SAFE ALLIANCE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2018 AND 2017

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Safe Alliance, Inc. (the Agency), which comprise the statements of financial position as of June 30, 2018 and 2017, 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. 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.

Board of Directors
Safe Alliance, Inc.

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, 2018 and 2017, 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.

CliftonLarsonAllen LLP

Charlotte, North Carolina
September 25, 2018

SAFE ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	$ 1,206,149	$ 881,911
Beneficial Interest in Assets Held by Trustee	12,966	12,819
Accounts Receivable		
United Way Allocation	598,000	656,296
Grants and Pledges Receivable, Net	197,873	585,332
Capital Campaign Pledges Receivable, Net	-	50,000
Lotus Society Pledges Receivable, Net	106,439	141,623
Other	20,863	24,349
Prepaid Expenses	50,469	34,678
Property and Equipment, Net	5,316,609	5,632,332
Total Assets	$ 7,509,368	$ 8,019,340
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 48,566	$ 18,277
Accrued Payroll and Benefits	84,911	84,910
Note Payable	491,525	491,040
Other Liabilities	29,500	27,650
Total Liabilities	654,502	621,877
NET ASSETS		
Unrestricted	5,874,095	6,373,146
Unrestricted - Board Appropriated for Operating Reserves	64,138	64,138
Temporarily Restricted	905,866	951,540
Permanently Restricted	10,767	8,639
Total Net Assets	6,854,866	7,397,463
Total Liabilities and Net Assets	$ 7,509,368	$ 8,019,340

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
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	3,433,961	1,347,212	-	4,781,173
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	1,391,302	(1,391,302)	-	-
Total Revenues and Other Support	4,825,263	(44,090)	-	4,781,173
EXPENSES				
Program Services:				
Clinical Services	350,450	-	-	350,450
Victim Services	4,090,697	-	-	4,090,697
Total Program Services	4,441,147	-	-	4,441,147
Supporting Services:				
Administrative	468,033	-	-	468,033
Fundraising	414,590	-	-	414,590
Total Supporting Services	882,623	-	-	882,623
Total Expenses	5,323,770	-	-	5,323,770
TRANSFERS	(544)	(1,584)	2,128	-
CHANGE IN NET ASSETS	(499,051)	(45,674)	2,128	(542,597)
Net Assets - Beginning of Year	6,437,284	951,540	8,639	7,397,463
NET ASSETS - END OF YEAR	$ 5,938,233	$ 905,866	$ 10,767	$ 6,854,866

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Program Fees	$ 20,433	$ -	$ -	$ 20,433
Public Support				
United Way	26,057	656,301	-	682,358
Government	2,196,269	333,977	-	2,530,246
Other Contributions & Grants	445,662	261,732	-	707,394
Donated Goods and Services	355,614	-	-	355,614
Special Events (Net of Direct Cost of $125,839 and In-Kind Cost of $103,464)	392,161	-	-	392,161
Interest	-	-	-	-
Other Income (Loss), Net	9,390	(117)	-	9,273
Revenues and Other Support	3,445,586	1,251,893	-	4,697,479
Net Assets Released from Restrictions				
United Way	656,347	(656,347)	-	-
Government	333,977	(333,977)	-	-
Other Contributions & Grants	332,582	(332,582)	-	-
Total Net Assets Released from Restrictions	1,322,906	(1,322,906)	-	-
Total Revenues and Other Support	4,768,492	(71,013)	-	4,697,479
EXPENSES				
Program Services:				
Clinical Services	392,062	-	-	392,062
Victim Services	3,768,655	-	-	3,768,655
Total Program Services	4,160,717	-	-	4,160,717
Supporting Services:				
Administrative	444,841	-	-	444,841
Fundraising	466,581	-	-	466,581
Total Supporting Services	911,422	-	-	911,422
Total Expenses	5,072,139	-	-	5,072,139
CHANGE IN NET ASSETS	(303,647)	(71,013)	-	(374,660)
Net Assets - Beginning of Year	6,740,931	1,022,553	8,639	7,772,123
NET ASSETS - END OF YEAR	$ 6,437,284	$ 951,540	$ 8,639	$ 7,397,463

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (542,597)	$ (374,660)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	388,953	407,960
Amortization of Issuance Costs	485	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	534,425	(269,123)
Prepaid Expenses	(15,791)	19,061
Beneficial Interest in Assets Held by Trustee	(147)	(539)
Accounts Payable	30,289	11,989
Accrued Payroll and Benefits	1	7,458
Other Liabilities	1,850	12,725
Net Cash Provided by (Used in) Operating Activities	397,468	(185,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(73,230)	(59,398)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	324,238	(244,527)
Cash and Cash Equivalents - Beginning of Year	881,911	1,126,438
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,206,149	$ 881,911
SUMMARY OF CASH AND CASH EQUIVALENTS		
Unrestricted	$ 1,032,745	$ 757,635
Temporarily Restricted	173,404	124,276
	$ 1,206,149	$ 881,911

See accompanying Notes to Financial Statements.

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

	Clinical Services	Victim Services	Total Program Services	Administrative	Fundraising	Total
Salaries	$ 177,260	$ 1,975,112	$ 2,152,372	$ 127,576	$ 185,566	$ 2,465,514
Employee Benefits	7,818	411,862	419,680	25,226	32,734	477,640
Payroll Taxes	14,368	154,589	168,957	9,019	14,482	192,458
Total Salaries & Related Expenses	199,446	2,541,563	2,741,009	161,821	232,782	3,135,612
Contracted & Professional Services	20,069	161,456	181,525	268,946	46,521	496,992
Food, Printing, Office & Program Supplies	486	48,423	48,909	3,737	8,350	60,996
Telephone & Internet	2,276	27,526	29,802	52	1,152	31,006
Postage & Shipping	353	1,722	2,075	662	2,144	4,881
Rent & Utilities	62,456	205,951	268,407	13,419	57,964	339,790
Insurance	989	44,302	45,291	206	546	46,043
Equipment & Maintenance	1,623	161,082	162,705	1,548	4,223	168,476
Subscriptions & Publications	250	475	725	113	536	1,374
Travel, Training & Conferences	1,795	31,438	33,233	3,664	2,397	39,294
Dues	-	3,345	3,345	427	480	4,252
Direct Assistance to Clients	3,971	207,833	211,804	-	-	211,804
In-Kind	54,584	223,703	278,287	13,145	278,974	570,406
Interest	-	17,000	17,000	-	-	17,000
Miscellaneous Expense	2,152	25,925	28,077	293	128,874	157,244
Total Other Expenses	151,004	1,160,181	1,311,185	306,212	532,161	2,149,558
Total Expenses Before Depreciation and Amortization	350,450	3,701,744	4,052,194	468,033	764,943	5,285,170
Depreciation and Amortization	-	388,953	388,953	-	-	388,953
Total Expenses	350,450	4,090,697	4,441,147	468,033	764,943	5,674,123
Less: Direct Special Event Costs Deducted from Revenue	-	-	-	-	(350,353)	(350,353)
Net Expenses	$ 350,450	$ 4,090,697	$ 4,441,147	$ 468,033	$ 414,590	$ 5,323,770

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Clinical Services	Victim Services	Total Program Services	Administrative	Fundraising	Total
Salaries	$ 214,239	$ 1,842,114	$ 2,056,353	$ 123,750	$ 217,063	$ 2,397,166
Employee Benefits	15,695	400,056	415,751	31,481	45,041	492,273
Payroll Taxes	17,961	152,229	170,190	9,145	17,822	197,157
Total Salaries & Related Expenses	247,895	2,394,399	2,642,294	164,376	279,926	3,086,596
Contracted & Professional Services	20,304	144,174	164,478	241,214	44,392	450,084
Food, Printing, Office & Program Supplies	1,319	46,580	47,899	3,251	7,785	58,935
Telephone & Internet	1,931	24,358	26,289	-	946	27,235
Postage & Shipping	148	1,467	1,615	504	1,784	3,903
Rent & Utilities	57,446	177,174	234,620	14,206	61,851	310,677
Insurance	2,600	40,790	43,390	524	2,288	46,202
Equipment & Maintenance	1,229	73,332	74,561	1,310	3,498	79,369
Subscriptions & Publications	-	675	675	101	168	944
Travel, Training & Conferences	906	15,883	16,789	3,062	5,183	25,034
Dues	400	4,650	5,050	613	375	6,038
Direct Assistance to Clients	830	183,266	184,096	-	-	184,096
In-Kind	55,660	209,849	265,509	15,204	161,365	442,078
Interest	-	17,000	17,000	-	-	17,000
Miscellaneous Events	1,394	27,143	28,537	431	126,323	155,291
Total Other Expenses	144,167	966,341	1,110,508	280,420	415,958	1,806,886
Total Expenses Before Depreciation and Amortization	392,062	3,360,740	3,752,802	444,796	695,884	4,893,482
Depreciation and Amortization	-	407,915	407,915	45	-	407,960
Total Expenses	392,062	3,768,655	4,160,717	444,841	695,884	5,301,442
Less: Direct Special Event Costs Deducted from Revenue	-	-	-	-	(229,303)	(229,303)
Net Expenses	$ 392,062	$ 3,768,655	$ 4,160,717	$ 444,841	$ 466,581	$ 5,072,139

See accompanying Notes to Financial Statements.

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 are provided in the following areas:

Victim Services

Domestic Violence

- 24 hour domestic violence hotline
- Emergency shelter
- Domestic violence education and survivor support
- Individual and group counseling
- Free shelter medical clinic
- 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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.

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. 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 temporarily restricted net assets 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 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.

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

During the year ended June 30, 2017, the Agency has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost*. ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The adoption of the standard had no effect on previously reported net assets. The ASU is retrospectively applied.

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:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Agency and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained by the Agency in perpetuity. 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 unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting activities, primarily by budgeted full-time equivalents (FTEs).

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

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, 2018 and 2017, 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, 2018 and 2017, the Agency received occupancy rent credits in the amounts of approximately $194,000 and $198,000, 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, 2018 and 2017, the value of donated goods and services meeting the requirement for recognition in the financial statements as contributions and as expense was as follows:

	2018	2017
Donated Use of Facilities	$ 217,857	$ 221,690
Donated Professional Services	86,626	92,000
Donated Goods	39,506	24,924
Imputed Interest (See Note 11)	17,000	17,000
	$ 360,989	$ 355,614

Donated goods used for a special events of approximately $222,000 and $103,000 for the years ended June 30, 2018 and 2017, respectively, is included in special events, net in the accompanying statements of activities.

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.

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.

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

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, 2018 and 2017, 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, 2018, the Agency recorded a tax liability of approximately $3,000. The Agency had no tax liability as of June 30, 2017. 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, 2018 or 2017.

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.

Subsequent Events

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through September 25, 2018, the date the financial statements were available to be issued.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 is summarized as follows:

	2018	2017
Land	$ 1,233,661	$ 1,233,661
Land Improvements	279,227	279,227
Furniture, Fixtures and Equipment	492,936	493,634
Leasehold Improvements	187,843	113,915
Computer Software	225,178	225,178
Building - New Domestic Violence Shelter	5,698,778	5,698,778
Vehicles	11,000	11,000
	8,128,623	8,055,393
Less: Accumulated Depreciation	(2,812,014)	(2,423,061)
	$ 5,316,609	$ 5,632,332

Total depreciation expense amounted to approximately $389,000 and $408,000 for the years ended June 30, 2018 and 2017, respectively.

NOTE 4 PLEDGES RECEIVABLE

During the year ended June 30, 2009, the Agency initiated a capital campaign to raise funds for a new Domestic Violence Shelter in Mecklenburg County. During the year ended June 30, 2018, the last pledge payment on the capital campaign was received. During the year ended June 30, 2014, the Agency initiated a new giving society called the Lotus Society. Net pledges receivable consisted of the following at June 30, 2018 and 2017:

	2018	2017
Due in Less than One Year	$ 82,989	$ 146,965
Due in Two to Five Years	34,110	56,318
	117,099	203,283
Less: Allowance for Uncollectible Pledges	(10,660)	(11,660)
Pledges Receivable, Net	$ 106,439	$ 191,623

No discount on pledges receivable was taken during 2018 or 2017.

NOTE 5 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following at June 30, 2018 and 2017:

	2018	2017
United Family Services Endowment	$ 1,860	$ 1,479
Domestic Violence Shelter	8,907	7,160
	$ 10,767	$ 8,639

Permanently restricted net assets 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.

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at June 30, 2018 and 2017:

	2018	2017
United Way Allocation for the Subsequent Year	$ 598,000	$ 656,296
Lotus Society	84,462	119,494
Grant Allocations for the Subsequent Year or Future Purpose	223,404	175,750
	$ 905,866	$ 951,540

NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions for the years ended June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Time and Purpose Restrictions:		
United Way	$ 656,296	$ 656,347
Contributions and Grants	735,006	666,559
Total Net Assets Released from Restrictions	$ 1,391,302	$ 1,322,906

NOTE 8 SPECIAL EVENTS, NET

Special events revenue and expenses consist of the following at June 30, 2018 and 2017:

	2018	2017
Art with Heart:		
Revenue	$ 335,311	$ 227,108
Expenses	247,076	151,499
Net Revenue	$ 88,235	$ 75,609
Annual Meeting:		
Revenue	$ 98,034	$ 105,739
Expenses	36,173	26,376
Net Revenue	$ 61,861	$ 79,363
Fighting for Women with Fashion:		
Revenue	$ 108,771	$ 66,501
Expenses	45,895	20,308
Net Revenue	$ 62,876	$ 46,193
Other:		
Revenue	$ 193,433	$ 222,116
Expenses	21,825	31,120
Net Revenue	$ 171,608	$ 190,996
Total:		
Revenue	$ 735,549	$ 621,464
Expenses	350,969	229,303
Net Revenue	$ 384,580	$ 392,161

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

NOTE 9 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, 2018 and 2017 were approximately $49,000 and $46,000, respectively.

NOTE 10 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, 2018 and 2017.

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, 2018 and 2017, the lease agreement required monthly payments of approximately $20,900 and $20,400, respectively. Effective July 1, 2018 the lease agreement requires payments of approximately $21,600 per month, 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, 2018 and 2017, the lease agreement required monthly payments of approximately $1,100. Effective July 1, 2018 the lease agreement requires payments of approximately $1,100 per month.

Future minimum payments for all office and equipment leases as of June 30, 2018 are as follows:

Year Ending June 30:	
2019	$ 272,271
2020	272,600
2021	259,320
2022	259,320
2023	194,490
	$ 1,258,001

Rent expense under these agreements was approximately $265,000 and $257,000 for the years ended June 30, 2018 and 2017, respectively.

NOTE 11 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, 2018 and 2017. 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, 2018 and 2017:

	2018	2017
Note Payable	$ 500,000	$ 500,000
Less: Debt Issuance Costs	(8,475)	(8,960)
Total Note Payable, Net	$ 491,525	$ 491,040

Interest expense for the years ended June 30, 2018 and 2017, was approximately $17,000.

NOTE 12 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 13 CONCENTRATIONS

During both 2018 and 2017, the Agency received approximately 12% and 14%, respectively, of total revenues, from United Way appropriations.