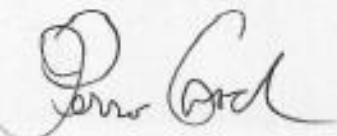


**SAFE ENTRY, INC.
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

June 30, 2021

Maurice Danner, CPA P.C.
CERTIFIED PUBLIC ACCOUNTANT

A handwritten signature in dark ink, appearing to read "Maurice Danner", is located in the bottom left corner of the page.

Safe Entry, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Safe Entry, Inc.

I have audited the accompanying financial statements of Safe Entry, Inc. (a Tennessee nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and statement of functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

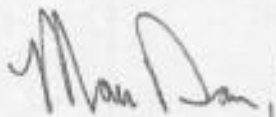
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safe Entry, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Accompanying Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Safe Entry, Inc.'s basic financial statements. The accompanying Roster of Officials are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Roster of Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide assurance on it.

Emphasis of a Matter

I draw your attention to Note 2 Revenue Recognition – new accounting standard and Note 9 Subsequent Events. My opinion is not modified with respect to the matters emphasized.

 Mark D. Smith, CPA P.C.

February 4, 2022

Nashville, Tennessee

Safe Entry, Inc.
Statement of Financial Position
June 30, 2021

Assets

Cash and cash equivalents	\$ 524,260
Accounts receivable (note 2)	41,080
Loans receivable (note 5)	149,260
Land, buildings and equipment, net (note 6)	<u>561,528</u>

Total assets	<u>\$ 1,276,128</u>
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Liabilities and net assets

Accrued expenses and other liabilities	26,451
PPP Loan	75,937
Notes payable (note 8)	<u>293,838</u>

Total liabilities	<u>396,226</u>
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Net assets:

Without donor restrictions	879,902
With donor restrictions	<u>-</u>

Total net assets	<u>879,902</u>
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Total liabilities and net assets	<u>\$ 1,276,128</u>
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The accompanying notes are an integral part of these financial statements

Safe Entry, Inc.
Statement of Activities
For the Year Ended June 30, 2021

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Revenues			
Program service fees	\$ 791,260	-	\$ 791,260
Other revenues	160,647		160,647
	<hr/>	<hr/>	<hr/>
Total revenues	951,907	-	951,907
 Expenses			
Program services	612,450	-	612,450
General and administrative	217,896	-	217,896
	<hr/>	<hr/>	<hr/>
Total Expenses	830,346		830,346
	<hr/>		<hr/>
 Change in Net Assets	 <u>\$ 121,560</u>	 <u>\$ -</u>	 <u>\$ 121,560</u>

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

Safe Entry, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2021

Operating activities:	
Change in net assets	\$ (38,388)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	46,344
 (Increase) Decrease in assets	
Accounts Receivable	(27,969)
 (Decrease) Increase in liabilities	
Accrued expenses and other liabilities	(16,317)
 Net cash used by Operating Activities	<u>(36,330)</u>
Investing activities:	
Purchase of furniture and equipment	(11,000)
Leasehold improvements	(57,285)
 Net cash used by Investing Activities	<u>(68,285)</u>
Financing activities:	
Borrowings - PPP	75,937
Payments of note payable - PPP	(67,000)
Non-Operating Funding	159,949
Payments of note payable	(19,986)
 Net cash provided by Financing Activities	<u>148,900</u>
 Change in cash and cash equivalents	44,284
 Cash and cash equivalents at beginning of year	<u>479,976</u>
 Cash and cash equivalents at end of year	<u>\$ 524,260</u>
 Supplemental disclosures:	
Interest Paid	<u>\$ 13,667</u>

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

Safe Entry, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	General & Administrative	Total
Advertising		16,934	16,934
Automobile	10,790	3,597	14,387
Day program	2,965		2,965
Food expense	79,813		79,813
Insurance	12,947	8,740	21,686
Interest expense	8,145	5,522	13,667
Internet website	2,134	711	2,845
Miscellaneous	1,513	754	2,268
Office	2,158	2,870	5,028
Payroll expenses	230,699	141,396	372,096
Professional fees	16,362	5,453	21,814
Rent	88,829	10,010	98,838
Repairs and maintenance	61,732	2,943	64,675
Supplies	17,120	765	17,885
Tax and license	15,394	2,413	17,807
Telephone	7,289	1,801	9,090
Travel and meetings	1,116		1,116
Utilities	21,289		21,289
Depreciation	32,356	13,988	46,344
Total Expenses	\$ 612,450	\$ 217,896	\$ 830,346

The accompanying notes are an integral part of these financial statements

Safe Entry, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2021

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.

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.

Safe Entry, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2021

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

Safe Entry, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2021

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.

Accounts 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.

Safe Entry, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2021

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Financial assets:

Cash	\$ 524,260
Accounts receivable, net	41,080
Total financial assets	<u>565,340</u>

Less those not available for general expenditures within one year, due to: -

Board designations: -

Amount available for general expenditures within one year	<u>\$ 565,340</u>
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NOTE 4 – CONCENTRATION OF REVENUE

The organization obtained 78% 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.

Safe Entry, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2021

NOTE 6 – PROPERTY AND EQUIPMENT

Buildings and Improvements	533,265
Furniture and equipment	75,377
Vehicles	84,430
	<u>693,072</u>
Accumulated depreciation	<u>(131,542)</u>
Total land, buildings and equipment net	<u>\$ 561,528</u>

Depreciation expense for the year ending June 30, 2021 was \$46,344.

NOTE 7 – OPERATING 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, 2021 was \$98,838 . Future minimum lease payments are as follows:

June 30:		
	2022	80,640
	2023	45,300
	2024	13,200

NOTE 8 – NOTES PAYABLE

Notes payable at June 30, 2021 are as follows:

Safe Entry, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2021

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	
2022	21,179
2023	22,124
2024	23,113
2025	24,147
2026	25,228
Thereafter	178,048
Total payments	293,838
Notes Payable	<u>\$ 293,838</u>

NOTE 9 – SUBSEQUENT EVENTS – PPP LOAN

On March 23, 2021 the organization received a 2nd Draw PPP loan in the amount of \$75,937. The loan was forgiven on September 2, 2021.

NOTE 10– SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of February 4, 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.

Safe Entry, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2021