SAFE ALLIANCE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2015 AND 2014

SAFE ALLIANCE, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2015 AND 2014

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, 2015 and 2014, 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 audits 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, 2015 and 2014, 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.

Other Matters

Other Information – Schedule of Expenditures of Federal and State Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2015, 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 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 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
October 7, 2015

SAFE ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	$ 699,562	$ 1,020,677
Beneficial Interest in Assets Held by Trustee	13,135	12,920
Accounts Receivable		
United Way Allocation	723,487	1,221,034
Grants and Pledges Receivable, Net	263,131	181,589
Capital Campaign Pledges Receivable, Net	419,472	922,694
Lotus Society Pledges Receivable, Net	156,544	204,921
Other	32,587	71,094
Prepaid Expenses	41,889	62,490
Other Assets	9,202	14,844
Property and Equipment, Net	6,375,675	6,765,727
Total Assets	$ 8,734,684	$ 10,477,990
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 18,751	$ 19,210
Accrued Payroll and Benefits	104,918	100,617
Line of Credit	-	571,320
Note Payable	500,000	500,000
Other Liabilities	18,558	19,003
Total Liabilities	642,227	1,210,150
NET ASSETS		
Unrestricted	7,087,676	7,724,435
Unrestricted - Board Appropriated for Employee Benefits	46,789	71,279
Temporarily Restricted	949,353	1,463,487
Permanently Restricted	8,639	8,639
Total Net Assets	8,092,457	9,267,840
Total Liabilities and Net Assets	$ 8,734,684	$ 10,477,990

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Program Fees	$ 511,957	$ -	$ -	$ 511,957
Public Support				
United Way	62,157	723,487	-	785,644
Government	2,236,784	430,371	-	2,667,155
Other Contributions & Grants	1,087,008	207,759	-	1,294,767
Donated Goods and Services	224,943	-	-	224,943
Interest	-	8	-	8
Other Income, Net	18,063	207	-	18,270
Revenues and Other Support	4,140,912	1,361,832	-	5,502,744
Net Assets Released from Restrictions				
United Way	1,221,034	(1,221,034)	-	-
Government	434,087	(434,087)	-	-
Other Contributions & Grants	220,845	(220,845)	-	-
Total Net Assets Released from Restrictions	1,875,966	(1,875,966)	-	-
Total Revenues and Other Support	6,016,878	(514,134)	-	5,502,744
EXPENSES				
Program Services:				
Clinical Services	1,778,206	-	-	1,778,206
Victim Services	3,623,674	-	-	3,623,674
Employee Assistance Program	87,054	-	-	87,054
Economic Independence	21,400	-	-	21,400
Total Program Services	5,510,334	-	-	5,510,334
Supporting Services:				
Administrative	493,128	-	-	493,128
Fundraising - General	674,665	-	-	674,665
Total Supporting Services	1,167,793	-	-	1,167,793
Total Expenses	6,678,127	-	-	6,678,127
DECREASE IN NET ASSETS	(661,249)	(514,134)	-	(1,175,383)
Net Assets - Beginning of Year	7,795,714	1,463,487	8,639	9,267,840
NET ASSETS - END OF YEAR	$ 7,134,465	$ 949,353	$ 8,639	$ 8,092,457

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Program Fees	$ 587,032	$ -	$ -	$ 587,032
Public Support				
United Way	71,046	1,221,034	-	1,292,080
Government	1,796,257	512,642	-	2,308,899
Other Contributions & Grants	1,496,993	347,208	-	1,844,201
Donated Goods and Services	207,221	-	-	207,221
Interest	69	115	-	184
Other Income	1,211	1,728	-	2,939
Revenues and Other Support	4,159,829	2,082,727	-	6,242,556
Net Assets Released from Restrictions				
United Way	1,215,762	(1,215,762)	-	-
Government	526,548	(526,548)	-	-
Other Contributions & Grants	208,013	(208,013)	-	-
Total Net Assets Released from Restrictions	1,950,323	(1,950,323)	-	-
Total Revenues and Other Support	6,110,152	132,404	-	6,242,556
EXPENSES				
Program Services:				
Clinical Services	1,619,259	-	-	1,619,259
Victim Services	3,729,311	-	-	3,729,311
Employee Assistance Program	35,619	-	-	35,619
Economic Independence	19,470	-	-	19,470
Total Program Services	5,403,659	-	-	5,403,659
Supporting Services:				
Administrative	491,098	-	-	491,098
Fundraising - General	736,963	-	-	736,963
Total Supporting Services	1,228,061	-	-	1,228,061
Total Expenses	6,631,720	-	-	6,631,720
INCREASE (DECREASE) IN NET ASSETS	(521,568)	132,404	-	(389,164)
Net Assets - Beginning of Year	8,317,282	1,331,083	8,639	9,657,004
NET ASSETS - END OF YEAR	$ 7,795,714	$ 1,463,487	$ 8,639	$ 9,267,840

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (1,175,383)	$ (389,164)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	405,634	406,681
Amortization of Issuance Costs	5,642	10,770
Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,006,111	605,139
Prepaid Expenses	20,601	(14,074)
Beneficial Interest in Assets Held by Trustee	(215)	(1,704)
Accounts Payable	(459)	(59,152)
Accrued Payroll and Benefits	4,301	88,703
Deferred Revenue	(445)	15,095
Net Cash Provided by Operating Activities	265,787	662,294
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(15,582)	-
Net Cash Used in Investing Activities	(15,582)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	500,000
Repayment of Line of Credit	(571,320)	(1,425,000)
Payment of Loan Acquisition Cost	-	(9,686)
Net Cash Used in Financing Activities	(571,320)	(934,686)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(321,115)	(272,392)
Cash and Cash Equivalents - Beginning of Year	1,020,677	1,293,069
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 699,562	$ 1,020,677
SUMMARY OF CASH AND CASH EQUIVALENTS		
Unrestricted	$ 603,163	$ 989,729
Temporarily Restricted	96,399	30,948
	$ 699,562	$ 1,020,677
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 21,792	$ 48,393

See accompanying Notes to Financial Statements.

SAFE ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Clinical Services	Victim Services	Employee Assistance Program
Salaries	$ 945,210	$ 1,879,006	$ 42,207
Employee Benefits	135,356	397,198	8,897
Payroll Taxes	88,152	168,745	3,308
Total Salaries & Related Expenses	1,168,718	2,444,949	54,412
Contracted & Professional Services	165,914	179,006	12,093
Food, Printing, Office & Program Supplies	6,978	72,875	837
Telephone & Internet	15,402	36,320	838
Postage & Shipping	2,128	3,120	110
Rent & Utilities	177,508	209,214	8,842
Insurance	10,351	52,093	19
Equipment & Maintenance	22,331	35,039	149
Subscriptions & Publications	-	290	840
Travel, Training & Conferences	115,583	22,554	1,156
Dues	614	4,502	185
Financial Assistance	511	41,972	-
In-Kind	52,511	56,407	7,502
Interest	-	21,792	-
Special Events and Other Fundraising	39,093	39,907	-
Total Other Expenses	608,924	775,091	32,571
Total Expenses Before Depreciation and Amortization	1,777,642	3,220,040	86,983
Depreciation and Amortization	564	403,634	71
Total Expenses	$ 1,778,206	$ 3,623,674	$ 87,054

See accompanying Notes to Financial Statements.

Economic Independence	Administrative	Fundraising - General	Total
$ -	$ 122,487	$ 266,967	$ 3,255,877
-	39,960	58,778	640,189
-	9,723	23,598	293,526
-	172,170	349,343	4,189,592
21,400	289,382	50,856	718,651
-	3,798	60,823	145,311
-	182	1,093	53,835
-	159	1,181	6,698
-	8,849	53,054	457,467
-	19	115	62,597
-	1,060	2,647	61,226
-	-	99	1,229
-	8,632	6,107	154,032
-	1,175	989	7,465
-	-	-	42,483
-	7,502	42,009	165,931
-	-	-	21,792
-	200	99,342	178,542
21,400	320,958	318,315	2,077,259
21,400	493,128	667,658	6,266,851
-	-	7,007	411,276
$ 21,400	$ 493,128	$ 674,665	$ 6,678,127

SAFE ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Clinical Services	Victim Services	Employee Assistance Program
Salaries	$ 887,607	$ 1,881,342	$ 4,167
Employee Benefits	140,278	417,155	1,035
Payroll Taxes	83,389	174,521	300
Total Salaries & Related Expenses	1,111,274	2,473,018	5,502
Contracted & Professional Services	163,079	296,243	14,009
Food, Printing, Office & Program Supplies	18,971	54,002	1,636
Telephone & Internet	17,108	33,719	928
Postage & Shipping	2,789	3,295	138
Rent & Utilities	193,530	173,322	-
Insurance	986	58,166	-
Equipment & Maintenance	31,817	24,887	15
Subscriptions & Publications	94	786	793
Travel, Training & Conferences	16,280	23,039	145
Dues	1,955	4,956	185
Financial Assistance	250	50,336	-
In-Kind	59,199	64,385	12,174
Interest	-	48,393	-
Special Events and Other Fundraising	1,184	5,517	-
Total Other Expenses	507,242	841,046	30,023
Total Expenses Before Depreciation and Amortization	1,618,516	3,314,064	35,525
Depreciation and Amortization	743	415,247	94
Total Expenses	$ 1,619,259	$ 3,729,311	$ 35,619

See accompanying Notes to Financial Statements.

Economic Independence	Administrative	Fundraising - General	Total
$ -	$ 129,063	$ 271,725	$ 3,173,904
-	22,427	59,835	640,730
-	10,302	23,432	291,944
-	161,792	354,992	4,106,578
19,470	269,461	54,493	816,755
-	1,018	70,205	145,832
-	237	1,295	53,287
-	177	1,391	7,790
-	11,083	67,309	445,244
-	-	-	59,152
-	29,347	7,682	93,748
-	-	164	1,837
-	2,964	4,541	46,969
-	845	716	8,657
-	-	-	50,586
-	13,381	35,560	184,699
-	-	-	48,393
-	793	137,248	144,742
19,470	329,306	380,604	2,107,691
19,470	491,098	735,596	6,214,269
-	-	1,367	417,451
$ 19,470	$ 491,098	$ 736,963	$ 6,631,720

NOTE 1 ORGANIZATION AND PURPOSE

Safe Alliance, Inc. (the "Agency") provides various counseling services and support for families and individuals in Mecklenburg, South Iredell, Cabarrus and Union Counties 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:

Clinical Services

Counseling

- Individual, couple, group, and family therapy
- Specialized training in Trauma Focused Cognitive Behavioral Therapy for victims of sexual assault, childhood trauma and other violent crimes

Victim Services

Child Abuse Prevention

- Child abuse prevention, awareness and education

Rape Crisis

- 24-hour, seven-day-a-week rape crisis response via hotline and at the hospital
- Advocacy, case management and support for the victims and families affected by crime
- Crime victim's compensation guidance

Domestic Violence Services

- 24-hour domestic violence hotline
- Domestic violence shelter
- Domestic violence counseling, education and survivor support
- Advocacy, case management and support for victims and families affected by domestic assault
- Legal representation, assistance with protection orders and accompaniment to court hearings

Employee Assistance Program

- Employer, employee counseling and consultation

On June 30, 2012 the Agency discontinued its consumer credit counseling services included under the Economic Independence program. The Agency will continue to receive income and incur fees for the Debt Management Plans created prior to discontinuing the service until the plans are completed. The Agency also made a strategic decision during fiscal year 2015 to concentrate on providing sexual assault and domestic violence services in Mecklenburg County and Lake Norman (See Note 14).

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.

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 statement 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.

Program Fee Revenue

Program fee revenue consists of fee for service charges to clients and third-party payors such as insurance companies and companies contracting for the Employee Assistance Program (EAP) clients. These amounts also include contributions from creditors of a percentage of the debt owed returned to them through consumer credit debt management plans. The Agency records receivables for these services at net realizable value. An allowance for uncollectible amounts is estimated based on historical collection experience.

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

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.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist primarily of amounts restricted for various grants for the years ended June 30, 2015 and 2014.

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 trade 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 $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 Revenue

Deferred revenue is comprised of accounts receivable billed and cash received in advance for employee assistance contracts for services that will be provided subsequent to year end. These amounts are included in other liabilities in the accompanying statements of financial position.

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

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).

Donated Goods and Services

Donated goods and services are reflected as contributions in the financial statements at their estimated value at the time of receipt. At June 30, 2015 and 2014, donated goods and services consisted primarily of office space rent received at a reduced rate, donated professional services and imputed interest on an interest-free loan.

During the years ended June 30, 2015 and 2014, the Agency received occupancy rent credits in the amount of approximately $150,000 and $158,000, 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.

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.

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.

Income Taxes

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, 2015 or 2014.

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 October 7, 2015, the date the financial statements were available to be issued.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 is summarized as follows:

	2015	2014
Land	$ 1,233,661	$ 1,233,661
Land Improvements	279,227	274,645
Furniture, Fixtures and Equipment	477,094	477,094
Leasehold Improvements	61,146	61,146
Computer Software	225,178	225,178
Building - New Domestic Violence Shelter	5,698,778	5,698,778
Vehicles	11,000	-
	7,986,084	7,970,502
Less: Accumulated Depreciation	(1,610,409)	(1,204,775)
	$ 6,375,675	$ 6,765,727

Total depreciation expense amounted to approximately $406,000 and $407,000 for the years ended June 30, 2015 and 2014, 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. The Domestic Violence Shelter was opened during the year ended June 30, 2013. 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, 2015 and 2014:

	Capital Campaign	Lotus Society	Total 2015	2014
Due in Less than One Year	$ 337,396	$ 135,262	$ 472,658	$ 621,053
Due in Two to Five Years	138,722	30,326	169,048	578,182
	476,118	165,588	641,706	1,199,235
Less: Discount to Present Value	(1,264)	(274)	(1,538)	(1,537)
Less: Allowance for Uncollectible Pledges	(55,382)	(8,770)	(64,152)	(70,083)
Pledges Receivable, Net	$ 419,472	$ 156,544	$ 576,016	$ 1,127,615

Management used a discount rate of .28% in calculating the discount on pledges receivable.

NOTE 5 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following at June 30, 2015 and 2014:

	2015	2014
United Family Services Endowment	$ 1,479	$ 1,479
Domestic Violence Shelter	7,160	7,160
	$ 8,639	$ 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, 2015 and 2014:

	2015	2014
United Way Allocation for the Subsequent Year	$ 723,487	$ 1,221,034
Lotus Society	129,466	214,340
Grant Allocations for the Subsequent Year	96,400	28,113
	$ 949,353	$ 1,463,487

NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions for the years ended June 30, 2015 and 2014 are summarized as follows:

	2015	2014
Time Restrictions:		
United Way	$ 1,221,034	$ 1,215,762
Contributions and Grants	654,932	734,561
Total Net Assets Released from Restrictions	$ 1,875,966	$ 1,950,323

NOTE 8 SPECIAL EVENTS

Special events revenue and expenses consist of the following at June 30, 2015 and 2014:

	2015	2014
Art with Heart:		
Revenue	$ 189,618	$ 144,951
Expenses	68,337	62,097
Net Revenue	$ 121,281	$ 82,854
Annual Meeting:		
Revenue	$ 107,463	$ 115,942
Expenses	22,368	33,642
Net Revenue	$ 85,095	$ 82,300
Fighting for Women with Fashion:		
Revenue	$ 61,260	$ -
Expenses	24,430	-
Net Revenue	$ 36,830	$ -
Men for Change:		
Revenue	$ 72,111	$ 72,197
Expenses	18,542	10,197
Net Revenue	$ 53,569	$ 62,000
Other:		
Revenue	$ 235,939	$ 154,118
Expenses	69,821	47,406
Net Revenue	$ 166,118	$ 106,712

Special events revenue is included in other contributions and grants in the accompanying statements of activities. The related expenses are included in special events and other fundraising in the accompanying statements of functional expenses.

NOTE 9 RETIREMENT PLANS

Defined Benefit Retirement Plan

Effective July 31, 2009 the Agency terminated its noncontributory defined benefit plan. Plan assets in excess of Plan liabilities of approximately $1,274,000 reverted back to the Agency in October 2010. As of June 30, 2015 and 2014 it was the intent of the Board to utilize $46,789 and $71,279, respectively, to make additional contributions to the defined contribution retirement plan (see below) for those employees most affected by the termination of the Plan.

NOTE 9 RETIREMENT PLANS (CONTINUED)

Defined Contribution Retirement Plan

The Agency has a 403(b) defined contribution plan for the benefit of its employees. Effective April 1, 2009, the Agency ceased employer matching payments to the 403(b) defined contribution plan. Effective August 1, 2009, the Agency ceased all payments to the 403(b) defined contribution plan and began making payments to the 401(k) established through the Shared Services Agreement described below.

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 contribution to the plan for both of the fiscal years ended June 30, 2015 and 2014 was approximately $61,000.

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, 2015 and 2014.

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 an 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 year ended June 30, 2014, the lease agreement required monthly payments of approximately $19,600. For the year ended June 30, 2015, the lease agreement required monthly payments of approximately $20,000. Effective July 1, 2015 the lease agreement requires payments of approximately $20,000 per month, but may be changed at the Center’s discretion.

The Agency leases additional office space, in Union, Cabarrus, and the Mooresville Lake Norman areas, and equipment under operating leases that expire through June 2016.

NOTE 10 LEASES (CONTINUED)

Future minimum payments for all office and equipment leases as of June 30, 2015 are as follows:

Year Ending June 30:		
2016	$	428,714
2017		239,609
2018		239,609
2019		239,609
2020		239,609
Thereafter		658,925
	$	2,046,075

Rent expense under these agreements was approximately $368,000 and $377,000 for the years ended June 30, 2015 and 2014, respectively. Subsequent to year end, Union and Cabarrus County office leases were terminated, reducing the fiscal year 2016 lease obligations to approximately $353,000.

NOTE 11 NOTE PAYABLE AND LINE OF CREDIT

In March 2012, the Agency entered into a new promissory note and business loan agreement with a financial institution for a line of credit in the amount of $4.5 million, for the construction of the new Domestic Violence Shelter. Under the terms of the line of credit the Agency made monthly interest payments. All draws on the line of credit accrued interest at prime rate plus 0.15% with all unpaid principal and interest due December 31, 2014. As of December 2014 the Agency had repaid the entire balance and the line of credit was closed.

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. The Agency imputed interest of approximately $17,000 and $15,600 for the years ended June 30, 2015 and 2014, respectively. The interest amount was recorded as an in-kind interest expense, with corresponding in-kind revenue.

Interest expense for the years ended June 30, 2015 and 2014, was approximately $22,000 and $48,000, respectively.

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 2015 and 2014, the Agency received approximately 14% and 21% of total revenues, respectively, from United Way appropriations.

NOTE 14 SUBSEQUENT EVENTS

The Agency made a strategic decision during fiscal year 2015 to concentrate on providing sexual assault and domestic violence services in Mecklenburg County and Lake Norman. This will result in discontinuing clinical counseling services, the employee assistance program and operations in Cabarrus and Union counties beginning in early fiscal year 2016. The goal is to transition these programs to other organizations that have the appropriate capacity and infrastructure to operate the services effectively. This will result in a significant reduction in revenue and related expense in 2016.

COMPLIANCE SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON THE AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of Safe Alliance, Inc. (the "Agency"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
October 7, 2015

SAFE ALLIANCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Pass-through Agency/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	2015 Expenditures
FEDERAL AWARDS			
U.S. Department of Justice			
Pass-Through the NC Department of Crime Control and Public Safety:			
Crime Victim Assistance	16.575	060-1-10-B10-AV-536	$ 238,719
Violence Against Women Act	16.013	120582	54,449
Juvenile Justice and Delinquency Prevention	16.540	490-10804	71,082
Pass-Through the National Children's Alliance			
Children's Advocacy Centers of NC	16.758	22-MONR-NC-SA14	6,500
Children's Advocacy Centers of NC	16.758	20-MONR-NC-SA15	7,000
Total for Program			13,500
Division of Social Services			
Family Violence Prevention and Services Act	93.671	249005283	34,558
U.S. Department of Health and Human Services			
Pass-Through the NC Department of Health and Human Services:			
Child Advocacy Center - Social Services Block Grant	93.667	01138-12	12,500
Rape Crisis Prevention (Preventative Health & Health Block Grant)	93.991	2B01DP009034-13	17,739
U.S. Department of Housing and Urban Development			
Pass-Through the NC Department of Health and Human Services:			
Emergency Shelter Grants Program	14.231	12215	43,779
Pass-Through the City of Charlotte			
Emergency Shelter Grants Program	14.231	1200229	12,512
Total for Program			56,291
TOTAL FEDERAL AWARDS			498,838
STATE AWARDS			
NC Department of Administration:			
Counsel for Women and Domestic Violence Commission			
North Carolina Marriage License Fees	N/A	56-0529967	24,528
North Carolina Marriage License Fees	N/A	56-0529967	24,878
North Carolina Divorce Filing Fees	N/A	56-0529967	45,294
Sexual Assault Grant	N/A	56-0529967	23,864
Domestic Violence Centers	N/A	56-0529967	45,855
North Carolina Divorce Filing Fees	N/A	56-0529967	15,754
North Carolina Divorce Filing Fees	N/A	56-0529967	20,000
Sexual Assault Grant	N/A	56-0529967	23,864
Sexual Assault Grant	N/A	56-0529967	23,864
TOTAL STATE AWARDS			247,901
TOTAL FEDERAL AND STATE AWARDS			$ 746,739

SAFE ALLIANCE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Agency and is presented on the accrual basis of accounting as expenditures are incurred upon qualification of the grant requirements.

NOTE 2 CONTINGENCIES

The Agency is subject to audit examination by the funding sources of grants to determine its compliance with certain grant provisions. In the event that expenditures could be disallowed through the audit, repayment of such disallowances could be required.