Safe & Sound

Financial Statements
Year Ended December 31, 2020
(with Summarized Information
for the Year Ended December 31, 2019)

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Safe & Sound

Contents

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Independent Auditor's Report

The Board of Directors
Safe & Sound
San Francisco, California

Opinion

We have audited the financial statements of Safe & Sound, a California non-profit benefit corporation, which comprise the statement of financial position as of December 31, 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Safe & Sound 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 Safe & Sound's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 14, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Safe & Sound and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Safe & Sound's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Safe & Sound's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe & Sound'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.

BDO USA, LLP

July 6, 2021

Financial Statements

Safe & Sound

Statement of Financial Position
(with comparative totals for 2019)

December 31,		**2020**		2019
Assets				
Cash and cash equivalents	$	**8,852,632**	$	4,891,867
Investments, at fair value		**668,683**		811,380
Government contracts receivable		**869,990**		859,701
Pledges and grants receivable, net of reserves		**2,103,984**		1,075,940
Property and equipment, net of accumulated depreciation (Note 5)		**6,332,387**		6,237,919
Prepaid expenses and other assets		**425,306**		469,374
Total Assets	$	**19,252,982**	$	14,346,181
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	**408,566**	$	478,879
Paycheck Protection Program (PPP) loan payable		**875,000**		-
Accrued vacation		**271,626**		198,301
Deferred revenue		**34,225**		175,637
Other liabilities		**24,030**		31,614
Total Liabilities		**1,613,447**		884,431
Net Assets				
Without donor restrictions		**13,443,568**		11,927,129
With donor restrictions (Note 6)		**4,195,967**		1,534,621
Total Net Assets		**17,639,535**		13,461,750
Total Liabilities and Net Assets	$	**19,252,982**	$	14,346,181

See accompanying notes to financial statements.

Safe & Sound

Statement of Activities and Changes in Net Assets
(with comparative totals for 2019)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	**2020**	2019
Support and Revenue				
Government grants	$ 3,818,941	$ 10,000	**$ 3,828,941**	$ 3,385,530
Foundation and corporate grants	861,428	7,123,153	**7,984,581**	1,669,155
Fundraising events, net of direct donor benefits of $68,253 in 2020 and $182,624 in 2019	1,145,145	-	**1,145,145**	951,846
Donations	1,398,870	188,864	**1,587,734**	811,392
Rental income	634,999	-	**634,999**	536,439
In-kind revenue	226,274	-	**226,274**	246,168
Program service fees	52,228	-	**52,228**	89,593
Investment income	49,079	-	**49,079**	49,506
Other income	32,185	-	**32,185**	21,980
Net assets released from restriction:				
Satisfaction of donor requirements	4,660,671	(4,660,671)	**-**	-
Total Support and Revenue	12,879,820	2,661,346	**15,541,166**	7,761,609
Functional Expenses				
Program services	9,578,418	-	**9,578,418**	5,716,432
Management and general	904,366	-	**904,366**	814,459
Fundraising	880,597	-	**880,597**	880,985
Total Functional Expenses	11,363,381	-	**11,363,381**	7,411,876
Change in Net Assets	1,516,439	2,661,346	**4,177,785**	349,733
Net Assets, beginning of year	11,927,129	1,534,621	**13,461,750**	13,112,017
Net Assets, end of year	$ 13,443,568	$ 4,195,967	**$ 17,639,535**	$ 13,461,750

See accompanying notes to financial statements.

Safe & Sound

Statement of Functional Expenses
(with comparative totals for 2019)

Year ended December 31,

	Program Services				Supporting Services			
	Children and Family Services	Community Education and Partnerships	Strategic Partnerships and Policy	Total Program Services	Management and General	Fundraising	**2020**	2019
Salaries and stipends	$ 2,027,901	$ 678,437	$ 488,230	$ 3,194,568	$ 539,295	$ 397,765	**$ 4,131,628**	$ 3,736,765
Payroll taxes and benefits	407,630	129,824	82,913	620,367	92,406	73,796	**786,569**	695,380
Subcontractors	-	834,872	135,000	969,872	-	-	**969,872**	732,627
Consultants	274,463	81,264	209,421	565,148	138,537	296,462	**1,000,147**	701,057
Utilities and maintenance	39,404	27,738	219,815	286,957	10,852	6,844	**304,653**	341,593
Legal	66,469	67,418	63,016	196,903	19,547	15,720	**232,170**	243,892
Office supplies, postage, printing, and copying	10,241	2,688	3,948	16,877	11,966	17,931	**46,774**	61,803
Insurance	20,169	7,229	45,346	72,744	3,825	2,981	**79,550**	76,729
Client support	283,803	9,639	2,835,487	3,128,929	-	-	**3,128,929**	70,412
Recruitment and professional development	6,164	1,530	1,047	8,741	1,254	1,216	**11,211**	14,013
Program supplies	36,222	7,866	4,062	48,150	-	-	**48,150**	82,962
Travel, conferences, and meetings	6,241	1,346	9,276	16,863	57	514	**17,434**	42,679
Dues and subscriptions	37,753	32,950	17,143	87,846	9,529	26,182	**123,557**	87,340
Bay Park Owners Association dues	-	7,724	64,785	72,509	-	-	**72,509**	60,882
Audit and tax	-	-	-	-	42,474	-	**42,474**	41,320
Telephone and communications	28,934	9,465	8,324	46,723	6,533	4,896	**58,152**	51,109
Staff appreciation	10,827	2,907	2,448	16,182	2,941	2,943	**22,066**	20,661
Bank charges and interest expense	1,888	50	40	1,978	214	18,171	**20,363**	21,168
Accounting and payroll	10,695	3,480	2,585	16,760	2,802	2,181	**21,743**	21,544
Expendable equipment	5,257	1,616	2,279	9,152	1,417	1,022	**11,591**	74,276
Space rental	2,991	987	724	4,702	194	144	**5,040**	11,818
Board expenses	-	-	-	-	155	-	**155**	3,108
Bad debt expense	129	78	654	861	285	(3,867)	**(2,721)**	19,391
Equipment rental and repair	813	304	216	1,333	207	170	**1,710**	1,655
Depreciation	75,310	68,854	50,089	194,253	19,876	15,526	**229,655**	197,692
Total Functional Expenses	$ 3,353,304	$ 1,978,266	$ 4,246,848	$ 9,578,418	$ 904,366	$ 880,597	**$11,363,381**	$ 7,411,876

See accompanying notes to financial statements.

Safe & Sound

Statement of Cash Flows
(with comparative totals for 2019)

Year ended December 31,		**2020**		2019
Cash Flows from Operating Activities				
Change in net assets	**$**	**4,177,785**	$	349,733
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation expense		**229,655**		197,692
Provision for doubtful accounts		**(8,892)**		2,794
Net realized and change in unrealized loss (gain) on investments		**(29,840)**		(26,153)
Changes in assets and liabilities:				
Government contract, pledges, and grants receivable		**(1,029,441)**		149,485
Prepaid expenses and other assets		**44,068**		58,803
Accounts payable and accrued expenses		**(70,313)**		21,423
Accrued vacation		**73,325**		8,348
Deferred revenue		**(141,412)**		41,082
Other liabilities		**(7,584)**		(6,653)
Net Cash Provided by Operating Activities		**3,237,351**		796,554
Cash Flows from Investing Activities				
Purchase of investments		**172,537**		(19,426)
Purchase of fixed assets		**(324,123)**		(39,297)
Net Cash Used in Investing Activities		**(151,586)**		(58,723)
Cash Flows from Financing Activities				
Proceeds from Paycheck Protection Program loan payable		**875,000**		-
Net Cash Provided by Financing Activities		**875,000**		-
Increase in Cash and Cash Equivalents		**3,960,765**		737,831
Cash and Cash Equivalents, beginning of year		**4,891,867**		4,154,036
Cash and Cash Equivalents, end of year	**$**	**8,852,632**	$	4,891,867

See accompanying notes to financial statements.

1. Organization

Nature of Activities

Safe & Sound is a nonprofit organization established in 1973 whose mission is to prevent child abuse and reduce its devastating impact. Exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code, Safe & Sound is governed by a 21-member Board of Directors. Safe & Sound supports vulnerable children and their families, educates children and adults in the community about child safety, collaborates to ensure that the systems and social safety net protect children and effectively respond to instances of abuse, advocates for children and their safety, and works to build a movement of people who do, too. Detailed information is available at safeandsound.org.

Safe & Sound's programs include:

Children and Family Services

Safe & Sound provides holistic, strength-based services to families with children in its community. By using its evidence-informed approach, Safe & Sound helps families build upon their strengths to increase their Protective Factors: parental resilience, social connections, concrete support in times of need, knowledge of parenting and child development, and social and emotional competence of children. Safe & Sound provides one-on-one support to 600-700 families; parenting education, support groups, skills workshops, and community events; 24/7 telephone counseling; and Integrated Family Services (IFS)-care coordination and intensive support to families with increased risk for abuse. Over 75% of highly vulnerable families enrolled in IFS for at least 9-12 months demonstrate improvements in Protective Factors shown to correlate with low rates of abuse.

Community Education and Partnerships

Safe & Sound builds community resilience and capacity through education and partnerships. It teaches classes and workshops and develops curriculum on child safety and security. Safe & Sound's safety lessons reach 3,500 children and its safety education trainings reach 2,000 adults annually, including parents and child-serving professionals, to ensure that abuse is reported. Over 90% of teachers report that its classes give their students tools to keep themselves safe and over 90% of adults say that they are more likely to take action if they suspect abuse. Safe & Sound also partners with community-based organizations to develop collective goals and agendas to collaboratively strengthen families to prevent abuse. This includes training and capacity-building, coordination, and information and resource-sharing. Safe & Sound partners with over 60 community-based organizations in the San Francisco Bay Area.

Strategic Partnerships and Policy

Safe & Sound advocates, engages in public awareness, and collaborates with government agencies and community organizations throughout the Bay Area to improve collective action and educate policymakers, public and private child-serving professionals, and the general public to achieve systemic change to improve the prevention of and response to child abuse. It serves as the backbone for several key partnerships, including the Children's Advocacy Center of San Francisco, the multidisciplinary team to respond to cases of sexual exploitation of children, the San Francisco Child Death Review Team, and the Family Resource Center Alliance, and is engaged in over a dozen additional networks and collaborations at the local, regional, and statewide levels. Through these partnerships and collaborations, Safe & Sound works to enact policies on behalf of children and families living in vulnerable circumstances and address the root causes of family violence.

Funding and Revenue Concentration

Safe & Sound receives approximately 29% of its unrestricted income from government grants primarily awarded by various departments within the city and county of San Francisco. Should these grantors reduce their level of support, Safe & Sound could be required to reduce the level of activity of some of its programs.

2. Summary of Significant Accounting Policies

Method of Accounting

The financial statements of Safe & Sound are prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

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

Net Assets Without Donor Restrictions – These assets include resources not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – These assets include resources subject to donor-imposed stipulations that may, or will, be met either by actions of Safe & Sound and/or the passage of time and includes resources subject to donor-imposed restrictions that require permanent investment by Safe & Sound.

Revenue Recognition and Accounting for Restricted Support

Contracts, grants, and contributions are recognized at fair value as revenue when received or unconditionally promised and collection is deemed to be reasonably certain.

Safe & Sound reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 are released from restriction.

Safe & Sound reports gifts of fixed assets 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 how long those assets must be maintained, Safe & Sound reports expirations of donor restrictions when the donated or acquired assets are placed in service.

In-kind revenue is recognized at its fair value if the services require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not received through donation. If there are any other services or goods donated to Safe & Sound, which Safe & Sound would have otherwise purchased, then it will be valued and recorded at the fair market value. In-kind revenue for years ended December 31, 2020 and 2019 was $226,274 and $246,168, respectively.

Safe & Sound recognizes conditional contracts, grants, or contributions when the conditions are met. Safe & Sound recognizes program revenues and rental income when earned. Rental income is recorded on a straight-line basis over the lease terms.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates made by Safe & Sound include useful lives of property and equipment, valuation of pledges receivable and in-kind revenues, and the allocation of functional expenses.

Comparative Totals

The 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 U.S. GAAP. Accordingly, such information should be read in conjunction with Safe & Sound's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at date of acquisition, including money market accounts.

Investments

Investments in marketable securities are recorded on their trade date and are stated at fair value in the statement of financial position. Realized and unrealized gains and losses, interest, and dividends are included in the statement of activities and changes in net assets in investment income.

Government Contracts Receivable

Government contracts receivable include amounts billed and unbilled under various governmental contracts for program services performed during the year. Management periodically reviews the collectability of government contracts receivable and provides a provision at the time it is determined that they are uncollectable.

Pledges and Grants Receivable

Pledges and grants receivable include amounts committed by donors that have not yet been received by Safe & Sound. Pledges and grants receivable are measured at fair value upon receipt. If a pledge or grant is not expected to be collected within one year, it is discounted to its estimated fair value using a present-value technique. The fair value of a pledge that is collectable within one year is recognized at its net realizable value. Management periodically reviews the collectability of pledges and grants receivable and provides a provision at the time it is determined that they are uncollectable.

Unconditional pledges and grants receivable are due as follows:

December 31,		**2020**		2019
Less than one year	$	**1,613,533**	$	1,093,049
1-5 years		**500,000**		-
Pledges and Grants Receivable		**2,113,533**		1,093,049
Less:				
Discount on long-term pledges and grants		**(1,332)**		-
Reserve for uncollectable pledges and grants		**(8,217)**		(17,109)
Pledges and Grants Receivable, Net	**$**	**2,103,984**	$	1,075,940

The amounts presented above have been discounted to present value using a discount rate of 0.10% in 2020. In 2019, there was no discount rate applied, as there are no long-term pledges and grants.

Property and Equipment

Property and equipment are reported at cost if purchased, or at fair value at the date of gift if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to thirty years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Long-Lived Assets

Long-lived assets, such as land, building, and other property, are reviewed at least annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, Safe & Sound first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. Safe & Sound determines fair value of long-lived assets held and used by reference to independent appraisals, quoted market prices (e.g., an offer to purchase) and other factors. There were no impairment charges recorded in the periods presented.

Fair Value Measurements

Safe & Sound considers fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value are either observable or unobservable. Observable inputs reflect assumptions that market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based on their own market assumptions. Safe & Sound utilizes the following three-level fair value hierarchy to establish the priorities of the inputs used to measure fair value:

Level 1 – This level consists of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets, or liabilities.

Level 2 – This level consists of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – This level consists of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables present the fair value hierarchy for the financial assets held by Safe & Sound measured at fair value on a recurring basis:

December 31, 2020

	Level 1	Level 2	Level 3
Assets			
Investments[(a)]	$ 668,683	$ -	$ -
Total	$ 668,683	$ -	$ -

December 31, 2019

	Level 1	Level 2	Level 3
Assets			
Cash equivalents (money market)	$ 189,449	$ -	$ -
Investments[(a)]	621,931	-	-
Total	$ 811,380	$ -	$ -

[(a)] Investments are in mutual funds whose underlying investments consist principally of intermediate and short-term bond funds and securities.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The carrying amounts of Safe & Sound's other financial instruments, which include accounts receivable, accounts payable, and other accrued expenses, approximate their fair values due to their short-term maturities.

Functional Expenses

Safe & Sound allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Indirect expenses are allocated based on the ratio of each function's salary expense to total salary expense, with the exception of certain Third Street building expenses (inclusive of utilities and maintenance, insurance, and Bay Park Owners Association dues), which are considered costs of the Strategic Partnerships function.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance 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. The FASB also issued ASU 2020-05, which deferred the effective date for Safe & Sound until its annual period beginning after December 15, 2019. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Safe & Sound does not have significant exchange contracts that are impacted by this ASU and thus did not have a material impact to the financial statements or disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The FASB also issued ASU 2020-05, which deferred the effective date for Safe & Sound until its annual period beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

3. Tax Status

Safe & Sound is exempt from federal and California state income taxes under Section 501 (c)(3) of IRC Section 23701(d) of the California Revenue and Taxation Code, respectively. Safe & Sound had no sources of unrelated business income during the years ended December 31, 2020 and 2019.

Safe & Sound follows the authoritative guidance for accounting for uncertainty in income taxes. Safe & Sound does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. Safe & Sound has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Safe & Sound has filed IRS Form 990 tax returns as required and all applicable returns in those jurisdictions where it is required. Safe & Sound believes that it is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations by tax authorities for years before 2015. However, Safe & Sound is still open to examinations by tax authorities from fiscal year 2015 forward. For the years ended December 31, 2020 and 2019, there were no penalties or interest recorded in the statement of activities and changes in net assets.

4. Concentrations of Credit Risk

Financial instruments that potentially subject Safe & Sound to concentrations of credit risk consist of cash deposits with a commercial bank and a brokerage firm. Safe & Sound maintains its cash accounts with two commercial banks. The accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of $250,000 for FDIC-insured accounts. As of December 31, 2020 and 2019, Safe & Sound held $7,257,537 and $3,731,677, respectively, of cash.in excess of insured amounts. The risk is managed by maintaining all deposits in high-quality financial institutions.

5. Property and Equipment, Net

Property and equipment, net, is as follows:

December 31,	**2020**	2019
Land	**$ 2,102,159**	$ 2,102,159
Building and building improvements	**5,388,038**	5,220,716
Furnishings and equipment	**348,091**	191,290
Intangibles	**5,000**	5,000
	7,843,288	7,519,165
Less: accumulated depreciation	**(1,510,901)**	(1,281,246)
Property and Equipment, Net	**$ 6,332,387**	$ 6,237,919

Depreciation expense for years ended December 31, 2020 and 2019 was $229,655 and $197,692, respectively.

6. Paycheck Protection Program Loan

Safe & Sound received loan proceeds under the Paycheck Protection Program (PPP) in the amount of $875,000 on April 20, 2020, with a fixed interest rate of 1.00% per annum. The application for these funds requires Safe & Sound to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of Safe & Sound. This certification further requires Safe & Sound to take into account Safe & Sound's current activity and the Safe & Sound's ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to Safe & Sound. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on Safe & Sound having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), provides for loans to qualifying businesses for amounts up to 2½ times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after the appropriate time period as long as the borrower has initially qualified for the loan and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the appropriate time period.

Safe & Sound currently believes it has spent these loan proceeds in accordance with the provisions of the PPP and expects the loan to be forgiven. Safe & Sound submitted their application for loan forgiveness on January 3, 2021 and received notice that as of June 8, 2021 the application is in the final stage of review. As of December 31, 2020, Safe & Sound has not received forgiveness of the loan. If the PPP loan is not forgiven, the unforgiven portion including the interest will be payable two years from the date of the loan.

Minimum future payments on the note payable are as follows:

Year ending December 31,		
2021	$	-
2022		875,000
	$	875,000

7. Net Assets with Donor Restrictions

Net assets with donor restrictions represent pledges and grants to Safe & Sound that have been restricted for a specific purpose or time period. Net assets with donor restrictions were as follows:

December 31,		**2020**		2019
Subject to expenditure for specified purpose:				
Children & Family Services	**$**	**685,294**	$	674,545
Community Education & Partnerships		**80,453**		30,453
Strategic Partnerships & Policy		**3,112,720**		214,797
Third Street Building purchase and operating reserve		**150,000**		150,000
Other specific purposes		**47,500**		51,326
Subject to the passage of time:				
For periods after December 31, 2020		**110,000**		403,500
Endowments:				
Investment in perpetuity		**10,000**		10,000
Total Net Assets with Donor Restrictions	**$**	**4,195,967**	$	1,534,621

Liquidity and Availability of Resources Disclosure

Safe & Sound's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

		Without Restrictions
Cash and cash equivalents	$	5,959,621
Investments		848,228
Contributions receivable		1,491,474
Total	$	8,299,323

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Safe & Sound has a goal to maintain financial assets, which consist of cash, short-term investments, and current receivables on hand to meet six months of normal operating expenses, which are, on average, approximately $782,000 per month. Safe & Sound has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, Safe & Sound invests cash in various short-term investments in accordance with its Investment Policy.

8. Retirement Plan

The 401(k) plan covers employees who have been employed by Safe & Sound for at least one year and who regularly work at least 20 hours per week. Employees may elect to make contributions to the Plan. Employer contributions made on behalf of eligible employees are discretionary. Safe & Sound contributed $91,244 and $47,878 to the 401(k) plan for the years ended December 31, 2020 and 2019, respectively.

9. Commitments and Contingencies

Leases

Safe & Sound leases out 3450 Third Street, Building 2, which it owns, to the following tenants: Sutter Health/California Pacific Medical Center, Center for Youth Wellness, and the Human Services Agency of the City and County of San Francisco, all of which expiring at various times through November 2023.

Safe & Sound's future minimum estimated rental income as of December 31, 2020 is as follows:

Year ending December 31,		
2021	$	447,000
2022		459,000
2023		160,000
2024		-
2025		-
Total	$	1,066,000

10. COVID-19 and CARES Act

Beginning in late 2019 and continuing through December 31, 2020, and beyond, the outbreak of the novel coronavirus disease, or COVID-19, has resulted in the declaration of a global pandemic and has adversely affected economic activity across virtually all sections and industries on a local, national and global scale. The impact of COVID-19 on the economy and Safe & Sound continues to be a fluid situation.

In response to the COVID-19 pandemic, many state, local and foreign governments have put in place, and others in the future may put in place, quarantines, executive orders, shelter-in place orders, and similar government orders and restrictions in order to control the spread of the disease. Such orders or restrictions, or the perception of such orders or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, and travel restrictions, among other effects that could negatively disrupt Safe & Sound's operations. To further limit health risks associated with the COVID-19 virus, Safe & Sound required that all staff at all of its offices work remotely and program activities have been transitioned to a virtual environment. Safe & Sound is complying with state and local health officials, as well as the World Health Organization (WHO) recommendations, to do its part in reducing the impact on its employees and overall population.

Safe & Sound's operations are heavily dependent on funding from the federal government, as well as foundations and other private institutions. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations to Safe & Sound. Operationally, Safe & Sound has remained focused on supporting its clients, community, and employees during this time. Through December 31, 2020, Safe & Sound has not seen a significant adverse impact to the financial position, change in net assets, and cash flows and liquidity as a result of COVID-19. The values of Safe & Sound's investments have and may fluctuate in response to changing market conditions. The ultimate impact of COVID-19 on Safe & Sound is not estimable at this time and will be largely dependent upon a number of factors outside of Safe & Sound's control including the extent and duration of the outbreak as well as any mitigating actions which may be undertaken by federal and local governments and the general public.

On March 27, 2020, the President of the United States signed into law the CARES Act. The CARES Act, among other things, includes provisions related to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. Safe & Sound elected to utilize the provisions enacted by the CARES Act and received a PPP loan in the amount of $875,000 as discussed in Note 6, resulting in a loan balance of $875,000 as of December 31, 2020.

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the Act) was passed, which includes $900 billion in stimulus relief as a result of the COVID-19 pandemic. Safe & Sound believes that the Act will have no impact on its operations.

The global pandemic continues to rapidly evolve, and Safe & Sound will continue to monitor the COVID-19 situation closely. The ultimate impact of the global pandemic is highly uncertain and subject to change. Safe & Sound does not yet know the full extent of potential delays or impacts on operations, or the global economy as a whole, which makes future results difficult to predict.

11. Subsequent Events

On June 25, 2021, Safe & Sound acquired certain assets and programming of the Center for Youth Wellness (CYW), a 501(c)3 corporation. The CYW is part of a national effort to revolutionize pediatric medicine and transform the way society responds to kids exposed to significant adverse childhood experiences and toxic stress. As consideration for the transaction, Safe & Sound settled certain liabilities owed from CYW.

No other events or transaction have occurred or are pending that would have a material effect on the financial statements at December 31, 2020.

Safe & Sound evaluated subsequent events through July 6, 2021, which was the date of the financial statements were available to be issued.