

**SAFE ALLIANCE, INC.**  
**FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITORS' REPORT**  
**YEARS ENDED JUNE 30, 2019 AND 2018**



[CLAconnect.com](http://CLAconnect.com)

WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

**SAFE ALLIANCE, INC.  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES – YEAR ENDED JUNE 30, 2019</b>	<b>4</b>
<b>STATEMENT OF ACTIVITIES – YEAR ENDED JUNE 30, 2018</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES – YEAR ENDED JUNE 30, 2019</b>	<b>7</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES – YEAR ENDED JUNE 30, 2018</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Safe Alliance, Inc.  
Charlotte, North Carolina

We have audited the accompanying financial statements of Safe Alliance, Inc. (the Agency), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

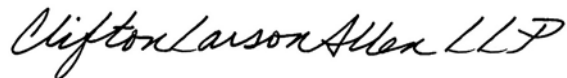
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Effect of Adopting New Accounting Standard**

As described in Note 2, the Agency adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. Our opinion is not modified with respect to that matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Safe Alliance, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
October 22, 2019

**SAFE ALLIANCE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,256,147	\$ 1,206,149
Beneficial Interest in Assets Held by Trustee	12,157	12,966
Accounts Receivable		
United Way Allocation	672,750	598,000
Grants and Pledges Receivable, Net	564,681	197,873
Lotus Society Pledges Receivable, Net	106,193	106,439
Other	17,714	20,863
Prepaid Expenses	53,055	50,469
Property and Equipment, Net	4,999,659	5,316,609
 Total Assets	 \$ 7,682,356	 \$ 7,509,368
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 29,279	\$ 48,566
Accrued Payroll and Benefits	121,905	84,911
Note Payable	491,767	491,525
Other Liabilities	77,883	29,500
Total Liabilities	720,834	654,502
 <b>NET ASSETS</b>		
Without Donor Restrictions	5,912,174	5,874,095
Without Donor Restrictions - Board Appropriated for Operating Reserves	64,138	64,138
With Donor Restrictions	985,210	916,633
Total Net Assets	6,961,522	6,854,866
 Total Liabilities and Net Assets	 \$ 7,682,356	 \$ 7,509,368

See accompanying Notes to Financial Statements.

**SAFE ALLIANCE, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Program Fees	\$ 12,259	\$ -	\$ 12,259
Public Support			
United Way	6,660	672,750	679,410
Government	3,257,042	436,269	3,693,311
Other Contributions & Grants	716,520	359,306	1,075,826
Donated Goods and Services	458,677	-	458,677
Special Events (Net of Direct Cost of \$120,271 and In-Kind Cost of \$159,816)	453,275	-	453,275
Interest	5,005	-	5,005
Other Income (Loss), Net	5,231	(810)	4,421
Revenues and Other Support	<u>4,914,669</u>	<u>1,467,515</u>	<u>6,382,184</u>
 Net Assets Released from Restrictions			
United Way	597,996	(597,996)	-
Government	444,985	(444,985)	-
Other Contributions & Grants	355,957	(355,957)	-
Total Net Assets Released from Restrictions	<u>1,398,938</u>	<u>(1,398,938)</u>	<u>-</u>
 Total Revenues and Other Support	6,313,607	68,577	6,382,184
 <b>EXPENSES</b>			
Program Services:			
Victim Services	5,216,888	-	5,216,888
Total Program Services	<u>5,216,888</u>	<u>-</u>	<u>5,216,888</u>
 Supporting Services:			
Administrative	516,852	-	516,852
Fundraising	541,788	-	541,788
Total Supporting Services	<u>1,058,640</u>	<u>-</u>	<u>1,058,640</u>
 Total Expenses	<u>6,275,528</u>	<u>-</u>	<u>6,275,528</u>
 <b>CHANGE IN NET ASSETS</b>	38,079	68,577	106,656
 Net Assets - Beginning of Year	<u>5,938,233</u>	<u>916,633</u>	<u>6,854,866</u>
 <b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,976,312</u>	<u>\$ 985,210</u>	<u>\$ 6,961,522</u>

See accompanying Notes to Financial Statements.

**SAFE ALLIANCE, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Program Fees	\$ 19,529	\$ -	\$ 19,529
Public Support			
United Way	23,300	598,000	621,300
Government	2,214,987	378,977	2,593,964
Other Contributions & Grants	428,545	370,088	798,633
Donated Goods and Services	360,989	-	360,989
Special Events (Net of Direct Cost of \$128,777 and In-Kind Cost of \$222,192)	384,580	-	384,580
Interest	1,925	-	1,925
Other Income, Net	106	147	253
Revenues and Other Support	<u>3,433,961</u>	<u>1,347,212</u>	<u>4,781,173</u>
 Net Assets Released from Restrictions			
United Way	656,296	(656,296)	-
Government	378,977	(378,977)	-
Other Contributions & Grants	356,029	(356,029)	-
Total Net Assets Released from Restrictions	<u>1,391,302</u>	<u>(1,391,302)</u>	<u>-</u>
 Total Revenues and Other Support	4,825,263	(44,090)	4,781,173
 <b>EXPENSES</b>			
Program Services:			
Victim Services	4,441,147	-	4,441,147
Total Program Services	<u>4,441,147</u>	<u>-</u>	<u>4,441,147</u>
Supporting Services:			
Administrative	468,130	-	468,130
Fundraising	414,493	-	414,493
Total Supporting Services	<u>882,623</u>	<u>-</u>	<u>882,623</u>
 Total Expenses	5,323,770	-	5,323,770
 <b>TRANSFERS</b>	<u>(544)</u>	<u>544</u>	<u>-</u>
 <b>CHANGE IN NET ASSETS</b>	(499,051)	(43,546)	(542,597)
Net Assets - Beginning of Year	<u>6,437,284</u>	<u>960,179</u>	<u>7,397,463</u>
 <b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,938,233</u>	<u>\$ 916,633</u>	<u>\$ 6,854,866</u>

See accompanying Notes to Financial Statements.

**SAFE ALLIANCE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 106,656	\$ (542,597)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	381,920	388,953
Amortization of Issuance Costs	242	485
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(438,163)	534,425
Prepaid Expenses	(2,586)	(15,791)
Beneficial Interest in Assets Held by Trustee	809	(147)
Accounts Payable	(19,287)	30,289
Accrued Payroll and Benefits	36,994	1
Other Liabilities	48,383	1,850
Net Cash Provided by Operating Activities	114,968	397,468
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(64,970)	(73,230)
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	49,998	324,238
 Cash and Cash Equivalents - Beginning of Year	1,206,149	881,911
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,256,147	\$ 1,206,149
 <b>SUMMARY OF CASH AND CASH EQUIVALENTS</b>		
Without Donor Restrictions	\$ 1,053,781	\$ 1,032,745
With Donor Restrictions	202,366	173,404
	\$ 1,256,147	\$ 1,206,149

See accompanying Notes to Financial Statements.



**SAFE ALLIANCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Victim Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,592,209	\$ 127,500	\$ 259,701	\$ 2,979,410
Employee Benefits	497,664	22,483	40,024	560,171
Payroll Taxes	199,031	9,022	20,169	228,222
Total Salaries & Related Expenses	3,288,904	159,005	319,894	3,767,803
Contracted & Professional Services	224,896	307,991	52,077	584,964
Food, Printing, Office & Program Supplies	53,614	4,756	6,683	65,053
Telephone & Internet	34,969	297	745	36,011
Postage & Shipping	2,491	1,051	2,870	6,412
Rent & Utilities	284,197	6,803	34,553	325,553
Insurance	40,361	457	1,787	42,605
Equipment & Maintenance	210,313	1,576	3,864	215,753
Subscriptions & Publications	726	154	355	1,235
Travel, Training & Conferences	72,021	3,686	1,657	77,364
Dues	1,614	2,066	1,560	5,240
Direct Assistance to Clients	253,456	-	-	253,456
In-Kind	302,915	25,856	272,722	601,493
Interest	17,000	-	-	17,000
Miscellaneous Expense	47,491	3,154	123,108	173,753
Total Other Expenses	1,546,064	357,847	501,981	2,405,892
Total Expenses Before Depreciation and Amortization	4,834,968	516,852	821,875	6,173,695
Depreciation and Amortization	381,920	-	-	381,920
Total Expenses	5,216,888	516,852	821,875	6,555,615
Less: Special Events Direct Costs and In-Kind Deducted from Revenue	-	-	(280,087)	(280,087)
Net Expenses	<u>\$ 5,216,888</u>	<u>\$ 516,852</u>	<u>\$ 541,788</u>	<u>\$ 6,275,528</u>

See accompanying Notes to Financial Statements.

**SAFE ALLIANCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	<u>Victim Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,152,372	\$ 127,576	\$ 185,566	\$ 2,465,514
Employee Benefits	419,680	25,226	32,734	477,640
Payroll Taxes	<u>168,957</u>	<u>9,019</u>	<u>14,482</u>	<u>192,458</u>
 Total Salaries & Related Expenses	 2,741,009	 161,821	 232,782	 3,135,612
 Contracted & Professional Services	 181,525	 268,946	 46,521	 496,992
Food, Printing, Office & Program Supplies	48,909	3,737	8,350	60,996
Telephone & Internet	29,802	52	1,152	31,006
Postage & Shipping	2,075	662	2,144	4,881
Rent & Utilities	268,407	13,419	57,964	339,790
Insurance	45,291	206	546	46,043
Equipment & Maintenance	162,705	1,548	4,223	168,476
Subscriptions & Publications	725	113	536	1,374
Travel, Training & Conferences	33,233	3,664	2,397	39,294
Dues	3,345	427	480	4,252
Direct Assistance to Clients	211,804	-	-	211,804
In-Kind	278,287	13,145	278,974	570,406
Interest	17,000	-	-	17,000
Miscellaneous Events	<u>28,077</u>	<u>390</u>	<u>128,874</u>	<u>157,341</u>
 Total Other Expenses	 <u>1,311,185</u>	 <u>306,309</u>	 <u>532,161</u>	 <u>2,149,655</u>
 Total Expenses Before Depreciation and Amortization	 4,052,194	 468,130	 764,943	 5,285,267
 Depreciation and Amortization	 <u>388,953</u>	 <u>-</u>	 <u>-</u>	 <u>388,953</u>
 Total Expenses	 4,441,147	 468,130	 764,943	 5,674,220
 Less: Special Events Direct Costs and In-Kind Deducted from Revenue	 <u>-</u>	 <u>-</u>	 <u>(350,450)</u>	 <u>(350,450)</u>
 Net Expenses	 <u>\$ 4,441,147</u>	 <u>\$ 468,130</u>	 <u>\$ 414,493</u>	 <u>\$ 5,323,770</u>

See accompanying Notes to Financial Statements.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 ORGANIZATION AND PURPOSE**

Safe Alliance, Inc. (the Agency) provides a continuum of crisis intervention, advocacy, shelter and counseling services to victims of domestic violence and sexual assault and their non-offending loved ones. Services are provided to those who live or work in Mecklenburg County in North Carolina. The Agency is a non-stock, nonprofit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Program services provided include the following:

**Victim Services**

**Domestic Violence**

- 24 hour domestic violence hotline
- Emergency shelter
- Domestic violence education and survivor support
- Individual and group counseling
- Domestic violence advocacy, safety planning and care management
- Individual court advocacy and legal representation and court accompaniment for those seeking domestic violence protective orders

**Sexual Assault**

- 24 hour rape crisis hotline
- 24 hour hospital response and hospital accompaniment
- Individual advocacy, safety planning and care management
- Support groups

**Clinical Services**

- Trauma Informed Mental Health Counseling
  - Survivors of sexual assault

**NOTE 2 ACCOUNTING POLICIES**

The more significant accounting policies followed by the Agency are as follows:

**Financial Statement Presentation**

The accompanying financial statements are prepared on the accrual basis of accounting. The Agency reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**Estimates**

Management of the Agency has made a number of estimates and assumptions relating to reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 ACCOUNTING POLICIES (CONTINUED)**

**Contributions and Support**

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Grants and conditional promises to give are not included as support until such time as the conditions are substantially met or the likelihood of not meeting the conditions is deemed remote.

Amounts recorded as uncollectible public support include amounts previously recognized in net assets with donor restrictions upon allocation that were not utilized.

**Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits and investment accounts with original maturities less than three months. The Agency maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the Agency may maintain bank account balances in excess of the FDIC insured limit. The Agency believes they are not exposed to any significant cash credit risk.

**Beneficial Interests in Assets Held in Trust by Third Party**

The Foundation for the Carolinas (the Foundation) holds in trust, accounts for the benefit of the Agency. The Agency may request annual distributions of accumulated income from these accounts. Recommendations for distribution of principal, as considered necessary by the Board of Directors of the Agency may be made to the Foundation. The Foundation has complete discretion as to the timing and amounts of distributions from these funds; however, the Foundation has no variance power to distribute any portion of these funds to another not-for-profit entity.

**Accounts Receivable**

Accounts receivable include accounts receivable generated through program services provided, unconditional pledges, and amounts due under various grants.

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. Amortization of the discounts is included in contribution revenue.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Purchased property and equipment with a value of \$2,500 or more are carried at cost and donated assets are recorded at their fair market value at the date of the gift. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Maintenance, repair costs and minor replacements are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any gain or loss is reflected in current operations.

**Deferred Financing Costs**

Financing costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related indebtedness which approximates the effective interest method.

**Net Assets**

Net assets and related revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Agency and/or the passage of time. Donors of these assets stipulate that all, or part of, the income earned on related investments be used for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

**Adoption of New Accounting Principle**

The Agency adopted the provisions of ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2019. The implementation of this standard resulted in certain changes to the financial statement presentation including the presentation of only two classes of net assets, rather than three classes historically presented, and additional disclosures surrounding net assets, liquidity, and availability retrospectively applied.

**SAFE ALLIANCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 2 ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

Expenses (both direct and indirect) not associated with a specific functional classification, such as square footage, are allocated among the various classifications using a formula based on staff utilization, or direct payroll hours, in each classification (program, administration, and fundraising).

**Donated Goods and Services**

Donated goods and services are reflected as a component of program support in the financial statements at their estimated value at the time of receipt. At June 30, 2019 and 2018, donated goods and services consisted primarily of office space rent received at a reduced rate, donated professional services, donated legal services for victims' assistance and imputed interest on an interest-free loan.

During the years ended June 30, 2019 and 2018, the Agency received occupancy rent credits in the amounts of approximately \$215,000 and \$194,000, respectively, from its landlord, Children and Family Service Center, Inc. (the Center). These credits are approved by the Center on an annual basis, and are recorded as in-kind revenue and expense in the period in which they are received. Because there are numerous factors used in determining the rental rates each period, the Agency is unable to estimate the amount of below market rent for future periods. Accordingly, no receivable has been recorded in the accompanying statements of financial position for below market rent.

During the years ended June 30, 2019 and 2018, the value of donated goods and services meeting the requirement for recognition in the financial statements as contributions and as expense was as follows:

	2019	2018
Donated Use of Facilities	\$ 238,865	\$ 217,857
Donated Professional Services	64,956	86,626
Donated Goods	137,856	39,506
Imputed Interest (See Note 10)	17,000	17,000
	\$ 458,677	\$ 360,989

Donated goods used for special events of approximately \$160,000 and \$222,000 for the years ended June 30, 2019 and 2018, respectively, is included in special events, net in the accompanying statements of activities and not included in the above table.

In addition, volunteers, including officers and directors of the Agency, donate their time in program services and/or fundraising. No amount has been reflected in the financial statements for these services as they generally do not meet the criteria for revenue recognition.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Agency has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

As of June 30, 2019 and 2018, the Beneficial Interest in Assets Held by Trustee was classified within the fair value hierarchy as a Level 3 financial instrument.

**Income Taxes**

Effective January 1, 2018, the Agency was required to pay a tax on unrelated business income derived from parking benefits provided to its employees. At June 30, 2019 and 2018, the Agency recorded a tax liability of approximately \$6,000 and \$3,000, respectively. The Agency follows the income tax standard for uncertain tax provisions. As a result of the implementation, the Agency has evaluated its tax position and management believes it has no uncertain tax positions as of June 30, 2019 or 2018.

The Agency is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income or excise or other taxes.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through October 22, 2019, the date the financial statements were available to be issued.

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2019 and 2018 is summarized as follows:

	2019	2018
Land	\$ 1,233,661	\$ 1,233,661
Land Improvements	279,227	279,227
Furniture, Fixtures and Equipment	216,159	492,936
Leasehold Improvements	193,274	187,843
Computer Software	1,780	225,178
Building - Domestic Violence Shelter	5,698,778	5,698,778
Vehicles	11,000	11,000
	7,633,879	8,128,623
Less: Accumulated Depreciation	(2,634,220)	(2,812,014)
	\$ 4,999,659	\$ 5,316,609

Total depreciation expense amounted to approximately \$382,000 and \$389,000 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 4 PLEDGES RECEIVABLE**

Net pledges receivable consisted of the following at June 30, 2019 and 2018:

	2019	2018
Due in Less than One Year	\$ 94,440	\$ 82,989
Due in Two to Five Years	22,413	34,110
	116,853	117,099
Less: Allowance for Uncollectible Pledges	(10,660)	(10,660)
Pledges Receivable, Net	\$ 106,193	\$ 106,439

No discount on pledges receivable was taken during 2019 or 2018.



**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Restricted for Time:		
United Way	\$ 672,750	\$ 598,000
Lotus Society Pledges	92,245	84,462
Restricted for Purpose:		
Grants	209,448	223,404
Restricted in Perpetuity:		
United Family Services Endowment	1,860	1,860
Domestic Violence Shelter	8,907	8,907
	<u>\$ 985,210</u>	<u>\$ 916,633</u>

Net assets with donor restrictions restricted in perpetuity consist of endowment fund assets to be held indefinitely by the Foundation for the Carolinas. The income from the assets may be used to support the Agency's program activities and is recorded as without donor restrictions.

**NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions for the years ended June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Time Restrictions:		
United Way	\$ 597,996	\$ 656,296
Lotus Society Pledges	39,740	86,256
Purpose Restrictions:		
Contributions and Grants	761,202	648,750
Total Net Assets Released from Restrictions	<u>\$ 1,398,938</u>	<u>\$ 1,391,302</u>

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 7 SPECIAL EVENTS, NET**

Special events revenue and expenses consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Art with Heart:		
Revenue	\$ 300,664	\$ 335,311
Expenses	202,286	247,076
Net Revenue	<u>\$ 98,378</u>	<u>\$ 88,235</u>
Annual Meeting:		
Revenue	\$ 136,549	\$ 98,034
Expenses	31,353	36,173
Net Revenue	<u>\$ 105,196</u>	<u>\$ 61,861</u>
Fighting for Women with Fashion:		
Revenue	\$ 119,201	\$ 108,771
Expenses	34,548	45,895
Net Revenue	<u>\$ 84,653</u>	<u>\$ 62,876</u>
Other:		
Revenue	\$ 176,948	\$ 193,433
Expenses	11,900	21,825
Net Revenue	<u>\$ 165,048</u>	<u>\$ 171,608</u>
Total:		
Revenue	\$ 733,362	\$ 735,549
Expenses	280,087	350,969
Net Revenue	<u>\$ 453,275</u>	<u>\$ 384,580</u>

Special events revenue, net of related expenses, is included in the accompanying statements of activities.

**NOTE 8 RETIREMENT PLANS**

In August 2009, the Agency began participating in the CFSC Shared Services, LLC 401(k) plan, a defined contribution retirement savings plan which covers all full-time and part-time employees of the Agency who meet certain minimal eligibility requirements. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Each year, participants may contribute up to 85% of their annual compensation on a pre-tax basis beginning the first day of the quarter following date of hire. The Agency contributes a matching contribution of 100% of the first 1% of base compensation that a participant contributes and 50% of the next 5% that a participant contributes. The Agency's contributions to the plan for the fiscal years ended June 30, 2019 and 2018 were approximately \$57,000 and \$49,000, respectively.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 9 LEASES**

The Agency receives free use of facilities for its Victim Assistance Program at the Mecklenburg County Courthouse on a month-to-month basis. The use of these facilities is recorded as an in-kind contribution and expense at estimated fair market value of approximately \$23,400 for the years ended June 30, 2019 and 2018.

The Agency leases office space under a ten-year agreement with the Center, a nonprofit organization created to construct and maintain an office building (Carol Grotnes Belk Building (the Building)) to house Charlotte nonprofit agencies serving children and families in a central location at an affordable rate. The lease agreement also includes use of certain furniture, storage space, telephone system, computer equipment, and information technology and other collaborative services. In 2013 the lease was renewed for a ten-year period expiring on March 31, 2023. The lease is renewable for two additional ten-year periods, and a third period ending December 31, 2052. For the years ended June 30, 2019 and 2018, the lease agreement required monthly payments of approximately \$21,600 and \$20,900, respectively, but may be changed at the Center's discretion.

The Agency leases additional office space, in Cornelius, North Carolina. In 2018 the lease was renewed for an additional two-year period expiring on May 31, 2020. For the years ended June 30, 2019 and 2018, the lease agreement required monthly payments of approximately \$1,100.

Future minimum payments for all office and equipment leases as of June 30, 2019 are as follows:

<u>Year Ending June 30:</u>	
2020	\$ 272,600
2021	259,320
2022	259,320
2023	<u>194,490</u>
	<u>\$ 985,730</u>

Rent expense under these agreements was approximately \$259,000 and \$265,000 for the years ended June 30, 2019 and 2018, respectively.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 10 NOTE PAYABLE**

In July 2013, the Agency entered into a new promissory note with the North Carolina Housing Finance Agency in the amount of \$500,000, to partially pay down the line of credit obtained in 2012. Under the terms of the agreement, the entire principal balance of the loan matures on August 1, 2033 and bears no interest. The Agency has the option of applying to the North Carolina Housing Finance Agency for a refinancing of the loan under similar terms at maturity. The Agency imputed interest of approximately \$17,000 for both years ended June 30, 2019 and 2018. The interest amount was recorded as an in-kind interest expense, with corresponding in-kind revenue. The note payable is comprised of the following June 30, 2019 and 2018:

	2019	2018
Note Payable	\$ 500,000	\$ 500,000
Less: Debt Issuance Costs	<u>(8,233)</u>	<u>(8,475)</u>
Total Note Payable, Net	<u>\$ 491,767</u>	<u>\$ 491,525</u>

Interest expense for the years ended June 30, 2019 and 2018, was approximately \$17,000.

**NOTE 11 COLLABORATIVE SERVICES**

The Agency participates in a collaboration agreement with the Center and several other nonprofit agencies located in the Building to share financial and human resource functions. The collaboration will continue through the termination of the Agency's Center lease. If the Agency renews its Center lease, the collaboration agreement will be automatically extended for a period coterminous with the lease.

**NOTE 12 CONCENTRATIONS**

During 2019 and 2018, the Agency received approximately 11% and 12%, respectively, of total revenues, from United Way appropriations.

**NOTE 13 LIQUIDITY AND AVAILABILITY**

The Agency strives to maintain liquid assets sufficient to cover 60 days of general expenditures. The Agency receives significant contributions and grants restricted for services that are ongoing and central to its annual operations and not available to meet cash needs for general expenditures. The Agency has designated approximately \$64,138 of net assets without donor restrictions for the purpose of capital expenditures related to the Clyde & Ethel Dickson Domestic Violence Shelter. The Agency has an available line of credit of approximately \$250,000 which can be drawn on if needed as of June 30, 2019.

**SAFE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 13 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The following table reflects the Agency's liquid financial assets as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,256,147	\$ 1,206,149
Accounts Receivable		
United Way Allocation, Current Portion	448,500	598,000
Grants and Pledges Receivable, Net, Current Portion	564,681	197,873
Lotus Society Pledges Receivable, Net, Current Portion	83,780	72,329
Other Receivables	17,714	20,863
Total	<u>2,370,822</u>	<u>2,095,214</u>
Less: Net Assets with Donor Restrictions Subject to Expenditures for Specific Purposes	(209,448)	(223,404)
Less: Net Assets- Board Appropriated for Operating Reserves	(64,138)	(64,138)
Total Assets Available to Meet Liquidity Needs	<u>\$ 2,097,236</u>	<u>\$ 1,807,672</u>

