Alliance for Safety and Justice

Financial Statements

June 30, 2024

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Independent Auditors' Report

To the Board of Directors of
Alliance for Safety and Justice

Opinion

We have audited the accompanying financial statements of Alliance for Safety and Justice (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit 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 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.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 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 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 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.

Baker Tilly US, LLP

Los Angeles, California
November 15, 2024

Alliance for Safety and Justice

Statement of Financial Position
June 30, 2024

Assets

Current Assets	
Cash	$ 35,251,386
Contributions receivable, net	10,390,740
Other receivables	31,030
Prepaid expenses and other assets	1,310,582
Total current assets	46,983,738
Other Assets	
Contributions receivable, net of current portion	4,962,980
Property and equipment, net	262,564
Operating lease right-of-use asset	226,892
Total other assets	5,452,436
Total assets	$ 52,436,174

Liabilities and Net Assets

Current Liabilities	
Accounts payable	$ 985,491
Accrued expenses	828,819
Short-term obligation under operating lease	226,892
Total liabilities	2,041,202
Net Assets	
Without donor restrictions:	33,948,720
With donor restrictions	16,446,252
Total net assets	50,394,972
Total liabilities and net assets	$ 52,436,174

See notes to financial statements

Alliance for Safety and Justice

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions	$ 36,600,400	$ 17,456,251	$ 54,056,651
Other income	301,445	-	301,445
Net assets released from restrictions	6,102,267	(6,102,267)	-
Total support	43,004,112	11,353,984	54,358,096
Expenses			
Program services	22,395,500	-	22,395,500
Management and general	6,479,466	-	6,479,466
Fundraising	1,245,433	-	1,245,433
Total expenses	30,120,399	-	30,120,399
Change in net assets	12,883,713	11,353,984	24,237,697
Net Assets, Beginning	21,065,007	5,092,268	26,157,275
Net Assets, Ending	$ 33,948,720	$ 16,446,252	$ 50,394,972

Alliance for Safety and Justice

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 12,808,123	$ 2,756,780	$ 425,709	$ 15,990,612
Professional fees	5,912,068	1,605,976	769,495	8,287,539
Office supplies	224,807	1,063,683	1,743	1,290,233
Travel	1,050,000	171,556	7,061	1,228,617
Advertising and marketing	1,156,225	886	-	1,157,111
Conference and event expenses	652,859	60,644	540	714,043
Office expenses	37,963	422,670	5,527	466,160
Depreciation	252,396	134,611	33,653	420,660
Subgrants to partner groups	282,974	-	-	282,974
Other	18,085	262,660	1,705	282,450
Total expenses	$ 22,395,500	$ 6,479,466	$ 1,245,433	$ 30,120,399

See notes to financial statements

Alliance for Safety and Justice

Statement of Cash Flows
Year Ended June 30, 2024

Cash Flows From Operating Activities	
Change in net assets	$ 24,237,697
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	420,660
Amortization of operating lease right-of-use asset	324,930
Changes in operating assets and liabilities:	
Contributions receivable	(6,009,455)
Other receivables	(19,818)
Prepaid expenses and other assets	(499,918)
Accounts payable	345,548
Accrued expenses	140,338
Operating lease liabilities	(324,930)
Net cash provided by operating activities	18,615,052
Cash Flows From Investing Activities	
Purchase of property and equipment	(322,570)
Net cash used in investing activities	(322,570)
Net increase in cash and cash equivalents	18,292,482
Cash, Beginning	16,958,904
Cash, Ending	$ 35,251,386

See notes to financial statements

1. Organization

Alliance for Safety and Justice (the Organization) is a California nonprofit organization committed to educate the public about the needs of communities most impacted by crime, violence and incarceration and to educate and advance safety and justice systems in a manner that reduces incarceration and corrections spending and advances fairness, dignity and community wellbeing.

The Organization operated as a fiscally sponsored project of The Tides Center, a California nonprofit corporation, until September 30, 2021. Prior to operating independently on October 1, 2021, the Organization secured its incorporation on July 10, 2020 and received its tax exemption determination on April 29, 2021.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net Assets not subject to donor-imposed stipulations. These funds may also be designated for specific purposes by action of the Board of Directors. The Organization did not have any net assets designated by the Board of Directors at June 30, 2024.

Net Assets With Donor Restrictions - Net Assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, and net assets to be held in perpetuity as directed by the donors.

Cash and Cash Equivalents

Cash consists of all cash on hand maintained at banking institutions. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2024, the Organization did not have any cash equivalents.

Contributions Receivable and Allowance for Doubtful Accounts

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

The Organization provides an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises. Contributions receivable are written off against the allowance when it is probable that the receivable will not be collected. As of June 30, 2024, there was no allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, generally three years. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

The Organization evaluates long-lived assets, such as property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group, based on discounted cash flows.

Revenue Recognition

Unconditional contributions and grants are recognized as revenue when the promise to give is made by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are excluded from support and revenues until the conditions are substantially met. At June 30, 2024, there were no conditional promises to give.

Functional Expenses

Costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on usage and employee time.

Income Taxes

The Organization is exempt from federal and state Income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, it has not provided for income taxes in these financial statements.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant accounting estimates include the functional allocation of expenses. Actual results may differ from those estimates.

Leases

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

- The Organization has made the following accounting policy elections with regard to its lease accounting: The Organization does not separate lease and nonlease components for all asset classes.

- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.

- The Organization does not apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line bases over the lease term.

Subsequent Events

The Organization has evaluated events through November 15, 2024, which is the date the financial statements were approved and available to be issued.

3. Liquidity

The Organization monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and receivables. The table below presents financial assets available to fund general operating expenditures within one year at June 30, 2024:

Cash	$ 35,251,386
Contributions receivable, net	10,390,740
Other receivables	31,030
Financial assets available to meet general operating expenditures within one year	$ 45,673,156

4. Contributions Receivable

At June 30, 2024, contributions receivable consist of unconditional promises to give and have been recorded at their present values. Those receivables that are due in future periods have been discounted to their present values, using discount ranging from 4.54% to 4.72%. The receivables are expected to be collected as follows:

Due in less than one year	$ 10,390,740
Due in one to five years	5,250,000
Total contributions receivable	15,640,740
Less discount for present value	(287,020)
Total	$ 15,353,720

5. Property and Equipment

At June 30, 2024, property and equipment consist of the following:

Office equipment	$ 749,433
Less accumulated depreciation	(486,869)
	$ 262,564

6. Net Assets With Donor Restrictions

At June 30, 2024, net assets with donor restrictions consist of donations which are either available for future periods and/or for specific programs as follows:

Time restricted	$ 11,122,176
Californians for Safety and Justice	4,334,671
Crime Survivors for Safety and Justice	20,296
Various projects	969,109
	$ 16,446,252

For the year ended June 30, 2024, net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Time restricted	$ 1,076,270
Californians for Safety and Justice	2,714,876
Crime Survivors for Safety and Justice	737,204
Various projects	1,573,917
	$ 6,102,267

7. Leases

The Organization leases its office space under a noncancelable operating lease expiring in February 2025. The lease contains renewal options and escalation clauses.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;

- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases; although this election as not made.

- Determined whether contracts contain embedded leases;

- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;

The Organization does not have any material leasing transactions with related parties

During the year ended June 30, 2024, lease expense, which comprises operating and short-term lease expense, amounted to $348,699.

The right-of-use assets and lease liabilities were calculated using a discount rate of 3%. As of June 30, 2024, the remaining lease term was 0.67 years.

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after June 30, 2024:

Years ending June 30:	
2025	$ 229,460
Total lease payments	229,460
Less present value discount	(2,568)
Total lease liabilities	$ 226,892

The following table includes supplemental cash flow and noncash information related to the leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 337,077

8. Retirement Plan

The Organization offers employees the opportunity for participation in the Organization's 403(b) Defined Contribution Retirement Plan (the Plan). The Plan covers all eligible employees of the Organization and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).
The Organization may make discretionary contributions to the Plan. All employees who were employed for 1,000 hours and are over 21 years of age are eligible to participate in the Plan. The Organization contributed $470,785 to the Plan during the year ended June 30, 2024.

9. Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. Risks associated with cash are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently $250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

For the year ended June 30, 2024, the Organization received approximately 65% of its contributions from two donors. As of June 30, 20224, 85% of the contributions receivable were due from three grantors.