	98,810	127,165
Professional fees	11,318	6,013	5,305	6,367	6,367	35,370	1,670	295	37,335	12,900
Contracted services	-	18,507	-	-	-	18,507	3,456	28,784	50,747	-
Marketing and resource development	-	-	-	-	-	-	15	7,633	7,648	19,664
Training and staff development	7,258	10,424	-	50	-	17,732	5,757	3,151	26,640	10,478
Travel/transportation	289	584	500	42	4,238	5,653	189	36	5,878	12,085
Programmatic client support and activities	-	100,129	12,647	14,296	4,671	131,743	-	-	131,743	144,465
Information technology	2,817	2,817	2,817	2,817	2,817	14,085	2,818	1,724	18,627	5,810
Insurances	4,091	3,441	2,040	2,055	3,421	15,048	4,925	668	20,641	29,894
Building security	3,126	513	2,084	13,444	3,504	22,671	1,714	-	24,385	13,011
Utilities	4,914	7,647	3,681	2,907	2,630	21,779	151	1,040	22,970	26,251
Communications	4,333	2,185	2,205	2,158	2,158	13,039	910	2,073	16,022	13,027
Dues and subscriptions	-	-	-	-	-	-	6,884	9,683	16,567	36,679
Processing fees	921	435	415	415	415	2,601	7,325	598	10,524	3,468
Repairs and maintenance	7,739	12,051	3,343	6,776	3,137	33,046	1,512	798	35,356	10,457
Supplies and materials	4,832	2,696	1,204	3,758	2,754	15,244	2,362	20,725	38,331	24,468
Contributions	-	-	-	-	-	-	208	-	208	4,664
Interest	8,207	4,137	4,248	4,137	4,137	24,866	1,379	1,379	27,624	29,663
Depreciation and amortization	8,428	8,428	8,428	8,428	8,428	42,140	1,851	2,314	46,305	46,384
Total Expenses	$ 223,071	$ 325,583	$ 138,970	$ 126,465	$ 141,699	$ 955,788	$ 91,731	$ 199,823	$ 1,247,342	$ 1,205,776

See independent auditor's report and notes to financial statements.

SAFEHOUSE OUTREACH, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 209,417	$ 202,393
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization	46,305	46,384
Unrealized loss (gain) on investments	1,581	(47)
(Increase)/decrease in assets:		
Promises to give	(142,891)	(13,079)
Grants receivable	(36,561)	(7,427)
Prepaid expenses	(11,113)	(3,000)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(7,941)	(42,667)
Deferred revenue	327,276	(3,200)
NET CASH PROVIDED BY OPERATING ACTIVITIES	386,073	179,357
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to investments	(5,306)	(3,982)
Purchases of equipment	(10,855)	(5,800)
NET CASH USED BY INVESTING ACTIVITIES	(16,161)	(9,782)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	-	32,343
Proceeds from PPP loan	146,100	-
Reduction on debt obligation	(27,678)	(58,827)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	118,422	(26,484)
NET INCREASE IN CASH AND CASH EQUIVALENTS	488,334	143,091
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	306,260	163,169
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 794,594	$ 306,260
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	$ 27,624	$ 29,663

See independent auditor's report and notes to the financial statements.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization

SafeHouse Outreach, Inc. (the "Organization") provides practical, emotional and physical assistance to those who reside outside of the main body of society, those who live in the margins, and integrates them back into society to lead healthy, functional lives. The Organization strives to meet individual needs, while instilling the principles of personal responsibility and accountability - all with unconditional acceptance. The Organization attempts to give a hand-up, not just a hand out. The Organization is supported primarily by grants and contributions.

B. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which they are incurred and accordingly reflect all receivables, payables and other liabilities.

C. Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. The Organization maintains its net assets in two classes as follows:

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.

Net assets with donor restrictions - Net assets subject to stipulations imposed by the donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or 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 donor restriction expires, that is, when the stipulated time restriction ends or the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

D. Accounting Pronouncements

Adopted -

Effective January 1, 2020, the Organization adopted FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Accounting Pronouncements (Continued)

In addition, the Organization adopted FASB issued ASU 2018-08, *Clarify the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This pronouncement applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied.

For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. There were no material changes to the financial statements upon adoption.

New -

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. Under the new guidance, lessor accounting is largely unchanged. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of this standard on the entity's financial statements.

On September 17, 2020, the FASB issued ASU 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The amendments should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is evaluating the impact of this standard on the entity's financial statements.

E. Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. The Organization has evaluated its tax positions and management is of the opinion that material tax positions taken would more likely than not be sustained by examination. As of December 31, 2020, the Organization's tax years 2017 and later remain subject to examination by taxing authorities.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings and temporary investment accounts. The Organization considers ail highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

G. Investments

Investments are reported at fair value with realized and unrealized gains and losses included in the accompanying statement of activities. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

H. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization provides reserves for promises to give, based on collectibility. When an account is determined uncollectible, it is written off to bad debt expense.

I. Donated Property. Materials and Services

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about the length of time those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Gifts of marketable securities are recorded at fair value on the date of the donation and deposited to a temporary investment account. The Organization's policy is to sell donated securities upon receipt; therefore, such donations are converted to cash within a few days of deposit.

Donated services are recognized in the financial statements if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet the criteria for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of time to the Organization's programs during the year.

J. Property and Equipment

Purchased property and equipment is capitalized at cost. Donated assets are capitalized at the fair market value of the asset on the date of contribution. Additions and replacements are charged to the property accounts, while repairs and maintenance are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Revenue Recognition

The Organization recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization evaluates whether a transfer of assets is an exchange transaction or a contribution and distinguishes between conditional and unconditional contributions.

L. Functional Expense Allocation

The costs of providing various program services and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimate of benefit. Management uses the square footage of the programmatic space of each program in order to determine the allocation method for ail overhead associated with delivering programs in the office building. There is also a monthly analysis performed on ail direct and indirect work hours organization wide as to determine the cost of salaries associated with the delivery of the organization's programs.

M. Management Estimates

The preparation of financial statements in conformity 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 reported period. Actual results could differ from those estimates.

N. Fair Value of Financial Instruments

The carrying value of cash, cash equivalents, temporary investments, accounts and other receivables, other assets, accounts payable, deferred revenue, and other liabilities, approximate fair value because of the short maturity of these financial instruments. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

O. Debt Issuance Costs

Debt issuance costs related to debt obligations are carried at cost, less accumulated amortization, and are being amortized over the life of the related debt. Unamortized debt issuance costs are recorded as a direct deduction from the note payable.

P. Comparative Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year financial statement presentation. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

2. LIQUIDITY AND CASH AVAILABILITY

Safehouse Outreach, Inc. regularly monitors liquidity required to meet its operating needs and other contractual and day to day functions, while also striving to maximize the investment of each dollar into the various programmatic models. The organization has a policy that requires it to hold several months of operating cash as a surplus in its money market account. This gives the organization liquidity at its discretion to buffer periods in which fundraising may or does not reach levels necessary to cover operating costs. For the purpose of analyzing resources available to meet general expenditures over a 12-month operating cycle, Safehouse Outreach considers ail expenditures related to its ongoing programmatic activities of as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to the organization having financial assets available to meet general operating expenditures over the next 12 months, Safehouse Outreach also operates with a balanced budget that is produced at the end of each successful operating cycle. The organization anticipates collecting sufficient contributions to cover general expenditures not covered by donor restricted resources.

The Organization receives significant contributions and/or grants with and without donor restrictions to be used in accordance with the associated purpose restrictions. It also receives fundraising event income which is without donor restrictions.

The following represents the Organization's financial assets available at December 31, 2020 to meet general expenditures within one year.

Cash and cash equivalents	$ 794,594
Investments	7,926
Receivables – grants and contributions	210,833
Financial assets available	$ 1,013,353

3. INVESTMENT

At December 31, 2020, the fair value of the stock investment portfolio held was $7,926.

4. PROMISES TO GIVE

At December 31, 2020, unconditional promises to give were $166,845. Management believes that the promises to give are fully collectible within one year; therefore, no uncollectable reserve for promises to give is provided.

5. PROPERTY AND EQUIPMENT

At December 31, 2020, property and equipment consisted of the following:

Land and buildings	$ 1,007,799
Office furniture and equipment	86,198
Vehicles	15,120
Subtotal	1,109,117
Less: accumulated depreciation	(493,984)
Property and equipment, net	$ 615,133

During the year, depreciation expense was $43,955.

6. DEBT OBLIGATIONS

Note payable -

a) During March 2016, the Organization executed a $735,800 commercial promissory note, with a 4.3% fixed interest rate, payable to a financial institution within 84 months, maturing on March 23, 2023. The note included financing costs of $11,752, amortized over the life of the loan, and requires monthly principal and interest payments of $4,600 with a final balloon payment on the maturity date. The note is collateralized by the 89 Ellis Street real property. During the year, principal payments and amortized loan costs were $27,678 and $2,350, respectively. The outstanding principal balance and unamortized loan costs were $614,265 and $2,938, respectively. Interest expense for the year was $27,624.

Scheduled future principal payments based on the note and unamortized debt issuance costs are as follows:

Year Ending December 31,	Amount
2021	$ 29,458
2022	30,750
2023	554,057
Unamortized debt issuance costs	(2,938)
Total note payable	$ 611,327

b) Paycheck Protection Program loan (PPP) – on April 18, 2020, the Organization received a loan in the amount of $146,100. On March 23, 2021, the U. S. Small Business Administration approved the loan for forgiveness. The loan amount will be reflected as revenue during 2021.

Also Refer to Note 13b – Subsequent Events (PPP – second loan and forgiveness)

7. OPERATING LEASES

The Organization has non-cancelable lease agreements for office equipment. The leases range from 60 to 63 months. Annual lease payment obligations are as follows:

Year Ending December 31,	Amount
2021	$ 1,270
2022	1,270
2023	170
Total	$ 2,710

Rent expense during the year under these leases was $1,270.

8. BOARD-DESIGNATED NET ASSETS

The Board maintains its board-designated reserve at $245,000 for board-approved expenditures.

9. COMMITMENTS AND CONTINGENCIES

Restricted contributions often require the fulfillment of certain conditions as set forth by the contributors. Failure to fulfill the conditions could result in the return of funds to the contributors. Although the return of the funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the contributions, the Organization has agreed to comply with provisions thereof.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, receivables, promises to give, other assets, accounts payable and other liabilities approximate fair value because of the short maturity of these financial instruments.

11. CONCENTRATIONS OF CREDIT RISK

a) Organization maintains cash deposits in bank deposit accounts which at times may exceed Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses of such accounts and believes it is not exposed to any significant credit risk on cash.

b) The Organization depends heavily on contributions and grants for its revenue. The ability of certain of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Board of Directors believe the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors. During 2020, approximately 26% of public support was derived from a single donor.

12. EMPLOYEE BENEFIT PLAN – 401(k) PROFIT SHARING PLAN

The Organization maintains a 401k Profit Sharing Plan for eligible employees/participants and those that meet a minimum service requirement. The Plan and Trust qualifies as a tax-exempt profit-sharing plan and trust under Code sections 401(a) and 501(a), respectively, and the cash-or-deferred arrangement forming part of the Plan qualify under Code section 401(k). The Organization will contribute a matching contribution equal to 50% of the participant's matched employee contribution that are not in excess of 6% of the participant's compensation, as defined. During 2020, employer contributions were $7,383.

13. IMPACT OF COVID19 PANDEMIC

The COVID19 pandemic has caused global business disruptions and economic uncertainties. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of the COVID19 pandemic is unknown and cannot be reasonably estimated as these events are still developing.

14. SUBSEQUENT EVENTS

Management evaluated subsequent events of the Organization through May 7, 2022, the date the financial statements were available to be issued and concluded that subsequent events occurred that would require recognition in the financial statements or disclosure in the Notes to the Financial Statements as follows:

a) On March 4, 2021, the $146,100 PPP loan was forgiven in full by the U. S. Small Business Administration.

b) On March 20, 2021, the Organization received another PPP loan for $89,069. On March 28, 2022, the U. S. Small Business Administration approved the full loan for forgiveness.

SAFEHOUSE OUTREACH, INC.

COMPLIANCE AND INTERNAL CONTROL REPORT

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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
Safehouse Outreach, Inc.:

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 Safehouse Outreach, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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 May 7, 2022.

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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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.

Martin, Harps, Sypher + Co.

Atlanta, Georgia
May 7, 2022