SAFE ALLIANCE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Safe Alliance, Inc. (the Agency), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Agency 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 2 to the financial statements, in 2023, the Agency adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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 Agency's ability to continue as a going concern for one year after the date 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Agency'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 Agency'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.

Board of Directors
Safe Alliance, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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 the Agency'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

CliftonLarsonAllen LLP

Charlotte, North Carolina
September 28, 2023

SAFE ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 2,700,760	$ 3,940,619
Investments	1,616,292	-
Beneficial Interest in Assets Held by Trustee	12,008	11,235
Accounts Receivable		
United Way	-	144,138
Grants	724,009	1,022,638
Lotus Society Pledges Receivable, Net	-	5,175
Other	145,668	183,145
Prepaid Expenses	129,881	245,477
Right of Use Asset - Operating	558,470	-
Property and Equipment, Net	4,402,738	4,449,434
Total Assets	$ 10,289,826	$ 10,001,861
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 20,822	$ 13,511
Accrued Payroll and Benefits	146,248	130,612
Note Payable	492,493	492,251
Right of Use Liability	521,525	-
Other Liabilities	42,611	69,954
Total Liabilities	1,223,699	706,328
NET ASSETS		
Without Donor Restrictions	7,970,672	8,006,842
Without Donor Restrictions - Board Appropriated for Operating Reserves	469,664	333,664
With Donor Restrictions	625,791	955,027
Total Net Assets	9,066,127	9,295,533
Total Liabilities and Net Assets	$ 10,289,826	$ 10,001,861

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Public Support			
Government	$ 3,932,019	$ 603,198	$ 4,535,217
Other Contributions and Grants	1,024,097	838,246	1,862,343
Contributions of Nonfinancial Assets	666,450	-	666,450
Special Events (Net of Direct Cost of $28,306)	384,090	-	384,090
Survivor Resource Center Partner Support	280,308	-	280,308
Interest	26,306	773	27,079
Loss on Disposal of Property and Equipment	(114,955)	-	(114,955)
Other Income (Loss), Net	97,087	-	97,087
Revenue and Other Support	6,295,402	1,442,217	7,737,619
Net Assets Released from Restrictions			
United Way	144,138	(144,138)	-
Government	503,983	(503,983)	-
Other Contributions and Grants	1,123,332	(1,123,332)	-
Total Net Assets Released from Restrictions	1,771,453	(1,771,453)	-
Total Revenue and Other Support	8,066,855	(329,236)	7,737,619
EXPENSES			
Program Services			
Victim Services	6,332,334	-	6,332,334
Total Program Services	6,332,334	-	6,332,334
Supporting Services			
Administrative	1,041,342	-	1,041,342
Fundraising	593,349	-	593,349
Total Supporting Services	1,634,691	-	1,634,691
Total Expenses	7,967,025	-	7,967,025
CHANGE IN NET ASSETS	99,830	(329,236)	(229,406)
Net Assets - Beginning of Year	8,340,506	955,027	9,295,533
NET ASSETS - END OF YEAR	$ 8,440,336	$ 625,791	$ 9,066,127

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Public Support			
United Way	$ -	$ 288,275	$ 288,275
Government	4,535,637	527,751	5,063,388
Other Contributions and Grants	716,603	1,327,950	2,044,553
Contributions of Nonfinancial Assets	606,658	-	606,658
Special Events (Net of Direct Cost of $25,312)	510,748	-	510,748
Survivor Resource Center Partner Support	278,817	-	278,817
Interest	3,282	61	3,343
Other Income (Loss), Net	8,536	-	8,536
Revenue and Other Support	6,660,281	2,144,037	8,804,318
Net Assets Released from Restrictions			
United Way	365,887	(365,887)	-
Government	496,425	(496,425)	-
Other Contributions and Grants	850,139	(850,139)	-
Total Net Assets Released from Restrictions	1,712,451	(1,712,451)	-
Total Revenue and Other Support	8,372,732	431,586	8,804,318
EXPENSES			
Program Services			
Victim Services	6,471,675	-	6,471,675
Total Program Services	6,471,675	-	6,471,675
Supporting Services			
Administrative	758,969	-	758,969
Fundraising	598,422	-	598,422
Total Supporting Services	1,357,391	-	1,357,391
Total Expenses	7,829,066	-	7,829,066
CHANGE IN NET ASSETS	543,666	431,586	975,252
Net Assets - Beginning of Year	7,796,840	523,441	8,320,281
NET ASSETS - END OF YEAR	$ 8,340,506	$ 955,027	$ 9,295,533

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (229,406)	$ 975,252
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	344,220	427,132
Amortization of Debt Issuance Costs	242	242
Loss on Disposal of Property and Equipment	114,955	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	485,419	51,719
Prepaid Expenses	115,596	(53,037)
Beneficial Interest in Assets Held by Trustee	(773)	(61)
Accounts Payable	7,311	(1,343)
Accrued Payroll and Benefits	15,636	5,425
Other Liabilities	(27,343)	(31,049)
Net Cash Provided by Operating Activities	825,857	1,374,280
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,616,292)	-
Purchases of Property and Equipment	(449,424)	(56,803)
Net Cash Used by Investing Activities	(2,065,716)	(56,803)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,239,859)	1,317,477
Cash and Cash Equivalents - Beginning of Year	3,940,619	2,632,142
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,700,760	$ 3,940,619
SUMMARY OF CASH AND CASH EQUIVALENTS		
Without Donor Restrictions	$ 2,290,042	$ 3,529,901
With Donor Restrictions	410,718	410,718
Total	$ 2,700,760	$ 3,940,619

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Victim Services	Administrative	Fundraising	Total
Salaries	$ 3,169,352	$ 327,163	$ 319,109	$ 3,815,624
Employee Benefits	609,769	38,694	71,844	720,307
Payroll Taxes	243,116	25,191	24,385	292,692
Total Salaries and Related Expenses	4,022,237	391,048	415,338	4,828,623
Contracted and Professional Services	220,782	400,933	47,847	669,562
Food, Printing, Office, and Program Supplies	98,060	10,550	12,194	120,804
Telephone and Internet	37,903	1,613	565	40,081
Postage and Shipping	2,362	144	157	2,663
Rent and Utilities	469,121	148,818	44,482	662,421
Insurance	54,938	1,607	2,812	59,357
Equipment and Maintenance	143,615	519	618	144,752
Subscriptions and Publications	500	182	90	772
Travel, Training, and Conferences	22,055	7,600	2,017	31,672
Dues	2,307	3,707	-	6,014
Direct Assistance to Clients	354,946	-	-	354,946
Contributions of Nonfinancial Assets	459,752	41,212	64,762	565,726
Interest	41,492	-	-	41,492
Miscellaneous Expense	91,044	409	30,773	122,226
Total Other Expenses	1,998,877	617,294	206,317	2,822,488
Total Expenses Before Depreciation and Amortization	6,021,114	1,008,342	621,655	7,651,111
Depreciation	311,220	33,000	-	344,220
Total Expenses	6,332,334	1,041,342	621,655	7,995,331
Less: Special Events Direct Costs	-	-	(28,306)	(28,306)
Net Expenses	$ 6,332,334	$ 1,041,342	$ 593,349	$ 7,967,025

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Victim Services	Administrative	Fundraising	Total
Salaries	$ 3,104,669	$ 259,108	$ 342,202	$ 3,705,979
Employee Benefits	555,882	34,871	64,611	655,364
Payroll Taxes	245,360	15,599	26,534	287,493
Total Salaries and Related Expenses	3,905,911	309,578	433,347	4,648,836
Contracted and Professional Services	186,800	357,315	32,991	577,106
Food, Printing, Office, and Program Supplies	61,090	3,256	8,375	72,721
Telephone and Internet	41,161	1,455	464	43,080
Postage and Shipping	1,979	555	867	3,401
Rent and Utilities	493,178	19,537	46,944	559,659
Insurance	54,422	1,372	3,123	58,917
Equipment and Maintenance	172,952	315	591	173,858
Subscriptions and Publications	-	406	-	406
Travel, Training, and Conferences	18,311	3,048	365	21,724
Dues	3,238	3,213	465	6,916
Direct Assistance to Clients	577,751	-	-	577,751
Contributions of Nonfinancial Assets	502,648	24,893	62,117	589,658
Interest	17,242	-	-	17,242
Miscellaneous Expense	40,860	1,026	34,085	75,971
Total Other Expenses	2,171,632	416,391	190,387	2,778,410
Total Expenses Before Depreciation and Amortization	6,077,543	725,969	623,734	7,427,246
Depreciation	394,132	33,000	-	427,132
Total Expenses	6,471,675	758,969	623,734	7,854,378
Less: Special Events Direct Costs	-	-	(25,312)	(25,312)
Net Expenses	$ 6,471,675	$ 758,969	$ 598,422	$ 7,829,066

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

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. 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

Family Justice Center

The Agency is collaborating with Mecklenburg County, the City of Charlotte, Pat's Place Child Advocacy Center (Pat's Place), and Jamie Kimble Foundation for Courage, Inc. (JKF) (collectively referred to as the Partners) to create a Family Justice Center (FJC). The FJC model is utilized internationally to provide victims of domestic violence, sexual assault, child abuse, elder abuse, and human trafficking the opportunity to access comprehensive services in a single location.

During the year ended June 30, 2020, a memorandum of understanding was executed between the Agency, Pat's Place, and JKF relating to a fundraising campaign. These three entities worked together to create an independent organization that will receive and manage all capital donations. The new agency was granted its nonprofit status in December 2020.

NOTE 1 ORGANIZATION (CONTINUED)

Family Justice Center (Continued)

Meanwhile the Partners are creating an interim service location – the Survivor Resource Center (SRC) is a much smaller, first stage version of an FJC. Here, the SRC has approximately 15 staff collocated and serve victims of abuse by referral, who have been identified as highest risk in our community. The Agency is serving as the administrative lead and is the leaseholder, as well as the coordinator of partnership activities for the SRC. The Agency expects the SRC to be in existence approximately three years. Each entity with staff located in the SRC entered into a usage agreement which documented their contractual financial obligation to pay specific operational expenses over this three-year period that the SRC is expected to operate. During the years ended June 30, 2023 and 2022, the Agency recognized approximately $280,000 and $279,000, respectively, of revenues in the accompanying statements of activities related to the usage agreement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and 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 Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) *2016-02, Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Pronouncements (Continued)

The Agency adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Agency has elected to adopt the package of practical expedients available in the year of adoption. The Agency has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Agency's ROU assets.

As a result of the adoption of the new lease accounting guidance, the Agency recognized on July 1, 2022 a lease liability of approximately $991,000, which represents the present value of the remaining operating lease payments of approximately $1,023,000, discounted using the Agency's risk-free rate of 3.01%, and a right-of-use asset of approximately $1,066,000, which represents the operating lease liability of $991,000.

The standard had a material impact on the statement of financial position, but did not have an impact on the statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Agency's accounting for finance leases remained substantially unchanged.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

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. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met. No government grants in the accompanying statements of activities for the years ended June 30, 2023 and 2022 are considered exchange transactions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support (Continued)

A portion of the Agency's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the statement of financial position. The Agency received cost-reimbursable grants that have not been recognized of approximately $1,300,000 and $1,299,000 for the years ended June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. No advance payments have been received. 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 nonprofit 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.

Property and Equipment

Purchased property and equipment with a value of $5,000 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 3 to 40 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Functional Allocation of Expenses

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

Contributed Nonfinancial Assets

The Agency recognized contributed nonfinancial assets within revenue, including donated goods and services and donated use of facilities, as further described below. Contributed nonfinancial assets did not have donor-imposed restrictions.

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, 2023 and 2022, donated goods and services consisted primarily of donated used of facilities (i.e., 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.

The estimated fair value of donated facilities is based on comparable rental rates in the local real estate market. The estimated fair value of professional services and donated legal services are based on an estimated hourly rates that would be incurred in the Agency directly employed the individuals performing the services. The estimated fair value of donated goods are based on estimates of wholesale values that would be received for selling similar products.

During the years ended June 30, 2023 and 2022, the Agency received occupancy rent credits valued in the amounts of approximately $303,000 and $263,000, respectively, from its landlord, Ascend Nonprofit Solutions, Inc. (formerly Children and Family Services Center, Inc.) (Ascend). These credits are approved by Ascend on an annual basis and are recorded as contributed nonfinancial assets 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.

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 $150,000 and $127,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services (Continued)

During the years ended June 30, 2023 and 2022, the value of donated goods and services meeting the requirement for recognition in the financial statements as contributions and as expense was as follows:

	2023	2022
Donated Use of Facilities	$ 452,766	$ 389,989
Donated Professional Services	103,460	28,506
Donated Goods	68,974	171,163
Imputed Interest (See Note 10)	41,250	17,000
Total	$ 666,450	$ 606,658

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.

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, 2023, the investments are comprised entirely of certificates of deposit that mature within four months of year end and were classified within the fair value hierarchy as a Level 1 financial instrument.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

As of June 30, 2023 and 2022, the Beneficial Interest in Assets Held by Trustee was classified within the fair value hierarchy as a Level 3 financial instrument.

Income Taxes

Safe Alliance, Inc. is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

The Agency's income tax returns are subject to review and examination by federal, state, and local authorities. The Agency is not aware of any activities that would jeopardize its tax-exempt status. The Agency is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. Accordingly, no provision for income taxes is required in the financial statements.

U.S. GAAP requires the Agency to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Management believes the Agency had no uncertain tax positions as of June 30, 2023 and 2022.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through September 28, 2023, the date the financial statements were available to be issued.

NOTE 3 PROPERTY AND EQUIPMENT, NET

Property and equipment, net at June 30, 2023 and 2022 is summarized as follows:

	2023	2022
Land	$ 1,233,661	$ 1,233,661
Land Improvements	291,327	279,227
Furniture, Fixtures, and Equipment	651,217	651,217
Leasehold Improvements	229,366	204,479
Computer Software	2,375	2,375
Building - Domestic Violence Shelter	6,151,361	5,941,851
Vehicles	11,000	11,000
Subtotal	8,570,307	8,323,810
Less: Accumulated Depreciation	(4,167,569)	(3,874,376)
Total	$ 4,402,738	$ 4,449,434

NOTE 3 PROPERTY AND EQUIPMENT, NET (CONTINUED)

Total depreciation expense amounted to approximately $344,000 and $427,000 for the years ended June 30, 2023 and 2022, respectively

NOTE 4 LOTUS SOCIETY PLEDGES RECEIVABLE, NET

Lotus society pledges receivable, net consisted of the following at June 30:

	2023	2022
Due in Less than One Year	$ -	$ 5,208
Due in Two to Five Years	-	792
Subtotal	-	6,000
Less: Allowance for Uncollectible Pledges	-	(825)
Pledges Receivable, Net	$ -	$ 5,175

No net present value discount on pledges receivable was taken during 2023 or 2022.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2023	2022
Restricted for Time		
United Way	$ -	$ 144,138
Grants and Pledges	91,513	349,500
Lotus Society Pledges	-	5,175
Restricted for Purpose		
Grants	522,270	444,979
Other	1,241	468
Restricted in Perpetuity		
United Family Services Endowment	1,860	1,860
Domestic Violence Shelter	8,907	8,907
Total	$ 625,791	$ 955,027

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, 2023 and 2022 are summarized as follows:

	2023	2022
Time Restrictions		
United Way	$ 144,138	$ 365,887
Contributions and Grants	730,413	50,000
Lotus Society Pledges	2,000	512,147
Purpose Restrictions		
Contributions and Grants	894,902	784,417
Total Net Assets Released from Restrictions	$ 1,771,453	$ 1,712,451

NOTE 7 SPECIAL EVENTS, NET

Special events revenue, net of related expenses, is included in the accompanying statements of activities and consist of the following at June 30:

	2023	2022
Annual Meeting		
Revenue	$ 201,897	$ 252,341
Expenses	9,057	16,440
Net Revenue	$ 192,840	$ 235,901
Walk A Mile In Her Shoes		
Revenue	$ 145,287	$ 138,780
Expenses	8,561	6,207
Net Revenue	$ 136,726	$ 132,573
Holiday Store		
Revenue	$ -	$ 12,328
Expenses	-	-
Net Revenue	$ -	$ 12,328
3rd Party Events		
Revenue	$ 55,855	$ 127,986
Expenses	9,045	2,165
Net Revenue	$ 46,810	$ 125,821
Other		
Revenue	$ 9,357	$ 4,625
Expenses	1,643	500
Net Revenue	$ 7,714	$ 4,125
Total		
Revenue	$ 412,396	$ 536,060
Expenses	28,306	25,312
Net Revenue	$ 384,090	$ 510,748

NOTE 8 RETIREMENT PLANS

In August 2009, the Agency began participating in a 401(k) plan administered by Ascend, 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, 2023 and 2022 were approximately $77,000 and $66,000, respectively.

NOTE 9 LEASES

The Agency has determined that it has three leases that are material to the financial statements and that there are three operating leases, which are included as operating ROU assets and operating lease liabilities in the accompanying statements of financial position. ROU assets represent the Agency's right to use leased assets over the term of the lease. Lease liabilities represent the Agency's contractual obligation to make lease payments and are measured at the present value of future lease payments over the lease term.

As of June 30, 2023, maturities of lease liabilities for leases were as follows:

Year Ending June 30,	Amount
2024	$ 384,307
2025	147,251
Total Undiscounted Cash Flows	531,558
Less: Present Value Discount	(10,033)
Total	$ 521,525

The individual lease contracts do not provide information about the discount rate implicit in the leases. The Agency uses the risk-free weighted-average borrowing rate of 3.01% to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Total lease expense for the year ended June 30, 2023 was approximately $530,000.

The lease liability will continue to be impacted by new leases, lease modifications, lease terminations, and reevaluations of any new facts and circumstances. As of June 30, 2023, the weighted average lease term remaining that is included in the maturities of the right-of-use lease liabilities is 1.3 years. The weighted average discount rate used for operating lease was 3.01% as of June 30, 2023. The total cash paid for operating leases during the year ended June 30, 2023 was approximately $491,000.

NOTE 9 LEASES (CONTINUED)

The Agency elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Agency leases office space under a 10-year agreement with Ascend, a nonprofit organization created to construct and maintain an office building to house Charlotte nonprofit agencies serving children and families in a central location at an affordable rate (Building). 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 10-year period expiring on March 31, 2023. In 2023, the lease was renewed for an additional period expiring on December 31, 2024. For the years ended June 30, 2023 and 2022, the lease agreement required monthly payments of approximately $24,000 and $22,000, respectively, but may be changed at Ascend's discretion.

The Agency subleases office space under a three-year sublease agreement with another organization for the SRC expiring in December 2023. For the year ended June 30, 2023 and 2022, the lease required monthly payments of approximately $18,000 and $24,000, respectively. Subsequent to year end, this lease was amended to extend the sublease approximately 18 months to expire in June 2025 with monthly payments of approximately $14,000.

During the year ended June 30, 2020, the Agency entered into a lease agreement for office equipment. The lease agreement is for a five-year period expiring on August 16, 2024. For the year ended June 30, 2023 and 2022, the lease agreement required monthly payments of approximately $2,000.

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. In 2020, this lease was extended for an additional seven months expiring on December 31, 2020. In 2021, this lease was extended for an additional four months expiring April 30, 2021, an additional two months expiring June 30, 2021, and an additional three months expiring September 30, 2021. In 2022, this lease was extended for an additional nine months expiring June 30, 2022, and an additional 12 months expired June 30, 2023. In 2023, this lease was extended for an additional 12 months expiring June 30, 2024, and therefore, excluded from the ROU asset and operating lease liability calculation. For the years ended June 30, 2023 and 2022, the lease agreement required monthly payments of approximately $1,200 and $1,100, respectively.

NOTE 9 LEASES (CONTINUED)

Future minimum payments for all office and equipment leases as of June 30, 2023 are as follows:

Year Ending June 30,	Amount
2023	$ 503,998
2024	110,788
2025	2,961
Total	$ 617,747

Rent expense under these agreements was approximately $549,000 for the year ended June 30, 2022.

NOTE 10 NOTES PAYABLE

In July 2013, the Agency entered into a 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 $41,000 and $17,000 for the years ended June 30, 2023 and 2022, respectively. The interest amount was recorded as a contribution of nonfinancial asset in the accompanying statements of activities and as interest expense in the accompanying statements of functional expenses.

In a prior year, the Agency entered into an unsecured promissory note (the Note) with a lender in the amount of $768,400 under the Paycheck Protection Program (PPP) established by section 1102 of the CARES Act and as implemented and administered by the Small Business Administration (SBA). In a prior year, the SBA had formally forgiven the Agency’s obligation under this PPP loan. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Agency’s financial position.

NOTE 10 NOTES PAYABLE (CONTINUED)

Notes payable is comprised of the following at June 30:

Description	2023	2022
Promissory note payable to North Carolina Housing Finance Agency in the amount of $500,000 with no interest and principal due August 2033	$ 500,000	$ 500,000
Total Notes Payable	500,000	500,000
Less: Debt Issuance Costs	(7,507)	(7,749)
Total Obligations, Net	492,493	492,251
Less: Current Portion	-	-
Total Obligations, Net - Noncurrent Portion	$ 492,493	$ 492,251

Interest expense for the years ended June 30, 2023 and 2022, was approximately $41,000 and $17,000, respectively.

NOTE 11 LINE OF CREDIT

The Agency entered into a promissory note for a line of credit (LOC) in the amount of $250,000 on April 9, 2019. The LOC bears interest based on an independent index which is the Wall Street Journal Prime Rate and requires monthly interest payments. The interest rate cannot be less than 4.5%. The LOC is due on demand and automatically renews annually. During the year ended June 30, 2023 and 2022, the Agency did not have any draws on the LOC. At June 30, 2023 and 2022, the Agency did not have any outstanding balance under the LOC.

NOTE 12 COLLABORATIVE SERVICES

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

NOTE 13 CONCENTRATIONS

The Agency receives the majority of its funding from a limited number of funding sources including government (federal, state, and county). Any significant reduction in funding from these sources, if this were to occur, could have a significant effect on the Agency's programs and activities.

NOTE 14 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 $470,000 and $334,000 as of June 30, 2023, and 2022, respectively, of net assets without donor restrictions for the purpose of capital expenditures related to the Clyde and 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, 2023, and 2022.

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

	2023	2022
Cash and Cash Equivalents	$ 2,700,760	$ 3,940,619
Investments	1,616,292	-
Accounts Receivable		
United Way Allocation, Current Portion	-	144,138
Grants Receivable, Current Portion	724,009	1,022,638
Lotus Society Pledges Receivable, Net, Current Portion	-	4,383
Other Receivables	145,668	183,145
Total	5,186,729	5,294,923
Less: Net Assets with Donor Restrictions Subject to Expenditures for Specific Purposes	(523,511)	(445,447)
Less: Net Assets - Board Appropriated for Capital Expenditures	(469,664)	(333,664)
Total Net Financial Assets Available to Meet Liquidity Needs	$ 4,193,554	$ 4,515,812