

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE**



**Sanctuary  
for Families**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2023 AND 2022**

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE**

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AND SUPPLEMENTARY INFORMATION  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Sanctuary for Families, Inc. and Affiliate  
New York, NY

### ***Opinion***

We have audited the consolidated financial statements of Sanctuary for Families, Inc. ("Sanctuary") and its Affiliate, Sanctuary for Families Housing Development Fund Corporation ("Housing") (collectively known as the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

### ***Change in Accounting Principle***

As discussed in Note 20 to the consolidated financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification ("ASC") Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[mhmcpa.com](http://mhmcpa.com)





## ***Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Organization'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 the Organization'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 18-20, as of and for the years ended June 30, 2023 and 2022, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations, 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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Mayer Hoffman McCann CPAs*

New York, NY  
March 1, 2024

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 7A)	\$ 8,636,372	\$ 5,111,724
Government contracts receivable (Notes 2E, 2H and 7B)	12,681,878	16,072,776
Contributions receivable, net (Notes 2G, 2H and 4)	6,133,308	8,189,798
Investments (Notes 2I and 5)	357,213	717,054
Prepaid expenses and other assets	734,200	448,900
Property and equipment, net (Notes 2J and 6)	1,841,146	1,197,867
Operating lease right-of-use assets (Notes 2O and 10)	15,522,541	-
<b>TOTAL ASSETS</b>	<b>\$ 45,906,658</b>	<b>\$ 31,738,119</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 395,057	\$ 410,704
Accrued salaries and related benefits	496,776	272,104
Accrued vacation	587,872	513,454
Deferred rent (Note 2K)	-	1,254,107
Deferred revenue	23,410	8,333
Grants payable	230,741	239,035
Loan payable (Note 12)	2,000,000	2,000,000
Operating lease liability (Notes 2O and 10)	16,908,050	-
<b>TOTAL LIABILITIES</b>	<b>20,641,906</b>	<b>4,697,737</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 11)</b>		
<b>NET ASSETS</b>		
Without Donor Restrictions (Note 2C)		
Available for operations	17,673,077	16,391,948
Board designated	92,310	145,270
	17,765,387	16,537,218
With Donor Restrictions (Notes 2C, 13 and 14)	7,499,365	10,503,164
<b>TOTAL NET ASSETS</b>	<b>25,264,752</b>	<b>27,040,382</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 45,906,658</b>	<b>\$ 31,738,119</b>

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

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
<b>OPERATING REVENUE AND SUPPORT:</b>						
Government grants (Notes 2E and 7B)	\$ 13,594,770	\$ -	\$ 13,594,770	\$ 13,340,983	\$ -	\$ 13,340,983
Program service revenue (Notes 2F and 7B)	4,815,089	-	4,815,089	4,575,733	-	4,575,733
Contributions (Note 2G)	1,807,050	2,670,113	4,477,163	3,280,309	10,218,898	13,499,207
Special events (net of direct expenses of \$348,706 and \$272,800 in 2023 and 2022, respectively)	3,881,824	-	3,881,824	2,047,030	-	2,047,030
Pro bono legal services (Note 2L)	66,295,952	-	66,295,952	50,162,178	-	50,162,178
Donated goods (Note 2L)	75,162	-	75,162	127,427	-	127,427
Paycheck Protection Program loan forgiveness (Note 12)	-	-	-	2,934,317	-	2,934,317
Investment income (loss) (Note 5)	193,747	12,718	206,465	(25,966)	591	(25,375)
Other revenues	223,773	-	223,773	203,341	-	203,341
Net assets released from restrictions (Note 13)	5,686,630	(5,686,630)	-	4,557,359	(4,557,359)	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>96,573,997</b>	<b>(3,003,799)</b>	<b>93,570,198</b>	<b>81,202,711</b>	<b>5,662,130</b>	<b>86,864,841</b>
<b>OPERATING EXPENSES:</b>						
<b>Program Services:</b>						
Sarah Burke House - transitional shelter	3,470,211	-	3,470,211	3,234,609	-	3,234,609
Clinical services	7,596,837	-	7,596,837	7,288,746	-	7,288,746
Legal services	76,771,574	-	76,771,574	60,201,028	-	60,201,028
Economic empowerment program	2,440,305	-	2,440,305	2,052,810	-	2,052,810
<b>Total Program Services</b>	<b>90,278,927</b>	<b>-</b>	<b>90,278,927</b>	<b>72,777,193</b>	<b>-</b>	<b>72,777,193</b>
<b>Supporting Services:</b>						
Management and general	2,974,808	-	2,974,808	2,616,445	-	2,616,445
Fundraising	2,092,093	-	2,092,093	2,236,026	-	2,236,026
<b>Total Supporting Services</b>	<b>5,066,901</b>	<b>-</b>	<b>5,066,901</b>	<b>4,852,471</b>	<b>-</b>	<b>4,852,471</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>95,345,828</b>	<b>-</b>	<b>95,345,828</b>	<b>77,629,664</b>	<b>-</b>	<b>77,629,664</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>1,228,169</b>	<b>(3,003,799)</b>	<b>(1,775,630)</b>	<b>3,573,047</b>	<b>5,662,130</b>	<b>9,235,177</b>
<b>Net Assets - Beginning of Year</b>	<b>16,537,218</b>	<b>10,503,164</b>	<b>27,040,382</b>	<b>12,964,171</b>	<b>4,841,034</b>	<b>17,805,205</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 17,765,387</b>	<b>\$ 7,499,365</b>	<b>\$ 25,264,752</b>	<b>\$ 16,537,218</b>	<b>\$ 10,503,164</b>	<b>\$ 27,040,382</b>

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)**

For the Year Ended June 30, 2023

	Program Services				Supporting Services					
	Sarah Burke House - Transitional Shelter	Clinical Services	Legal Services	Economic Empowerment Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2023	Total 2022
Salaries and wages	\$ 1,933,030	\$ 4,458,507	\$ 6,567,465	\$ 1,042,008	\$ 14,001,010	\$ 1,598,836	\$ 1,321,428	\$ 2,920,264	\$ 16,921,274	\$ 15,790,742
Payroll taxes and employee benefits (Notes 8 and 9)	623,656	1,206,357	1,685,637	242,638	3,758,288	403,953	327,928	731,881	4,490,169	4,242,392
<b>Total Personnel Costs</b>	<b>2,556,686</b>	<b>5,664,864</b>	<b>8,253,102</b>	<b>1,284,646</b>	<b>17,759,298</b>	<b>2,002,789</b>	<b>1,649,356</b>	<b>3,652,145</b>	<b>21,411,443</b>	<b>20,033,134</b>
Professional fees	143,074	192,361	166,960	219,295	721,690	247,736	105,069	352,805	1,074,495	916,569
Occupancy (Note 10)	-	671,142	899,769	220,600	1,791,511	392,097	194,000	586,097	2,377,608	2,299,998
Food	16,946	3,760	7,667	832	29,205	-	-	-	29,205	115,267
Household supplies	9,077	19,729	-	-	28,806	-	-	-	28,806	12,173
Office supplies	10,931	4,037	8,881	424	24,273	4,951	2,116	7,067	31,340	47,856
Telephone	19,436	52,207	61,269	9,857	142,769	23,500	10,973	34,473	177,242	147,918
Staff transportation and activities	8,206	18,781	19,843	1,214	48,044	15,285	3,158	18,443	66,487	61,547
Printing and publication	-	2,236	3,381	739	6,356	1,396	1,099	2,495	8,851	7,960
Library resources	1,512	350	33,436	117	35,415	6,535	4,912	11,447	46,862	42,274
Equipment and maintenance	68,391	40,417	16,392	4,707	129,907	6,847	5,641	12,488	142,395	122,492
Equipment rental	12,189	4,556	5,519	1,018	23,282	2,662	1,224	3,886	27,168	20,408
Utilities	236,925	57,958	33,730	7,968	336,581	14,566	7,154	21,720	358,301	327,463
Postage and shipping	3,335	7,934	48,896	869	61,034	2,954	1,749	4,703	65,737	58,961
Facility maintenance	93,752	70,418	21,255	5,038	190,463	9,012	5,236	14,248	204,711	228,428
Insurance	39,892	74,967	119,086	11,621	245,566	33,631	14,639	48,270	293,836	241,494
Recruitment	9,966	13,009	64,268	1,640	88,883	14,188	3,612	17,800	106,683	96,319
Client financial assistance	79,383	330,015	548,388	640,787	1,598,573	-	-	-	1,598,573	1,291,235
Training and development	23,425	56,625	68,135	4,428	152,613	42,486	4,580	47,066	199,679	184,973
Catering and entertainment	-	-	-	-	-	-	348,706	348,706	348,706	272,800
Events and public relations	-	-	-	-	-	-	71,622	71,622	71,622	286,450
Depreciation and amortization (Note 6)	123,756	20,956	21,623	3,996	170,331	9,238	4,522	13,760	184,091	158,970
Grants to clients	-	250,584	22,457	19,620	292,661	-	-	-	292,661	453,534
Grants to subrecipients	-	-	6,629	-	6,629	-	-	-	6,629	27,814
Lobbying	-	-	-	-	-	132,093	-	132,093	132,093	133,157
Other expenses	13,329	2,350	7,355	889	23,923	3,675	1,431	5,106	29,029	8,708
Bank charges	-	-	-	-	-	9,167	-	9,167	9,167	14,957
	3,470,211	7,559,256	10,438,041	2,440,305	23,907,813	2,974,808	2,440,799	5,415,607	29,323,420	27,612,859
Less: Cost of direct benefits to donors	-	-	-	-	-	-	(348,706)	(348,706)	(348,706)	(272,800)
Add: Donated legal services (Note 2L)	-	-	66,295,952	-	66,295,952	-	-	-	66,295,952	50,162,178
Add: Donated goods expense (Note 2L)	-	37,581	37,581	-	75,162	-	-	-	75,162	127,427
<b>Total Expenses</b>	<b>\$ 3,470,211</b>	<b>\$ 7,596,837</b>	<b>\$ 76,771,574</b>	<b>\$ 2,440,305</b>	<b>\$ 90,278,927</b>	<b>\$ 2,974,808</b>	<b>\$ 2,092,093</b>	<b>\$ 5,066,901</b>	<b>\$ 95,345,828</b>	<b>\$ 77,629,664</b>

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

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services				Supporting Services				Total
	Sarah Burke House - Transitional Shelter	Clinical Services	Legal Services	Economic Empowerment Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 1,851,984	\$ 4,303,677	\$ 6,221,246	\$ 802,108	\$ 13,179,015	\$ 1,329,009	\$ 1,282,718	\$ 2,611,727	\$ 15,790,742
Payroll taxes and employee benefits (Notes 8 and 9)	625,644	1,171,480	1,602,794	215,042	3,614,960	307,939	319,493	627,432	4,242,392
<b>Total Personnel Costs</b>	<b>2,477,628</b>	<b>5,475,157</b>	<b>7,824,040</b>	<b>1,017,150</b>	<b>16,793,975</b>	<b>1,636,948</b>	<b>1,602,211</b>	<b>3,239,159</b>	<b>20,033,134</b>
Professional fees	55,480	158,489	199,340	153,417	566,726	247,823	102,020	349,843	916,569
Occupancy (Note 10)	-	677,221	820,348	254,986	1,752,555	364,106	183,337	547,443	2,299,998
Food	12,396	30,072	53,896	18,903	115,267	-	-	-	115,267
Household supplies	7,177	4,996	-	-	12,173	-	-	-	12,173
Office supplies	14,896	7,712	15,200	632	38,440	4,966	4,450	9,416	47,856
Telephone	14,878	51,327	45,991	7,333	119,529	19,239	9,150	28,389	147,918
Staff transportation and activities	7,772	12,968	13,349	1,170	35,259	24,732	1,556	26,288	61,547
Printing and publication	-	1,064	2,877	411	4,352	1,827	1,781	3,608	7,960
Library resources	4,168	109	33,008	-	37,285	1,085	3,904	4,989	42,274
Equipment and maintenance	54,276	38,741	12,025	6,833	111,875	6,685	3,932	10,617	122,492
Equipment rental	4,074	4,634	6,445	1,002	16,155	2,825	1,428	4,253	20,408
Utilities	215,275	51,892	30,174	9,979	307,320	13,387	6,756	20,143	327,463
Postage and shipping	4,061	5,508	44,514	593	54,676	3,403	882	4,285	58,961
Facility maintenance	116,068	61,858	21,213	5,827	204,966	18,753	4,709	23,462	228,428
Insurance	34,074	64,179	94,032	8,784	201,069	28,162	12,263	40,425	241,494
Recruitment	14,643	21,131	48,225	3,140	87,139	6,795	2,385	9,180	96,319
Client financial assistance	71,513	276,706	419,900	523,116	1,291,235	-	-	-	1,291,235
Training and development	14,280	56,655	70,753	4,124	145,812	32,689	6,472	39,161	184,973
Catering and entertainment	-	-	-	-	-	-	272,800	272,800	272,800
Events and public relations	-	-	-	-	-	-	286,450	286,450	286,450
Depreciation and amortization (Note 6)	98,924	6,995	-	-	105,919	53,051	-	53,051	158,970
Grants to clients	11,938	216,441	189,951	35,204	453,534	-	-	-	453,534
Grants to subrecipients	-	-	27,814	-	27,814	-	-	-	27,814
Lobbying	-	-	-	-	-	133,157	-	133,157	133,157
Other expenses	1,088	1,178	2,041	206	4,513	1,855	2,340	4,195	8,708
Bank charges	-	-	-	-	-	14,957	-	14,957	14,957
	<u>3,234,609</u>	<u>7,225,033</u>	<u>9,975,136</u>	<u>2,052,810</u>	<u>22,487,588</u>	<u>2,616,445</u>	<u>2,508,826</u>	<u>5,125,271</u>	<u>27,612,859</u>
Less: Cost of direct benefits to donors	-	-	-	-	-	-	(272,800)	(272,800)	(272,800)
Add: Donated legal services (Note 2L)	-	-	50,162,178	-	50,162,178	-	-	-	50,162,178
Add: Donated goods expense (Note 2L)	-	63,713	63,714	-	127,427	-	-	-	127,427
<b>Total Expenses</b>	<b>\$ 3,234,609</b>	<b>\$ 7,288,746</b>	<b>\$ 60,201,028</b>	<b>\$ 2,052,810</b>	<b>\$ 72,777,193</b>	<b>\$ 2,616,445</b>	<b>\$ 2,236,026</b>	<b>\$ 4,852,471</b>	<b>\$ 77,629,664</b>

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



**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,775,630)	\$ 9,235,177
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	184,091	158,970
Operating lease right-of-use asset amortization	1,369,882	-
Unrealized loss on investments	7,147	38,874
Paycheck Protection Program loan forgiveness	-	(2,934,317)
Change in discount on contributions receivable	(38,744)	44,595
Subtotal	(253,254)	6,543,299
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Government contracts receivable	3,390,898	(4,583,787)
Contributions receivable	2,095,234	(3,722,777)
Prepaid expenses and other assets	(285,300)	119,795
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(15,647)	(14,772)
Accrued salaries and related benefits	224,672	(559,783)
Accrued vacation	74,418	3,744
Deferred rent	(1,254,107)	165,225
Deferred revenue	15,077	1,127
Grants payable	(8,294)	39,395
Operating lease liability	15,627	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>3,999,324</b>	<b>(2,008,534)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(827,370)	(342,502)
Proceeds from sale of investments	370,886	-
Purchases of investments	(18,192)	(5,838)
<b>Net Cash Used in Investing Activities</b>	<b>(474,676)</b>	<b>(348,340)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal repayment of loans	-	(389,033)
<b>Net Cash Used in Financing Activities</b>	<b>-</b>	<b>(389,033)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,524,648	(2,745,907)
Cash and cash equivalents - beginning of year	5,111,724	7,857,631
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 8,636,372</b>	<b>\$ 5,111,724</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ -	\$ 5,695
<b>Noncash Financing Activity:</b>		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 2,934,317

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

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE**  
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**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Sanctuary for Families, Inc. ("Sanctuary") is a 501(c)(3) not-for-profit corporation located in New York City. Sanctuary was founded in 1983 as a small network of safe homes and has since grown to be a leading provider of integrated services for domestic violence and sex trafficking survivors and their children. Operating out of twelve sites, Sanctuary provides a continuum of care including hotline and crisis intervention, shelter, counseling, legal advice and representation, economic empowerment programming and assistance with housing and educational needs. Sanctuary also provides outreach, training and technical assistance to a wide range of government officials and other service providers on a host of domestic violence and sex trafficking issues; and advocates at local, state and national levels for improved policies and practices for its clients. Sanctuary's client base is incredibly diverse, and the agency makes vigorous efforts to make its services as accessible as possible to populations including non-English speaking and undocumented immigrants, working poor and indigent families, LGBTQ+ individuals, people in the sex trade, and incarcerated abuse victims. In fiscal year 2023, Sanctuary provided direct services to nearly 8,000 adults and children, as well as training and outreach to approximately 11,000 other individuals.

Sanctuary employs 250 primarily full-time staff and utilizes the services of 3,000 volunteers annually, including pro bono lawyers, law students, social work interns, and many other volunteers. Sanctuary's programs are funded by government contracts, foundation and corporate grants and individual contributions.

Sanctuary is governed by a 32-member Board of Directors who also serve as the members of an affiliated 501(c)(3) not-for-profit corporation, Sanctuary for Families Housing Development Fund Corporation ("Housing"). Housing is directly controlled by Sanctuary. Housing owns a building in the Bronx which has been operating since 1992 as a 58-family transitional shelter for survivors of domestic violence.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. **Consolidation** – The consolidated financial statements include the activities of Sanctuary and Housing, herein referred to as the Organization. All significant intercompany balances and transactions have been eliminated in consolidation.
- B. **Basis of Accounting** – The Organization's consolidated financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- C. **Basis of Presentation** – The Organization maintains their net assets under the following two classes:
- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Board designated net assets consists of net assets whose use has been designated by the Board for future capital improvements at the Sarah Burke House facility.
  - Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained in perpetuity by the Organization, and unappropriated endowment earnings.
- D. **Cash and Cash Equivalents** – The Organization considers all highly liquid investments with maturities of three months or less when acquired, to be cash equivalents, except for cash, short-term investments and money market funds contained in Sanctuary's investment portfolio. As of June 30, 2023 and 2022, cash equivalents include money market funds, which amounted to approximately \$7,465,000 and \$4,020,000, respectively.
- E. **Government Grants** – The Organization derives its revenue from, among other sources, cost reimbursement contracts with government agencies, which are recognized as revenue as those costs are incurred and the revenue is earned. Advances received on government grants are recorded as a liability until the expenses are incurred, at which time revenue is recognized. Cost reimbursement type government grants are accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. As of June 30, 2023 and 2022, Sanctuary was awarded conditional grants and contracts from government agencies in the aggregate amounts of \$34,798,537 and \$32,048,693, respectively, that have not been recorded in the accompanying consolidated financial statements, as they have not been earned. These grants and contracts require Sanctuary to provide qualifying expenses to conduct certain services as specified in the contracts. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and Sanctuary may be required to return the funds already remitted.

F. **Program Service Revenue** – Program service revenue is recognized and recorded at the time a service is performed. Such services include emergency shelters and transitional shelter services. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by Sanctuary in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Sanctuary measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2023 and 2022. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. Sanctuary determines the transaction price based on established rates and contracts for services provided. Program service revenue consists of revenues for the following programs for the years ended June 30:

	2023	2022
Sarah Burke House - Transitional Shelter	\$ 3,109,059	\$ 3,129,618
Clinical Services	1,706,030	1,446,115
	\$ 4,815,089	\$ 4,575,733

Program service revenue is accounted for under FASB ASU 2014-09, “*Revenue from Contracts with Customers*” (Topic 606).

G. **Contributions** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Contributions are accounted for under FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

H. **Allowance for Doubtful Accounts** – The Organization determines whether an allowance for uncollectible receivables should be provided for government contracts receivable and contributions receivable. Such estimates are based on management’s assessment of the aged basis of its receivable, creditworthiness of its donors and borrowers, current economic conditions and historical information. As of June 30, 2023 and 2022, Sanctuary determined an allowance of \$76,777 and \$89,835, respectively, was necessary for contributions receivable, and no allowance was necessary for government contracts receivable.

I. **Investments and Fair Value Measurements** – Investments are recorded at fair value. Fair value measurements are the prices 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the lease. The Organization capitalizes all property and equipment having a cost of \$1,000 or more and a useful life of at least one year.

Contributed property and equipment is recorded at fair value on the date of donation. When donors stipulate restrictions on the use of the assets, such contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions.

K. **Deferred Rent** – The Organization leases real property under operating leases expiring at various dates in the future. Prior to the adoption of FASB ASU 2016-02, *Leases*, (Topic 842) as of July 1, 2022 (See Note 2O), since the rent payments increase over time, the Organization recorded an adjustment to rent expense each year to reflect its straight-line policy. Straight-lining of rent gives rise to a timing difference that is reported within accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

L. **In-Kind Contributions** – For the years ended June 30, 2023 and 2022, Sanctuary recorded income and expense for contributed goods and services of \$66,371,114 and \$50,289,605, respectively.

In-kind contributions consisted of the following for the year ended June 30, 2023:

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></b>
Pro bono legal services	\$ 66,295,952	Legal services programs	No associated donor restriction	Based on billing rates for similar services, provided by donor.
Donated goods	<u>75,162</u>	Clinical programs	No associated donor restriction	Based on fair value of item on the date of receipt.
Total	<u>\$ 66,371,114</u>			

In-kind contributions consisted of the following for the year ended June 30, 2022:

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></b>
Pro bono legal services	\$ 50,162,178	Legal services programs	No associated donor restriction	Based on billing rates for similar services, provided by donor.
Donated goods	<u>127,427</u>	Clinical programs	No associated donor restriction	Based on fair value of item on the date of receipt.
Total	<u>\$ 50,289,605</u>			

M. **Functional Expense Allocation** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, amortization and insurance, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology and other, which are allocated on the basis of estimates of time and effort.

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. **Use of Estimates** – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates.

O. **Adoption of New Accounting Standards** – The Organization adopted FASB ASU 2016-02, *Leases* (Topic 842). The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The Organization adopted Topic 842 as of July 1, 2022 as the initial adoption date and utilized all of the available practical expedients, which required the recognition of lease assets and liabilities as of that date. As of July 1, 2022, the operating right-of-use (“ROU”) assets amounted to \$16,904,553 and the operating lease obligation amounted to \$18,158,660. The adoption of Topic 842 had no effect on the change in net assets as previously reported.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, within one year of the consolidated statements of financial position date, comprise the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,636,372	\$ 5,111,724
Government contracts receivable	12,681,878	16,072,776
Contributions receivable, net	6,133,308	8,189,798
Investments	<u>357,213</u>	<u>717,054</u>
 Total financial assets	 27,808,771	 30,091,352
 Less: Net assets designated by the Board	 92,310	 145,270
Less: Contributions receivable due in more than one year	277,000	2,679,666
Less: Investments held for endowments	<u>334,475</u>	<u>334,475</u>
	<u>\$ 27,104,986</u>	<u>\$ 26,931,941</u>

As part of the Organization’s liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds. In addition, Sanctuary has a maximum line of credit totaling \$1,200,000 with a financial institution (Note 11C), which can be drawn upon if needed.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Sanctuary considers all expenditures related to its ongoing activities of programs, as well as the conduct of services undertaken to support those activities, to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs. Sanctuary’s endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is used to fund the legal services program, and other programs run by Sanctuary. The endowment is subject to an annual spending rate of up to 7%, as described in Note 14.

**NOTE 4 – CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net, consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 5,958,404	\$ 5,664,030
Receivable in one to five years	<u>277,000</u>	<u>2,679,666</u>
	6,235,404	8,343,696
 Less: Allowance for doubtful accounts	 (76,777)	 (89,835)
Discount to present value	<u>(25,319)</u>	<u>(64,063)</u>
	<u>\$ 6,133,308</u>	<u>\$ 8,189,798</u>

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE**  
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**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Investments in treasury money market funds and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

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 end of the reporting period. For the years ended June 30, 2023 and 2022, there were no transfers between levels.

Investments measured at fair value on a recurring basis are classified as Level 1 and consisted of the following at June 30:

	Level 1	
	2023	2022
Investments:		
Treasury money market funds	\$ 357,213	\$ 344,493
Mutual funds – intermediate government	-	372,561
Total	\$ 357,213	\$ 717,054

Investments are subject to market volatility that could substantially change their carrying values in the near term. Investment income (loss) consisted of the following for the years ended June 30:

	2023	2022
Interest and dividends	\$ 213,612	\$ 13,499
Unrealized loss on investments	(7,147)	(38,874)
Net investment income (loss)	\$ 206,465	\$ (25,375)

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**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Building	\$ 5,065,779	\$ 5,065,779	27.5 years
Furniture and fixtures	257,655	270,625	5-15 years
Vehicles	33,150	33,150	3 years
Equipment	406,779	360,474	5-10 years
Leasehold improvements	<u>2,568,333</u>	<u>1,806,528</u>	Lease term
	8,331,696	7,536,556	
Less: Accumulated depreciation and amortization	<u>(6,490,550)</u>	<u>(6,338,689)</u>	
	<u>\$ 1,841,146</u>	<u>\$ 1,197,867</u>	

Depreciation and amortization expense amounted to \$184,091 and \$158,970 for the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2023, Sanctuary disposed of fixed assets with an original cost and accumulated depreciation and amortization of \$32,230. During the year ended June 30, 2022, Sanctuary disposed of fixed assets with original costs and accumulated depreciation of \$4,952.

**NOTE 7 – CONCENTRATIONS**

- A. Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2023 and 2022, there was approximately \$1,233,000 and \$1,060,000, respectively, of cash and cash equivalents that exceeded FDIC limits.
- B. Sanctuary received grants from various government agencies totaling \$18,409,859 and \$17,916,716, which represent 20% and 21% of total operating revenue and support during the years ended June 30, 2023 and 2022, respectively. Government contracts receivable from two funders represented 45% and 33% of total government contracts receivable as of June 30, 2023 and 2022, respectively.

**NOTE 8 – PENSION PLAN**

Sanctuary maintains a 403(b) defined contribution pension plan covering all employees who satisfy certain eligibility requirements. Under the terms of the plan, Sanctuary makes annual discretionary contributions based upon a percentage of eligible employee wages, three percent for each of the years ended June 30, 2023 and 2022. Pension expense for the years ended June 30, 2023 and 2022 was approximately \$391,000 and \$346,000, respectively.

**NOTE 9 – DEFERRED COMPENSATION**

A deferred compensation agreement was entered into with senior executives of Sanctuary and funded in accordance with the requirements of Section 457(b) of the Internal Revenue Code. The 457(b) expenses for the years ended June 30, 2023 and 2022 amounted to \$139,615 and \$121,419, respectively. Discretionary contributions are made in accordance with the plan document. Benefits earned under the plan are fully vested.

**NOTE 10 – OPERATING LEASE**

The Organization has entered into a lease agreement through the year 2033. This lease includes a rent escalation. As of July 1, 2022, the Organization adopted FASB Accounting Standards Codification (“ASC”) 842 for its leases. Comparative information provided in the following paragraphs was determined using the accounting principles in effect as of and for the year ended June 30, 2022 (i.e., ASC 840). No comparative information is provided for the amounts reported in the consolidated statements as of and for the year ended June 30, 2022 since the Organization used the modified retrospective method of transition that does not require restating the prior period.

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**NOTE 10 – OPERATING LEASE (Continued)**

As of June 30, 2023, the ROU asset had a balance of \$15,522,541. The lease liability totaled \$16,908,050, as shown in the consolidated statements of financial position. For the year ended June 30, 2023, the lease liabilities were calculated utilizing the risk-free rate of 2.88% for leases in effect at the initial adoption date of July 1, 2022. The weighted average of the remaining lease term is 117 months, and the weighted average discount rate is 2.88%.

Total lease costs for the year ended June 30, 2023 are as follows:

Operating lease cost, included in occupancy	\$	1,839,446
Short-term lease		195,461
Variable lease costs		<u>342,701</u>
Total lease cost	\$	<u>2,377,608</u>

Future minimum payments for non-cancelable operating leases for the five years ending after June 30, 2023 and thereafter, are as follows:

2024	\$	1,877,158
2025		1,877,158
2026		1,877,158
2027		1,877,158
2028		1,910,981
Thereafter		<u>10,053,787</u>
Total lease payments		19,473,400
Less: Present value discount		<u>(2,565,350)</u>
Present value of lease liabilities	\$	<u>16,908,050</u>

Rent expense amounted to \$2,034,907 for the year ended June 30, 2022 and is included in occupancy expense in the accompanying consolidated statements of functional expenses.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

- A. The Organization believes it had no uncertain tax positions as of June 30, 2023 and 2022 in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. During 2007, Sanctuary extended the deed restriction on a building Housing owns in the Bronx with the New York City Human Resources Administration and agreed to continue operating the property as a transitional shelter for victims of domestic violence through June 30, 2025.
- C. Sanctuary has a revolving line of credit with TD Bank for \$1.2 million. Borrowings are secured by all assets of Sanctuary. The interest rate on the line as of June 30, 2023 was the one-month Secured Overnight Financing Rate plus 2.00%. As of June 30, 2023 and 2022, there were no borrowings under this line of credit. The expiration date of the agreement is February 28, 2024.
- D. In most instances, grants are subject to audits by city, state and federal auditors, and costs charged to grantors may be adjusted as a result of an audit. The Organization believes that no material provision is required for cost adjustments.

**NOTE 12 – LOAN PAYABLE**

- A. On June 18, 2020, Sanctuary secured a working capital loan of \$2,000,000 from a nonprofit corporation. The loan bears no interest (except in the event of default as defined by the agreement) and is unsecured, as a general obligation of Sanctuary. The loan matures on January 1, 2025 with payments commencing July 1, 2023.



**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
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**NOTE 12 – LOAN PAYABLE (Continued)**

Principal payments on the loan for the years ending after June 30, 2023 are as follows:

2024	\$	1,142,858
2025		<u>857,142</u>
	\$	<u>2,000,000</u>

B. On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”). If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. Sanctuary applied for and received a loan under this program through an SBA authorized lender amounting to \$3,323,350 on April 21, 2020. Management has opted to account for the proceeds as a loan under FASB ASC Topic 470 until the loan is, in part or wholly forgiven, and Sanctuary has been legally released.

On September 23, 2021, Sanctuary was notified by the lender that \$2,934,317 of the PPP loan was forgiven on September 20, 2021, and a loan balance of \$389,033 was payable. During the year ended June 30, 2022, the Organization recognized \$2,934,317 of gain resulting from the forgiveness upon legal release of its obligation from the bank and/or SBA. The amount payable was paid off during the year.

**NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose and (or) passage of time:		
Legal Services	\$ 1,117,780	\$ 1,366,339
Invest in Our Future Campaign	2,725,000	4,508,500
Economic Empowerment Program	1,338,750	1,565,000
Clinical Services	701,010	600,415
Sarah Burke House	498,849	385,935
Time Restrictions	<u>783,501</u>	<u>1,742,500</u>
Subtotal	<u>7,164,890</u>	<u>10,168,689</u>
Endowment principal held in perpetuity:		
Operating endowment funds	\$ 225,475	\$ 225,475
Legal endowment funds	<u>109,000</u>	<u>109,000</u>
	<u>334,475</u>	<u>334,475</u>
	<u>\$ 7,499,365</u>	<u>\$ 10,503,164</u>

Net assets with donor restrictions from grants were released for the following purposes for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Legal Services	\$ 1,114,441	\$ 538,386
Invest in Our Future Campaign	1,886,500	1,445,000
Economic Empowerment Program	1,005,863	693,399
Clinical Services	527,740	1,207,110
Sarah Burke House	387,086	32,964
Time Restrictions	<u>765,000</u>	<u>640,500</u>
	<u>\$ 5,686,630</u>	<u>\$ 4,557,359</u>

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
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**NOTE 14 – ENDOWMENT FUNDS**

Sanctuary has two endowment funds – Operating and Legal. These funds have distinct investment and expenditure policies adopted by Sanctuary. The principal is held in two separate Vanguard Admiral Treasury Money Market Accounts – one for the Operating fund, another is for the Legal fund. All income derived from these investments is used to fund the legal services program, and other programs run by Sanctuary.

The resolution prescribes that (i) income from the funds, net of expenses, would be added to the operating revenues of Sanctuary for general support purposes, (ii) the principal would be held, invested, and reinvested in perpetuity in accordance with such policies and in such manner as the Board, or duly authorized Board agents, would from time to time determine.

The Board of Directors of Sanctuary has adopted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA moved away from the “historical dollar value” standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. In accordance with NYPMIFA, Sanctuary classifies as net assets with permanent restrictions, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions (purpose and time-restricted for future periods) until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA. Sanctuary recognizes that NYPMIFA creates a rebuttable presumption of imprudence if it appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year.

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor restricted funds that fall below the level the donor requires Sanctuary to retain in perpetuity. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted fund where the fair value of the donor restricted fund fell below the amount that is required to be retained permanently. As of June 30, 2023 and 2022, Sanctuary had not incurred a deficiency in its donor-restricted endowment funds.

Changes in endowment funds for the year ended June 30, 2023 are as follows:

	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity gain	\$ 12,718	\$ -	\$ 12,718
Amount appropriated by the Board of Directors	<u>(12,718)</u>	<u>-</u>	<u>(12,718)</u>
Net change	-	-	-
Balance, beginning of year	<u>-</u>	<u>334,475</u>	<u>334,475</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 334,475</u>	<u>\$ 334,475</u>

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 14 – ENDOWMENT FUNDS (Continued)**

Changes in endowment funds for the year ended June 30, 2022 are as follows:

	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity gain	\$ 591	\$ -	\$ 591
Amount appropriated by the Board of Directors	<u>(591)</u>	<u>-</u>	<u>(591)</u>
Net change	-	-	-
Balance, beginning of year	<u>-</u>	<u>334,475</u>	<u>334,475</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 334,475</u>	<u>\$ 334,475</u>

Endowment net assets of \$334,475 are included with investments on the consolidated statements of financial position as of both June 30, 2023 and 2022.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the consolidated statement of financial position through March 1, 2024, the date the consolidated financial statements were available to be issued.

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2023 AND 2022**

	As of June 30, 2023			As of June 30, 2022		
	Sanctuary for Families, Inc.	Housing Development Fund Corporation	Consolidated Total 2023	Sanctuary for Families, Inc.	Housing Development Fund Corporation	Consolidated Total 2022
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,636,372	\$ -	\$ 8,636,372	\$ 5,111,724	\$ -	\$ 5,111,724
Government contracts receivable	12,681,878	-	12,681,878	16,072,776	-	16,072,776
Contributions receivable, net	6,133,308	-	6,133,308	8,189,798	-	8,189,798
Investments	357,213	-	357,213	717,054	-	717,054
Prepaid expenses and other assets	734,200	-	734,200	448,900	-	448,900
Property and equipment, net	1,841,146	-	1,841,146	1,197,867	-	1,197,867
Operating lease right-of-use asset	15,522,541	-	15,522,541	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 45,906,658</b>	<b>\$ -</b>	<b>\$ 45,906,658</b>	<b>\$ 31,738,119</b>	<b>\$ -</b>	<b>\$ 31,738,119</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 395,057	\$ -	\$ 395,057	\$ 410,704	\$ -	\$ 410,704
Accrued salaries and related benefits	496,776	-	496,776	272,104	-	272,104
Accrued vacation	587,872	-	587,872	513,454	-	513,454
Deferred rent	-	-	-	1,254,107	-	1,254,107
Deferred revenue	23,410	-	23,410	8,333	-	8,333
Grants payable	230,741	-	230,741	239,035	-	239,035
Loan payable	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Operating lease liability	16,908,050	-	16,908,050	-	-	-
<b>TOTAL LIABILITIES</b>	<b>20,641,906</b>	<b>-</b>	<b>20,641,906</b>	<b>4,697,737</b>	<b>-</b>	<b>4,697,737</b>
<b>NET ASSETS</b>						
Without Donor Restrictions						
Available for operations	17,673,077	-	17,673,077	16,391,948	-	16,391,948
Board designated	92,310	-	92,310	145,270	-	145,270
	17,765,387	-	17,765,387	16,537,218	-	16,537,218
With Donor Restrictions	7,499,365	-	7,499,365	10,503,164	-	10,503,164
<b>TOTAL NET ASSETS</b>	<b>25,264,752</b>	<b>-</b>	<b>25,264,752</b>	<b>27,040,382</b>	<b>-</b>	<b>27,040,382</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 45,906,658</b>	<b>\$ -</b>	<b>\$ 45,906,658</b>	<b>\$ 31,738,119</b>	<b>\$ -</b>	<b>\$ 31,738,119</b>

See independent auditors' report.

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Sanctuary for Families, Inc.			Housing Development Fund Corporation	Consolidated Total 2023
	Without Donor Restrictions	With Donor Restrictions	Total		
<b>OPERATING REVENUE AND SUPPORT:</b>					
Government grants	\$ 13,594,770	\$ -	\$ 13,594,770	\$ -	\$ 13,594,770
Program service revenue	4,815,089	-	4,815,089	-	4,815,089
Contributions	1,807,050	2,670,113	4,477,163	-	4,477,163
Special events (net of direct expenses of \$348,706)	3,881,824	-	3,881,824	-	3,881,824
Pro bono legal services	66,295,952	-	66,295,952	-	66,295,952
Donated goods	75,162	-	75,162	-	75,162
Investment income	193,747	12,718	206,465	-	206,465
Other revenues	223,773	-	223,773	-	223,773
Net assets released from restrictions	5,686,630	(5,686,630)	-	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>96,573,997</b>	<b>(3,003,799)</b>	<b>93,570,198</b>	<b>-</b>	<b>93,570,198</b>
<b>OPERATING EXPENSES:</b>					
<b>Program Services:</b>					
Sarah Burke House - transitional shelter	3,470,211	-	3,470,211	-	3,470,211
Clinical services	7,596,837	-	7,596,837	-	7,596,837
Legal services	76,771,574	-	76,771,574	-	76,771,574
Economic empowerment program	2,440,305	-	2,440,305	-	2,440,305
<b>Total Program Services</b>	<b>90,278,927</b>	<b>-</b>	<b>90,278,927</b>	<b>-</b>	<b>90,278,927</b>
<b>Supporting Services:</b>					
Management and general	2,974,808	-	2,974,808	-	2,974,808
Fundraising	2,092,093	-	2,092,093	-	2,092,093
<b>Total Supporting Services</b>	<b>5,066,901</b>	<b>-</b>	<b>5,066,901</b>	<b>-</b>	<b>5,066,901</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>95,345,828</b>	<b>-</b>	<b>95,345,828</b>	<b>-</b>	<b>95,345,828</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>1,228,169</b>	<b>(3,003,799)</b>	<b>(1,775,630)</b>	<b>-</b>	<b>(1,775,630)</b>
<b>Net Assets - Beginning of Year</b>	<b>16,537,218</b>	<b>10,503,164</b>	<b>27,040,382</b>	<b>-</b>	<b>27,040,382</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 17,765,387</b>	<b>\$ 7,499,365</b>	<b>\$ 25,264,752</b>	<b>\$ -</b>	<b>\$ 25,264,752</b>

See independent auditors' report.

**SANCTUARY FOR FAMILIES, INC. AND AFFILIATE  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Sanctuary for Families, Inc.			Housing Development Fund Corporation	Consolidated Total 2022
	Without Donor Restrictions	With Donor Restrictions	Total		
<b>OPERATING REVENUE AND SUPPORT:</b>					
Government grants	\$ 13,340,983	\$ -	\$ 13,340,983	\$ -	\$ 13,340,983
Program service revenue	4,575,733	-	4,575,733	-	4,575,733
Contributions	3,280,309	10,218,898	13,499,207	-	13,499,207
Special events (net of direct expenses of \$272,800)	2,047,030	-	2,047,030	-	2,047,030
Pro bono legal services	50,162,178	-	50,162,178	-	50,162,178
Donated goods	127,427	-	127,427	-	127,427
Paycheck Protection Program loan forgiveness	2,934,317	-	2,934,317	-	2,934,317
Investment (loss) income	(25,966)	591	(25,375)	-	(25,375)
Other revenues	203,341	-	203,341	-	203,341
Net assets released from restrictions	4,557,359	(4,557,359)	-	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>81,202,711</b>	<b>5,662,130</b>	<b>86,864,841</b>	<b>-</b>	<b>86,864,841</b>
<b>OPERATING EXPENSES:</b>					
<b>Program Services:</b>					
Sarah Burke House - transitional shelter	3,234,609	-	3,234,609	-	3,234,609
Clinical services	7,288,746	-	7,288,746	-	7,288,746
Legal services	60,201,028	-	60,201,028	-	60,201,028
Economic empowerment program	2,052,810	-	2,052,810	-	2,052,810
<b>Total Program Services</b>	<b>72,777,193</b>	<b>-</b>	<b>72,777,193</b>	<b>-</b>	<b>72,777,193</b>
<b>Supporting Services:</b>					
Management and general	2,616,445	-	2,616,445	-	2,616,445
Fundraising	2,236,026	-	2,236,026	-	2,236,026
<b>Total Supporting Services</b>	<b>4,852,471</b>	<b>-</b>	<b>4,852,471</b>	<b>-</b>	<b>4,852,471</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>77,629,664</b>	<b>-</b>	<b>77,629,664</b>	<b>-</b>	<b>77,629,664</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>3,573,047</b>	<b>5,662,130</b>	<b>9,235,177</b>	<b>-</b>	<b>9,235,177</b>
<b>Net Assets - Beginning of Year</b>	<b>12,964,171</b>	<b>4,841,034</b>	<b>17,805,205</b>	<b>-</b>	<b>17,805,205</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 16,537,218</b>	<b>\$ 10,503,164</b>	<b>\$ 27,040,382</b>	<b>\$ -</b>	<b>\$ 27,040,382</b>

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