

**The Centre of Redemption  
d/b/a A Safe Place**

***Financial Statements***

*For the Year Ended December 31, 2020  
(with Comparative Totals for 2019)*



*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Centre of Redemption d/b/a A Safe Place

We have audited the accompanying financial statements of The Centre of Redemption d/b/a A Safe Place (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.

### **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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 The Centre of Redemption d/b/a A Safe Place 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.

## **Report on Summarized Comparative Information**

We have previously audited The Centre of Redemption d/b/a A Safe Place's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2020. 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.

*Ewing & Company, L.L.P.*

Wilmington, North Carolina  
August 3, 2021

**The Centre of Redemption d/b/a A Safe Place**  
**Statement of Financial Position**  
**As of December 31, 2020**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative Total
<b>ASSETS</b>				
Current Assets				
Cash & cash equivalents	\$ 186,117	\$ -	\$ 186,117	\$ 56,088
Contributions receivable	5,051	-	5,051	-
Grants receivable	98,582	22,195	120,777	104,539
Total Current Assets	<u>289,750</u>	<u>22,195</u>	<u>311,945</u>	<u>160,627</u>
Net property (Note 2)	<u>62,853</u>	<u>-</u>	<u>62,853</u>	<u>36,544</u>
Total Assets	<u>\$ 352,603</u>	<u>\$ 22,195</u>	<u>\$ 374,798</u>	<u>\$ 197,171</u>
<b>LIABILITIES &amp; NET ASSETS</b>				
Current Liabilities				
Accounts payable	\$ 1,029	\$ -	\$ 1,029	\$ 6,924
Payroll taxes payable	12,210	-	12,210	9,753
Current maturities of notes	35,152	-	35,152	-
Line of credit	-	-	-	47,245
Total Current Liabilities	<u>48,391</u>	<u>-</u>	<u>48,391</u>	<u>63,922</u>
Long-term notes (Note 6)	<u>70,848</u>	<u>-</u>	<u>70,848</u>	<u>-</u>
Total Liabilities	<u>119,239</u>	<u>-</u>	<u>119,239</u>	<u>63,922</u>
Net Assets				
Without donor restrictions	233,364	-	233,364	131,864
With donor restrictions	-	22,195	22,195	1,385
Total Net Assets	<u>233,364</u>	<u>22,195</u>	<u>255,559</u>	<u>133,249</u>
Total Liabilities & Net Assets	<u>\$ 352,603</u>	<u>\$ 22,195</u>	<u>\$ 374,798</u>	<u>\$ 197,171</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**The Centre of Redemption d/b/a A Safe Place**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative Total
<b>SUPPORT &amp; REVENUE</b>				
Government & other public support grants (Note 7)	\$ -	\$ 633,422	\$ 633,422	\$ 308,039
Contributions	109,856	-	109,856	193,642
Fundraising, net	30,180	-	30,180	80,642
Program fees	6,725	-	6,725	6,651
Church donations	30,660	-	30,660	28,064
In-kind contributions	12,082	-	12,082	12,501
Net assets released from restriction	612,612	(612,612)	-	-
Total Support & Revenue	802,115	20,810	822,925	629,539
<b>EXPENSES</b>				
Program	627,310	-	627,310	623,654
Administration	28,136	-	28,136	33,646
Fundraising	45,169	-	45,169	57,324
Total Expenses	700,615	-	700,615	714,624
<b>Change in Net Assets</b>	101,500	20,810	122,310	(85,085)
<b>Net Assets, Beginning</b>	131,864	1,385	133,249	218,334
<b>Net Assets, Ending</b>	\$ 233,364	\$ 22,195	\$ 255,559	\$ 133,249

The Accompanying Notes are an Integral Part of these Financial Statements

**The Centre of Redemption d/b/a A Safe Place**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

	2020			
	Program	Administration	Fundraising	Total
Salaries	\$ 289,233	\$ 22,382	\$ 40,119	\$ 351,734
Payroll taxes	24,298	1,880	3,370	29,548
Total Payroll & Related	<u>313,531</u>	<u>24,262</u>	<u>43,489</u>	<u>381,282</u>
Facilities	82,715	2,464	-	85,179
Supplies	70,470	1,115	795	72,380
Professional fees	8,707	-	-	8,707
Insurance	32,798	-	-	32,798
Occupancy	1,331	-	-	1,331
Telephone	9,437	-	-	9,437
Travel	8,585	-	-	8,585
Printing & publication advocacy	13,201	-	-	13,201
Professional fees advocacy	13,141	-	-	13,141
Counseling	30,158	-	-	30,158
Education	19,450	-	-	19,450
Programs	1,280	-	-	1,280
Fundraising expenses	-	-	9,294	9,294
Rice Bags	644	-	-	644
Interest expense	1,128	-	-	1,128
In-kind expense	12,082	-	-	12,082
Depreciation	8,652	295	885	9,832
Total Expenses	627,310	28,136	54,463	709,909
Less: Netted fundraising expenses	-	-	(9,294)	(9,294)
Expenses	<u>\$ 627,310</u>	<u>\$ 28,136</u>	<u>\$ 45,169</u>	<u>\$ 700,615</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**The Centre of Redemption d/b/a A Safe Place**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	2019			
	Program	Administration	Fundraising	Total
Salaries	\$ 376,339	\$ 29,123	\$ 52,202	\$ 457,664
Payroll taxes	29,249	2,263	4,057	35,569
Total Payroll & Related	<u>405,588</u>	<u>31,386</u>	<u>56,259</u>	<u>493,233</u>
Facilities	54,754	1,619	-	56,373
Supplies	27,523	416	389	28,328
Professional fees	16,136	-	-	16,136
Insurance	30,647	-	-	30,647
Occupancy	713	-	-	713
Telephone	7,311	-	-	7,311
Travel	8,796	-	-	8,796
Printing & publication advocacy	9,825	-	-	9,825
Professional fees advocacy	13,792	-	-	13,792
Counseling	21,755	-	-	21,755
Education	1,860	-	-	1,860
Programs	2,711	-	-	2,711
Luncheon expenses	-	-	15,288	15,288
Rice Bags	2,176	-	-	2,176
Interest expense	958	-	-	958
In-kind expense	12,501	-	-	12,501
Depreciation	6,608	225	676	7,509
Total Expenses	623,654	33,646	72,612	729,912
Less: Netted luncheon expenses	-	-	(15,288)	(15,288)
Expenses	<u>\$ 623,654</u>	<u>\$ 33,646</u>	<u>\$ 57,324</u>	<u>\$ 714,624</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**The Centre of Redemption d/b/a A Safe Place**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

	2020		Total	2019 Comparative Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Cash Flows From Operating Activities</b>				
Cash Collections for:				
Contributions & other fees	\$ 178,327	\$ 20,810	\$ 199,137	\$ 337,231
Less: Cash Payments for:				
Salaries & other operating expenses	(682,139)	-	(682,139)	(683,453)
Net assets released from restriction	<u>612,612</u>	<u>(22,195)</u>	<u>590,417</u>	<u>306,654</u>
Net Cash Provided (Used) By Operating Activities	<u>108,800</u>	<u>(1,385)</u>	<u>107,415</u>	<u>(39,568)</u>
<b>Cash Flows From Investing Activities</b>				
Purchase of property & equipment	<u>(36,141)</u>	<u>-</u>	<u>(36,141)</u>	<u>-</u>
Net Cash Provided (Used) By Investing Activities	<u>(36,141)</u>	<u>-</u>	<u>(36,141)</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>				
Draws (payments) on notes payable	106,000	-	106,000	-
Draws (payments) on line of credit	<u>(47,245)</u>	<u>-</u>	<u>(47,245)</u>	<u>22,245</u>
Net Cash Provided (Used) By Financing Activities	<u>58,755</u>	<u>-</u>	<u>58,755</u>	<u>22,245</u>
<b>Net Increase (Decrease) in Cash</b>	131,414	(1,385)	130,029	(17,323)
<b>Cash &amp; Cash Equivalents, Beginning</b>	<u>54,703</u>	<u>1,385</u>	<u>56,088</u>	<u>73,411</u>
<b>Cash &amp; Cash Equivalents, Ending</b>	<u>\$ 186,117</u>	<u>\$ -</u>	<u>\$ 186,117</u>	<u>\$ 56,088</u>
<b>Reconciliation of Change in Net Assets to Cash Provided (Used) By Operating Activities:</b>				
Change in net assets	\$ 101,500	\$ 20,810	\$ 122,310	\$ (85,085)
Depreciation	9,832	-	9,832	7,509
(Increase) Decrease in:				
Grants / contributions receivable	906	(22,195)	(21,289)	26,847
Increase (Decrease) in:				
Accounts payable & other current liabilities	<u>(3,438)</u>	<u>-</u>	<u>(3,438)</u>	<u>11,161</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 108,800</u>	<u>\$ (1,385)</u>	<u>\$ 107,415</u>	<u>\$ (39,568)</u>
<b>Supplemental Disclosure</b>				
Interest paid			<u>\$ 1,128</u>	<u>\$ 958</u>
Income taxes paid			<u>\$ -</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**The Centre of Redemption d/b/a A Safe Place**  
**Notes to Financial Statements**  
**December 31, 2020**

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**1. ORGANIZATION**

The Centre of Redemption d/b/a A Safe Place is an empowerment organization focusing on prevention, advocacy, and restoration to assist victims of commercial sexual exploitation and domestic sex trafficking. Founded in 2011, A Safe Place operates a toll-free, anonymous hotline, established for victimized individuals, tipsters, and general information inquiries. A Safe Place is committed to connecting with sexually exploited girls and women in the sex industry by conducting street outreach, placing outbound calls, and making the hotline number readily accessible in high risk locations. A Safe Place's emergency housing facility offers survivors of commercial sexual exploitation and human trafficking free crisis housing for up to 30 days in a safe, secure location, monitored 24/7 by trained staff members. Direct support services and the Outreach Center are available to any victim identified by A Safe Place, partner organizations, or law enforcement. Complete case management is provided in a safe and inviting environment, where young women are able to engage with others in the program, have one-on-one time with staff and volunteers, and attend weekly survivor-led girls group. Members create specialized success strategy, which details her personal, educational, and career goals. All members receive weekly trauma counseling and access to educational/vocational training. A Safe Place generates a majority of its revenue from government grants, contributions, and fundraisers.

**2. SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

A Safe Place prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, A Safe Place's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. A Safe Place's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

**The Centre of Redemption d/b/a A Safe Place**  
**Notes to Financial Statements**  
**December 31, 2020**

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Net Assets

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

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of A Safe Place, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Net Assets With Donor Restrictions** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, which is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. A Safe Place had \$22,195 of net assets with donor restrictions as of December 31, 2020 and \$1,385 of net assets with donor restrictions as of December 31, 2019.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts and certificates of deposit with original maturities of 90 days or less. Cash and cash equivalents are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
FCF - Checking	\$ 170,592	\$ 49,236
PayPal Account	15,525	2,853
Undeposited Funds	-	3,999
Total Cash & Cash Equivalents	<u>\$ 186,117</u>	<u>\$ 56,088</u>

Grants Receivable

Grants receivable are primarily unsecured, non-interest bearing amounts due from grantors on cost reimbursement grants. Management believes that all outstanding grants receivable are collectible in full; therefore, no allowance for uncollectible receivables has been provided.

**The Centre of Redemption d/b/a A Safe Place**  
**Notes to Financial Statements**  
**December 31, 2020**

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Property and Equipment

Capital expenditures for the acquisition of property and equipment are recorded at cost and donated assets are recorded at fair market value as of the date of donation. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

Land, buildings, furniture and fixtures, and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period. The following is a summary of property accounts as of December 31:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 45,562	\$ 45,562
Furniture & fixtures	11,221	-
Vehicles & trucks	15,876	5,000
Computer equipment	<u>14,044</u>	<u>-</u>
	86,703	50,562
Less: Accumulated depreciation	<u>(23,850)</u>	<u>(14,018)</u>
Net Property	<u>\$ 62,853</u>	<u>\$ 36,544</u>

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises, such as matching grants, are not recognized until they become unconditional, which is until all conditions on which they depend are substantially met.

Contributed Facilities, Materials, and Services

Where contributed facilities, materials, and services meet the criteria for recognition, they are recorded as in-kind contributions. For the year ended December 31, 2020, \$12,082 was reported in the financial statements as in-kind revenue and expense. They also received 126 hours of general volunteer hours during the fiscal year.

**The Centre of Redemption d/b/a A Safe Place**  
**Notes to Financial Statements**  
**December 31, 2020**

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Expense Recognition and Allocation

The cost of providing A Safe Place's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using objective bases, such as time spent, salaries, square feet, and other bases. Total expenses are \$709,909 for the year ended December 31, 2020, which includes \$9,294 of expenses directly related to ancillary fundraising events.

Administration expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of A Safe Place. Administration activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others. Fundraising costs, including advertising, are expensed as incurred even though they may result in contributions received in future years.

Income Taxes

A Safe Place is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to A Safe Place may be tax deductible and related purpose income is exempt from income taxes. A Safe Place files Form 990 annually with the Internal Revenue Service (IRS), and generally, the return is subject to examination for a period of three years from the date filed. Management believes the oldest open tax year is 2017.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with A Safe Place's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**The Centre of Redemption d/b/a A Safe Place**  
**Notes to Financial Statements**  
**December 31, 2020**

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Subsequent Events

Subsequent events have been evaluated through August 3, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available to meet general expenditures over the next 12 months are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash & cash equivalents	\$ 186,117	\$ 56,088
Grants / contributions receivable	<u>125,828</u>	<u>104,539</u>
Total Financial Assets at Year End	<u>311,945</u>	<u>160,627</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 311,945</u>	<u>\$ 160,627</u>

A Safe Place operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The accompanying statement of cash flows on page 7 identifies the sources and uses of cash. A Safe Place regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

**4. LINE OF CREDIT**

A Safe Place maintains a \$50,000 line of credit with First Citizens Bank to alleviate cash flow constraints. The terms include interest based on The Wall Street Journal prime plus 0.5%. The line of credit had no outstanding balance as of December 31, 2020 and \$47,245 as of December 31, 2019.

**5. LEASE OF FACILITY**

A Safe Place has a five-year term lease for office space at 921 Princess Street, Wilmington, North Carolina 28401 at a cost of \$1,250 per month through November 30, 2024.

**The Centre of Redemption d/b/a A Safe Place**  
**Notes to Financial Statements**  
**December 31, 2020**

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**6. COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continued to spread throughout the United States during 2020. A Safe Place expected to be materially and adversely affected by the risks related to the COVID-19 pandemic. Management proactively responded by conserving cash, continuing to operate with a balanced budget, and seeking available government funding.

In April 2020, A Safe Place applied for the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan, which was established under the CARES Act. A Safe Place received loan proceeds totaling \$106,000. The PPP loan was designed to keep workers on the payroll for 24 weeks and the proceeds were used for payroll, rent, mortgage interest, and utilities. A Safe Place is not able to receive forgiveness because they received the GCC Grant, therefore the total amount of the loan is on the books as debt.

Future minimum payments of principal on long-term debt are as follows as of December 31, 2020:

<u>Years Ending December 31</u>	
2021	\$ 35,152
2022	53,576
2023	17,272
2024	-
2025	-
Thereafter	-
Total Debt	<u>\$ 106,000</u>

**7. GOVERNMENT AND OTHER PUBLIC SUPPORT GRANTS**

Grant activity consists of the following for the year ended December 31, 2020:

	<u>End of Year 12/31/2019</u>	<u>Grants Received</u>	<u>Grants Released</u>	<u>End of Year 12/31/2020</u>
Governmental Grants:				
GCC Grant	\$ -	\$ 529,922	\$ (529,922)	\$ -
NH County Grant	1,385	40,000	(19,190)	22,195
Eshelman Foundation Grant	-	10,000	(10,000)	-
Ladies Philoptochos Society Grant	-	3,500	(3,500)	-
Cape Fear Memorial Foundation Grant	-	50,000	(50,000)	-
Total	<u>\$ 1,385</u>	<u>\$ 633,422</u>	<u>\$ (612,612)</u>	<u>\$ 22,195</u>

**The Centre of Redemption d/b/a A Safe Place**  
**Notes to Financial Statements**  
**December 31, 2020**

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**8. RISK MANAGEMENT**

A Safe Place is exposed to various risks of loss in the ordinary course of business as a result of torts, theft of, damage to, or destruction of assets, business interruption, allegations of liability, natural disasters, employee and officer errors and omissions, and employee workers' compensation and medical claims.

A Safe Place purchases commercial insurance coverage against risk of loss due to errors and omissions, property damage and theft, and various other insurable risks. A Safe Place carried property insurance in the amount of \$2,000,000 for 2020 for all insured property-related risks. For 2020, A Safe Place was insured for workers' compensation and employer's liability. A Safe Place was also insured for social service professional coverage, improper sexual conduct and physical abuse coverage, and commercial liquor liability coverage with a combined aggregate limit of liability of \$4,000,000. No claim payment has exceeded insurance coverage in the past three fiscal years where insurance coverage applies, subject to the deductibles and retentions.