

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024



SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary
Las Vegas, Nevada

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary (both nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 October 7, 2024 on our consideration of Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary'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 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 Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary's internal control over financial reporting and compliance.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
October 7, 2024

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,411,881
Cash and cash equivalents, restricted	86,549
Accounts receivable	153,545
Government support receivable	1,009,891
Pledges receivable	1,751,000
Inventory	53,265
Prepaid expenses	159,778

4,625,909

OTHER ASSETS

Investments	140,550
Property and equipment, net	1,620,266
Operating lease right-of-use (ROU) assets	2,021,024
Deposits receivable	121,143

3,902,983

Total assets \$ 8,528,892

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 92,871
Accrued expenses	263,187
Operating lease liabilities, current portion	193,958

550,016

OTHER LIABILITIES

Operating lease liabilities, net of current	1,902,826
Refundable advance	10,475

1,913,301

Total liabilities 2,463,317

NET ASSETS

Without donor restrictions	4,228,026
With donor restrictions	1,837,549

6,065,575

Total liabilities and net assets \$ 8,528,892

See accompanying notes to financial statements

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues, gains, and other support:

Federal grants	\$ 2,493,076
State and local grants	2,220,840
Contributions	1,485,345
In-kind contributions	110,049
Investment income, net	49,128
Program revenue	252,657
Donation Center revenue	1,346,594
Net assets released from restriction	<u>2,212</u>

Total revenues, gains, and other support 7,959,901

Expenses:

Program services:

Crisis services	3,916,572
Counseling, advocacy, and education	2,397,957

Supporting services:

Management and general	1,233,827
Fundraising	<u>1,459,996</u>

Total program and supporting services 9,008,352

Change in net assets without donor restrictions (1,048,451)

NET ASSETS WITH DONOR RESTRICTIONS

Contributions	1,652,464
Net assets released from restriction	<u>(2,212)</u>

Change in net assets with donor restrictions 1,650,252

CHANGE IN NET ASSETS 601,801

NET ASSETS, BEGINNING OF YEAR 5,463,774

NET ASSETS, END OF YEAR \$ 6,065,575

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services		Supporting Services		
		Counseling, Advocacy, and Education	Management and General	Fundraising	Total
	Crisis Services				
Salaries and wages	\$ 1,673,183	\$ 1,128,847	\$ 590,118	\$ 725,592	\$ 4,117,740
Employee benefits	192,953	130,180	68,053	83,676	474,862
Payroll taxes and related	144,004	97,155	50,788	62,449	354,396
Depreciation	68,625	46,299	24,204	29,760	168,888
Accounting fees	-	-	60,111	12,839	72,950
Advertising	5,248	6,906	3,406	71,904	87,464
Bad debt	-	-	-	10,559	10,559
Bank fees	-	-	18,300	-	18,300
Direct client assistance	996,059	9,423	-	-	1,005,482
Insurance	32,901	19,696	17,011	34,453	104,061
Information technology	77,170	68,654	47,418	75,465	268,707
Occupancy	91,635	120,761	58,985	26,989	298,370
Office equipment	12,863	9,890	5,126	4,906	32,785
Professional fees	49,232	568,265	172,597	123,055	913,149
Program supplies	23,555	40,847	-	-	64,402
Repairs and maintenance	139,763	11,881	8,764	3,493	163,901
Security	69,553	19,363	11,206	3,931	104,053
Staff development	10,563	13,664	53,681	13,901	91,809
Supplies	202,993	11,139	13,783	13,485	241,400
Income taxes	-	-	4,007	-	4,007
Travel and transportation	22,957	61,824	12,596	154,566	251,943
Utilities	103,315	33,163	13,673	8,973	159,124
Total expenses	<u>\$ 3,916,572</u>	<u>\$ 2,397,957</u>	<u>\$ 1,233,827</u>	<u>\$ 1,459,996</u>	<u>\$ 9,008,352</u>

See accompanying notes to financial statements

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 601,801
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation	168,888
Amortization of operating lease ROU asset	224,522
Donated inventory	1,285
Change in operating assets:	
Accounts receivable	8,857
Government support receivable	18,213
Pledges receivable	(1,650,541)
Prepaid expenses	(27,150)
Deposits receivable	(100,000)
Change in operating liabilities	
Accounts payable	(25,083)
Accrued expenses	(31,996)
Operating lease liability	(196,158)
Refundable advance	10,475
	<hr/>
Net cash used in operating activities	(996,887)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<hr/> (6,539)
Net cash used in investing activities	<hr/> (6,539)

NET CHANGE IN CASH AND CASH EQUIVALENTS (1,003,426)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

2,501,856

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 1,498,430

SUMMARY OF CASH ACCOUNTS:

Cash and cash equivalents	\$ 1,411,881
Cash and cash equivalents, restricted	<hr/> 86,549
	<hr/> <hr/> \$ 1,498,430

See accompanying notes to financial statements

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary (collectively, Organization) is a not-for-profit organization including Safe Nest: Temporary Assistance for Domestic Crisis, Inc. (Safe Nest) and Safe Nest Foundation, Inc. (Foundation). Safe Nest and the Foundation were incorporated under the laws of the State of Nevada on February 23, 1977 and September 15, 2017, respectively.

Safe Nest's purpose is to address domestic violence issues by providing crisis and counseling services, outreach, and education to victims and abusers in the state of Nevada. Safe Nest receives contributions and grants from private, federal, state, and local sources, as well as programmatic income.

The Foundation's purpose is to support the important work of Safe Nest. The Foundation receives contributions as well as revenues from donated goods sold for cash.

Program Descriptions

Crisis Services

Safe Nest's crisis services programs (shelter and hotline) provide comprehensive services for domestic violence victims and their children, including emergency 24-hour intake, 24-hour crisis hotline services, 24-hour access to Emergency Temporary Protection Orders (the sole access point in Clark County), case management, employment counseling, housing assistance, support groups, sobriety support, parenting training, child counseling, and life-skills support, in addition to providing for safety and basic needs.

Counseling, Advocacy, and Education

Counseling services offered by Safe Nest include individual and group therapy sessions for adult and youth victims conducted in Las Vegas, Boulder City, and Mesquite. Understanding that ending domestic violence means changing how abusive individuals handle their emotions and interact with their partners, Safe Nest also provides state-certified batterer's therapy groups for court-ordered and volunteer participants as well as for teens exhibiting violence in dating and familial relationships.

Safe Nest's advocacy program provides counselors both on-site and in the field to assist survivors who are navigating the legal system in pursuit of safety and justice. Safe Nest Advocates at Family Court, the Temporary Protection Order (TPO) Office, and the District Attorney's Office orient victims to court processes; develop safety plans; assist with obtaining protection orders; provide referrals; accompany victims to court; and partner with attorneys, law enforcement, prosecutors, judges, Child Protective Services, and other entities as needed.

Safe Nest's training and education program provides community engagement to counter harmful social norms that encourage intimate partner violence. These services include age-appropriate dating violence prevention classes in the Clark County School District, conflict resolution training and mentoring programs for teens, information and resources for faith-based communities, culturally-specific outreach to under-served populations, and training for community partners and professionals who identify and refer victims.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements (financial statements) have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Organization is required to report information regarding its financial position and changes in financial position activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Income Tax Status

Safe Nest is a not-for-profit organization and the Foundation is a not-for-profit supporting organization as described in Section 501(c)(3) of the Internal Revenue Code. Both are generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Use of Estimates

Timely preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from management's estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly-liquid financial instruments with initial maturities of three months or less to be cash and cash equivalents.

Investments

The balance of investments consists of shares of an S Corporation donated to the Organization. Distributions earned from these shares are paid to the Organization monthly. This investment is recorded at fair value and is regularly assessed for impairment by the Organization's management.

Accounts Receivable

Accounts receivable result from amounts due from the bulk sale of donated goods and for the services of the Organization to clients. Management reviews accounts receivable and recognizes an expected allowance for credit losses. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. At June 30, 2024, no allowance is recorded and all amounts are expected to be received within one year.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government Support Receivable

Government support receivable is due from federal, state, and local governments. Management reviews government support receivable balances to determine if an allowance for doubtful accounts is necessary. At June 30, 2024, no allowance is recorded and all amounts are expected to be received within one year.

Pledges Receivable

Pledges receivable are due from private organizations. Management reviews pledges to determine if an allowance for doubtful accounts is necessary. At June 30, 2024, no allowance is recorded and all amounts are expected to be received within one year.

Inventory

Inventory consists of purchased and donated gift cards, as well as in-kind contributions of clothing and supplies to be distributed to individuals utilizing the Organization's crisis services. Purchased inventory is valued using the specific identification method based on the value of gift cards. Donated inventory is recorded when received at the estimated fair value on the date of donation.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000 and with a useful life of greater than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Costs associated with the acquisition, development, and construction of a project are capitalized as construction in progress and are not depreciated until placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the associated assets. The useful lives are estimated as follows:

- 5 to 10 years for vehicles;
- 5 to 7 years for furniture and equipment;
- 10 to 40 years for buildings and improvements.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Advertising

The Organization expenses all advertising costs as they are incurred.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leases

The Organization leases office space utilized for program and supporting activities and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, a risk-free rate is used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization has a lease agreement with lease and non-lease components, which are generally accounted for separately. For certain leases, such as the lease for office space, the Organization accounts for the lease and non-lease components as a single lease component.

Revenue Recognition

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction 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 restrictions.

Government support is obtained from various government agencies through cost reimbursement grants. Revenue is recorded in the same period as the costs are incurred. Service contracts are obtained from various public and private agencies throughout the community and are recognized when costs allowed for reimbursement are incurred.

Consolidated Statements

The consolidated financial statements include the financial information of Safe Nest and the Foundation. Safe Nest controls and has an economic interest in the Foundation. Intercompany transactions have been eliminated in the consolidation.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following expenses were allocated on the basis of employee time and effort: salaries and wages, employee benefits, payroll taxes and related, and depreciation. All other natural classifications were directly allocated.

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Volunteers donate a substantial amount of time to the Organization to further its programs that is not recognized in accordance with the FASB ASC. The Organization estimates the value of such donated services is \$300,214. In-kind contributions are described in Note 10.

Date of Management's Review

Subsequent events have been evaluated through October 7, 2024, which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization receives program and contribution revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	\$ 1,498,430
Accounts receivable	153,545
Government support receivable	1,009,891
Pledges receivable	<u>1,751,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,412,866</u>

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

During the year ended June 30, 2024, to help manage unanticipated liquidity needs, the Organization secured a committed line of credit in the amount of \$200,000 which it could draw upon. Advances on the line of credit are payable upon demand and carry an interest rate equal to the Prime Rate as published in the Wall Street Journal plus 3.5%. The credit line is unsecured and no amount was drawn on this line as of June 30, 2024.

NOTE 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is identified as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy that includes: “Level 1” inputs, such as quoted prices in an active market for identical assets or liabilities; “Level 2” inputs, which are observable inputs for similar assets; or “Level 3” inputs, which are unobservable inputs.

The Organization’s only assets valued at fair value are its investments, which are based on Level 3 inputs and consist solely of stock representing a 2.78% ownership in a corporation that owns real estate which is leased on a long-term basis. The Organization receives monthly distributions, when available, as a shareholder in this corporation. The estimated fair value at the date of donation was based on the present value of an annuity paid in perpetuity at an estimated incremental borrowing rate of 8%.

Investments measured at fair value on a recurring basis are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Privately held stock	\$ <u>-</u>	\$ <u>-</u>	\$ <u>140,550</u>	\$ <u>140,550</u>

There was no reportable investment activity affecting the fair value of this investment.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Buildings and improvements	\$ 2,264,960
Furniture and equipment	1,021,523
Leasehold improvements	173,471
Land	<u>297,126</u>
	3,757,080
Less: accumulated depreciation	<u>(2,136,814)</u>
Total property and equipment, net	\$ <u>1,620,266</u>

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are held in the following assets:

Cash and cash equivalents	\$ 86,549
Pledges receivable	<u>1,751,000</u>
Total	<u>\$ 1,837,549</u>

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or are fulfilled and removed by actions of the Organization pursuant to those stipulations.

Net assets with donor restrictions are restricted for the following purposes and periods:

Brave conference	\$ 51,923
Court advocacy	34,626
Time restricted	<u>1,751,000</u>
Total	<u>\$ 1,837,549</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events as follows:

Court advocacy	\$ 434
Mesquite Awareness Campaign	<u>1,778</u>
Total	<u>\$ 2,212</u>

NOTE 6. CONCENTRATION OF CREDIT RISK

In the ordinary course of business, the Organization maintains cash balances at financial institutions in excess of federally insured limits. The cash held by the banking institutions is insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. Management does not believe the Organization is exposed to a significant credit risk and has not experienced any losses on these accounts.

During the year ending June 30, 2024, 100% of pledges receivable was due from one donor.

NOTE 7. RELATED PARTY

Through individual and corporate donations, board members contributed \$153,355 during the year ending June 30, 2024.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 8. LEASES

In September 2017, the Organization entered into a non-cancelable operating lease for office space for the term of October 1, 2017 through January 31, 2023. The lease contained two five-year options to renew, the first of which was exercised in November 2021, effective February 1, 2023. As the Organization reasonably expects to exercise the second five-year option to renew, the operating lease liability, ROU asset, and future minimum payments include the final renewal term through January 3033. In June 2021, the Organization entered into a non-cancelable operating lease for office space for the term of July 1, 2021 through June 30, 2024. The lease did not have an option to extend and continued on a month-to-month basis upon expiration. In June 2020, the Organization entered into a non-cancelable operating lease for office equipment for the term of June 1, 2020 through September 1, 2025. The lease does not have an option to extend.

The components of lease expenses were operating lease costs of \$287,996 and short-term lease costs of \$2,751 for the year ended June 30, 2024.

Other information related to operating leases was as follows:

Weighted average remaining lease term	103 months
Weighted average discount rate	2.88%

Future minimum lease payments are as follows for the years ended June 30:

2025	\$ 251,817
2026	254,934
2027	261,699
2028	269,550
2029	277,637
Thereafter	<u>1,065,220</u>
Total future minimum lease payments	2,380,857
Less: imputed interest	<u>(284,073)</u>
Total operating lease liabilities	2,096,784
Less: current portion	<u>(193,958)</u>
Long-term operating lease liabilities	<u>\$ 1,902,826</u>

NOTE 9. RETIREMENT PLAN

The Organization offers a voluntary salary reduction plan under Internal Revenue Code Section 403(b) to all employees at hire. After one year of employment, the Organization contributes matching amounts of 25% of employee contributions on a maximum of 4% of the employee's elective salary deferral. The Organization's contributions to the retirement plan totaled \$14,591.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 10. IN-KIND CONTRIBUTIONS

In addition to goods and services donated for use in the Organization's programs, the Organization receives a substantial amount of donated goods that are sold to private organizations at agreed-upon rates, recorded as Donation Center revenue in the statement of activities. The revenue generated is used to support the Organization's programs and operations. Assets unconditionally donated and retained by the Organization are recorded at fair value on the date of donation.

The Organization's in-kind contributions consisted of the following:

<u>Category</u>	<u>Usage</u>	<u>Total</u>
Donated goods, retained	Distributed to shelter clients	\$ 110,049
Donated goods, sold (Donation Center)	Sold to private organizations	<u>1,346,594</u>
		<u>\$ 1,456,643</u>

NOTE 11. ADOPTION OF ACCOUNTING PRONOUNCEMENT

In June 2016, the FASB issued guidance FASB ASC Topic 326, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts and contracts receivable. The Organization adopted this standard effective July 1, 2023. There was no material impact to the Organization's financial statements as a result of adoption.

NOTE 12. CONTINGENCIES

The Organization may become involved in legal actions arising in the ordinary course of business. In the opinion of management, the Organization carries adequate insurance coverage to mitigate the risk of material losses and the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position, results of operations, or liquidity.

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

To the Board of Directors
Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary
Las Vegas, Nevada

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 consolidated financial statements of Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary (both nonprofit organizations) (collectively, Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 consolidated 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
October 7, 2024

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

Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary
Las Vegas, Nevada

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary's (collectively Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are 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 each of its major federal programs for the year ended June 30, 2024.

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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 U.S. *Code of Federal Regulations Part 75, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* (Uniform Guidance). 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 contract's 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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
October 7, 2024

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Grantor and Program Title	Assistance Listing Number	Pass-Through Identifying Number	Total Federal Expenditures
<u>United States Department of Housing and Urban Development</u>			
<i>Passed through Clark County, Nevada:</i>			
Emergency Solutions Grant Program	14.231	ESG23-NEST	\$ 10,748
Emergency Solutions Grant Program	14.231	ESG24-EMSH	118,942
Total Emergency Solutions Grant Program			129,690
Continuum of Care Program	14.267		59,195
Continuum of Care Program	14.267		215,383
Total Continuum of Care Program			274,578
Total United States Department of Housing and Urban Development			404,268
<u>United States Department of Justice</u>			
<i>Passed through Nevada Division of Child and Family Services:</i>			
Crime Victim Assistance Grant	16.575	16575-20-131	68,210
Crime Victim Assistance Grant	16.575	16575-21-040	1,152,835
Total Crime Victim Assistance Grant			1,221,045
<i>Passed through the Nevada Office of the Attorney General:</i>			
Violence Against Women Formula Grants	16.588	2023-VAWA-36	28,574
Violence Against Women Formula Grants	16.588	2024-VAWA-31	34,567
Total Violence Against Women Formula Grants			63,141
Total United States Department of Justice			1,284,186
<u>United States Department of the Treasury</u>			
<i>Passed through Nevada Division of Child and Family Services:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	24SAFNE01	100,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	PO-01-00030863	192,390
Total United States Department of the Treasury			292,390
<u>United States Department of Health and Human Services</u>			
<i>Passed through Nevada Division of Child and Family Services:</i>			
Family Violence Prevention and Services	93.671	93671-22-014	35,914
Family Violence Prevention and Services	93.671	93671-23-018	277,392
COVID-19 American Rescue Plan: Family Violence Prevention and Services Act	93.671	93671-22-312	185,526
			498,832
Total United States Department of Health and Human Services			498,832
<u>Department of Homeland Security</u>			
<i>Passed through United Way of Southern Nevada:</i>			
Emergency Food and Shelter Program	97.024	586800-060	13,400
Total Department of Homeland Security			13,400
Total federal expenditures			\$ 2,493,076

See notes to schedule of expenditures of federal awards

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal award activity of Safe Nest: Temporary Assistance for Domestic Crisis, Inc. and Subsidiary (collectively, the Organization) under programs of the federal government for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 U.S. *Code of Federal Regulations Part 75, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* (Uniform Guidance). Because this schedule only presents a select portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, functional expenses, or cash flows of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards 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.

NOTE 3. INDIRECT COST RATES

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of the Organization.
2. No instances of material weaknesses or significant deficiencies related to the audit of the consolidated financial statements required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
3. No instances of noncompliance material to the consolidated financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No material weaknesses or significant deficiencies related to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the Organization expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a)
7. The program tested as a major program was the U.S. Department of Justice, Assistance Listing Number 16.575, Crime Victim Assistance Grant.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Organization qualifies as a low-risk auditee.

FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.

SAFE NEST: TEMPORARY ASSISTANCE FOR DOMESTIC CRISIS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

PRIOR AUDIT FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001 Completeness of the General Ledger

Criteria: For a general ledger to be considered complete, all financial activity related to the Organization must be included.

Condition: During our audit, it was discovered that a PayPal account held in the name of the Organization had not been included in the general ledger balances initially presented for audit. Upon further investigation, we learned the PayPal account was created without the approval of a member of management, as dictated by the Organization’s internal control policy.

Cause: Internal controls over appropriate approvals for establishing access and appropriate use of bank account information, and authorization channels for cash receipt portal/applications, did not operate effectively.

Effect: The general ledger balances presented for audit were incomplete. Additionally, without appropriately designed and effectively operating internal controls over the setup of cash receipts portals/applications, there is an increased risk of misappropriation/fraud as an employee could perform an unauthorized setup to be used for personal benefit.

Recommendation: We recommend management revise as necessary and implement a system of internal controls whereby the use of the Organization’s bank account information and/or setup of cash receipts portals/applications is approved by an appropriate member of management before setup occurs. Further, we recommend management create a written policy prescribing appropriate and/or disallowed use of bank account information, to be signed by all those granted said access.

Views of Responsible Officials and Planned Corrective Actions: On August 31, 2023, we established the agency policy that no new accounts to receive funds through donation platforms (nor to create any new funds receivable or funds payable accounts, for that matter) are to be setup/established unless they have been requested through the accounting team with approval from the Chief Financial Officer (CFO). We do not believe that our bank account information is at risk of being misused, as we have strict access guidelines that do not allow sharing of such access unless granted directly by the Chief Executive Officer (CEO), who receives approval first from the CFO. The only people who would be granted bank account access would be employees directly on the accounting team (CFO, CEO and her Executive Assistant, Grant Billing Specialist, and Bookkeeper), and any of these employees who have access to our accounting system do not have the ability to transfer funds nor set up new account users. To further establish this security, we will create a written policy regarding proper use & sharing and disallowed use of bank account information for these individuals with bank account access to review and sign, which we will implement going forward for any other staff member who joins Safe Nest and needs such access. It is also relevant to note that any member of the public can fraudulently setup an unauthorized donation account in our, or any charity’s, name and claim to take donations on the agency’s behalf while instead using the funds for personal benefit; this is out of the control of the agency and something that we educate our donors on to make sure they are contributing through authorized Safe Nest donation platforms.

Current Status: Corrective action has been implemented.

PRIOR AUDIT FINDINGS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.