SAFE ENTRY, INC.
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

June 30, 2022

Maurice Danner, CPA P.C.
CERTIFIED PUBLIC ACCOUNTANT

Safe Entry, Inc.

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MAURICE DANNER, CPA P.C.
"providing excellence in accounting services"

1321 Murfreesboro Pike
Suite 511
Nashville, TN. 37217
615-364-5935
615-818-0223
maurice.danner@comcast.net

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors
Safe Entry, Inc.
Nashville, Tennessee

Opinion

I have audited the financial statements of **Safe Entry, Inc.**(a nonprofit organization), which comprise the statement of financial position as of **June 30, 2022**, and the related statement of activities, statement of cash flows and statement of functional expenses of for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Safe Entry, Inc**. as of **June 30, 2022** and the results of its operations for the year then ended.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America(GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of **Safe Entry, Inc.** and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 **Safe Entry, Inc's** ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

- 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 Entry, Inc.'s** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting polices 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Safe Entry, Inc.'s** ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Mark Dann, CPA P.C.

Nashville, Tennessee
October 7, 2022

ROSTER OF OFFICIALS

Wendy Squirewell - President/Chairman

Perrion Gordon - Director

Edward Pelote - Treasurer

Pat Howell - Secretary

Safe Entry, Inc.
Statement of Financial Position
June 30, 2022

Assets	
Cash and cash equivalents	$ 710,928
Contracts receivable (note 2)	79,112
Loans receivable (note 5)	149,260
Land, buildings and equipment, net (note 6)	551,985
Total assets	$ 1,491,285
Liabilities and net assets	
Accrued expenses and other liabilities	15,505
Notes payable (note 8)	273,227
Total liabilities	288,732
Net assets:	
Without donor restrictions	1,202,553
With donor restrictions	-
Total net assets	1,202,553
Total liabilites and net assets	$ 1,491,285

The accompanying notes are an integral part of these financial statements

Safe Entry, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	*With Donor Restrictions*	*Total*
Revenues			
Program service fees	$ 1,043,732	-	$ 1,043,732
Contributions	5,000		5,000
Non-operating revenues	119,282		119,282
Total revenues	1,168,014	-	1,168,014
Expenses			
Program services	610,166		610,166
General and administrative	234,248	-	234,248
Total Expenses	844,414		844,414
Change in Net Assets	$ 323,600	$ -	$ 323,600

The accompanying notes are an integral part of these financial statements.

Safe Entry , Inc.
Statement of Cash Flows
For the Year Ended June 30, 2022

Operating activities:	
Change in net assets	$ 323,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	82,316
(Increase) Decrease in assets	
Contracts Receivable	(38,032)
(Decrease) Increase in liabilities	
Accrued expenses and other liabilities	(10,946)
Net cash provided by Operating Activities	356,938
Investing activities:	
Purchase of furniture and equipment	(45,715)
Sale of equipment	21,645
Leasehold improvements	(48,703)
Net cash used by Investing Activities	(72,773)
Financing activities:	
PPP loan forgiveness	(75,937)
Payments of note payable	(21,560)
Net cash used by Financing Activities	(97,497)
Change in cash and cash equivalents	186,668
Cash and cash equivalents at beginning of year	524,260
Cash and cash equivalents at end of year	$ 710,928
Supplemental disclosures:	
Interest Paid	$ 13,043

The accompanying notes are an integral part of these financial statements.

Safe Entry, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	General & Administrative	Total
Advertising		3,427	3,427
Automobile	9,696	3,232	12,928
Day program	20,137		20,137
Donations		1,000	1,000
Food service program	51,498		51,498
Insurance	13,981	9,437	23,419
Interest expense	4,986	3,380	8,367
Miscellaneous	1,306	652	1,958
Payroll expenses	241,070	129,301	370,371
Print and Copying	1,250	1,250	2,501
Professional fees	27,302	9,097	36,399
Rent	103,532	5,040	108,572
Repairs and maintenance	18,275	14,041	32,316
Supplies	25,848	25,848	51,697
Tax and license	8,413		8,413
Telephone	5,623	1,689	7,312
Travel and meetings		2,008	2,008
Utilities	19,776		19,776
Depreciation	57,471	24,845	82,316
Total Expenses	$ 610,166	$ 234,248	$ 844,414

The accompanying notes are an integral part of these financial statements

NOTE 1 – DESCRIPTION OF ORGANIZATION

Safe Entry, Inc., is a non-profit 501c (3) agency incorporated in the State of Tennessee since 2001. The agency is licensed by the Tennessee Department of Mental Health and Substance Abuse for Supportive Housing, Adult Day Care Treatment, Psychosocial Rehabilitation Services and Mental Health Outpatient. The Mission of Safe Entry, Inc. is to provide quality care to the consumers and families we serve through meeting their Mental Health needs and continuously striving to exceed their expectations.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Unrestricted Net Assets – Net assets that are not temporarily or permanently restricted by explicit donor stipulations or by law,

Temporarily Restricted Net Assets- Net assets, accepted by board actions, that are restricted by a donor for use for a particular purpose or in a particular future period.

Permanently Restricted Net Assets – Net assets, accepted by board actions, subject to donor stipulations that require the assets to be invested in perpetuity.

Cash and Cash Equivalents

Cash consist of checking accounts deposited at a financial institution. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account.

Support, Revenue and Expenses

Revenue is reported at the estimated net realizable amounts from service provider agreements and rent income.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Revenue Recognition

Revenue consists primarily of earnings from services provided to covered persons via a Provider of Services Agreement with a Community Health Care Company.

Recent new accounting standard- The organization adopted the new FASB accounting standard codification 606-*Revenues From Contracts With Customers* effective with the fiscal year beginning 07/01/2020. The company recognizes revenue when services are rendered and completed. Revenue is measured as the amount of consideration received from the Community Health Care Provider for claims billed. The adoption of this standard did not result in significant changes to internal controls processes.

Land, Buildings and Equipment

Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized, Equipment is capitalized if it has a cost of $500 or more and useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and improvements	39 years
Leasehold improvements	20 years, or remaining lease term if shorter
Furnishings and equipment	5-10 years

Tax Status

The organization is incorporated exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose(unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Contracts Receivable

Accounts receivable are primarily unsecured amounts due from service provider agreements, Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided. The beginning balance as of 07/01/2021 was $41,080 and the ending balance as of 06/30/2022 was $79,112.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The organization has $790,040 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash $710,928 and contracts receivable of $79,112. 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 balance sheet date. Monthly operating expenses average, approximately $70,368. The organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets:	
Cash	$ 710,928
Contracts receivable, net	79,112
Total financial assets	790,040
Less those not available for general expenditures within one year, due to:	-
Board designations:	-
Amount available for general expenditures within one year	$ 790,040

NOTE 4 – CONCENTRATION OF REVENUE

The organization obtained 77% of its revenue from Amerigroup, Inc. Any change in regulations surrounding this entity will affect the Organization’s revenue.

NOTE 5 – LOANS RECEIVABLE (Related Party)

The executive director borrowed funds from the Organization to purchase a property. The amount borrowed was $149,260. Management initially had plans to utilize the property as a group home. The current plan is to sell the property and pay back the borrowed funds.

NOTE 6– PROPERTY AND EQUIPMENT

Buildings and improvements	581,968
Furniture and equipment	80,665
Vehicles	103,212
	765,845
Accumulated depreciation	(213,858)
Total land, buildings and equipment net	$ 551,985

Depreciation expense for the year ending June 30, 2022 was $82,316.

NOTE 7 – OPEATING LEASES (Related Party)

The Organization has signed lease agreements for its group homes and administrative office facilities. The executive director is the landlord for the group home lease agreements. Total rent expense paid for the year ended June 30, 2022 was $80,640 . Future minimum lease payments are as follows:

June 30:		
	2023	45,300
	2024	13,200

NOTE 8 – NOTES PAYABLE

Notes payable at June 30, 2022 are as follows:

Notes payable to Regions Bank in the original principal amount of $261,000 due on April 1, 2027. Fixed interest rate of 4.0%, payable in monthly principal and interest payments of $1,930.59. Note payable to Regions Bank in the original principal amount of $108,000 due on December 1, 2031. Fixed interest rate of 5.35%, payable in monthly principal and interest payments of $873.88.

Year ending June 30	
2023	22,124
2024	23,113
2025	24,147
2026	25,228
Thereafter	178,615
Total payments	273,227
Notes Payable	$ 273,227

NOTE 9– SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of October 7, 2022, the date management evaluated such events. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.