Safe Alliance, Inc.

Financial Statements

Year Ended June 30, 2025

FOARD EST. 1964

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Safe Alliance, Inc. (the "Agency" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safe Alliance, Inc. as of June 30, 2025, and 2024, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Safe Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 generally accepted 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, including omissions, 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 generally accepted 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 purposes of expressing an opinion on the effectiveness of Safe Alliance, Inc.'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 Safe Alliance, Inc.'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.

Foard & Company, P.A.

August 28, 2025

SAFE ALLIANCE, INC.

Statement of Financial Position
June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
ASSETS		
Cash and cash equivalents	$ 2,359,178	$ 1,714,394
Investments	3,149,308	2,255,799
Beneficial interest in assets held by Trustee	13,954	12,683
Receivables:		
Grants	490,894	393,193
Pledges, net	2,115,925	71,696
Accounts	73,488	50,990
Prepaid expenses	84,149	55,012
Right of use asset - operating	492,708	938,197
Property and equipment, net	3,995,241	4,197,532
TOTAL ASSETS	***$ 12,774,845***	***$ 9,689,496***
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 9,923	$ 22,620
Accrued payroll and benefits	337,006	159,626
Note payable	492,978	492,736
Right of use liability	501,393	949,009
Other liabilities	43,375	24,638
Total Liabilities	***1,384,675***	***1,648,629***
Net Assets:		
Without donor restrictions	7,499,004	7,163,190
Without donor restrictions - Board appropriated for operating reserves	679,670	611,867
With donor restrictions	3,211,496	265,810
Total Net Assets	***11,390,170***	***8,040,867***
TOTAL LIABILITIES AND NET ASSETS	***$ 12,774,845***	***$ 9,689,496***

	Without Donor Restrictions	With Donor Restrictions	TOTALS
SUPPORT AND REVENUE			
Public Support:			
Government	$ 4,533,081	$ 491,268	$ 5,024,349
Other contributions and grants	387,612	4,913,705	5,301,317
Contributions of non-financial assets	1,026,763	-	1,026,763
Special events (Net of direct cost of $60,756)	472,994	-	472,994
Survivor Resource Center partner support	250,443	1,271	251,714
Investment income	173,100	-	173,100
Other income (loss), net	101,725	-	101,725
Support and Revenue	6,945,718	5,406,244	12,351,962
Net Assets Released From Restrictions:			
Government	513,359	(513,359)	-
Other contributions and grants	1,947,199	(1,947,199)	-
Total Net Assets Released from Restrictions	2,460,558	(2,460,558)	-
TOTAL SUPPORT AND REVENUE	***9,406,276***	***2,945,686***	***12,351,962***
EXPENSES			
Program services:			
Victim services	7,125,139	-	7,125,139
Total Program Services	7,125,139	-	7,125,139
Supporting services:			
Administrative	1,112,211	-	1,112,211
Fundraising	765,309	-	765,309
Total Supporting Services	1,877,520	-	1,877,520
TOTAL EXPENSES	***9,002,659***	***-***	***9,002,659***
CHANGE IN NET ASSETS	***403,617***	***2,945,686***	***3,349,303***
NET ASSETS, BEGINNING	***7,775,057***	***265,810***	***8,040,867***
NET ASSETS, ENDING	***$ 8,178,674***	***$ 3,211,496***	***$ 11,390,170***

SAFE ALLIANCE, INC.

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	TOTALS
SUPPORT AND REVENUE			
Public Support:			
Government	$ 4,159,251	$ 653,851	$ 4,813,102
Other contributions and grants	377,193	756,131	1,133,324
Contributions of non-financial assets	647,163	-	647,163
Special events (Net of direct cost of $47,760)	488,621	-	488,621
Survivor Resource Center partner support	250,443	675	251,118
Investment income	127,478	-	127,478
Other income (loss), net	57,182	-	57,182
Support and Revenue	6,107,331	1,410,657	7,517,988
Net Assets Released From Restrictions:			
Government	735,419	(735,419)	-
Other contributions and grants	1,035,219	(1,035,219)	-
Total Net Assets Released from Restrictions	1,770,638	(1,770,638)	-
TOTAL SUPPORT AND REVENUE	***7,877,969***	***(359,981)***	***7,517,988***
EXPENSES			
Program services:			
Victim services	6,784,841	-	6,784,841
Total Program Services	6,784,841	-	6,784,841
Supporting services:			
Administrative	1,070,501	-	1,070,501
Fundraising	687,906	-	687,906
Total Supporting Services	1,758,407	-	1,758,407
TOTAL EXPENSES	***8,543,248***	***-***	***8,543,248***
CHANGE IN NET ASSETS	***(665,279)***	***(359,981)***	***(1,025,260)***
NET ASSETS, BEGINNING	***8,440,336***	***625,791***	***9,066,127***
NET ASSETS, ENDING	***$ 7,775,057***	***$ 265,810***	***$ 8,040,867***

SAFE ALLIANCE, INC.

Statement of Functional Expenses

Year Ended June 30, 2025

	Victim Services	Administrative	Fundraising	TOTAL
Salaries	$ 3,638,483	$ 436,341	$ 367,619	$ 4,442,443
Employee benefits	660,626	55,557	86,703	802,886
Payroll taxes	274,659	43,058	26,784	344,501
Total Salaries and Related Expenses	4,573,768	534,956	481,106	5,589,830
Contracted and professional services	246,363	375,554	34,042	655,959
Food, printing, office and program supplies	114,120	4,852	24,789	143,761
Telephone and internet	38,145	1,085	332	39,562
Postage and shipping	3,638	192	502	4,332
Rent and utilities	758,642	52,134	55,999	866,775
Insurance	64,102	2,183	2,531	68,816
Equipment and maintenance	11,773	-	-	11,773
Travel, training, and conferences	61,913	18,938	4,847	85,698
Dues	7,883	2,021	1,233	11,137
Direct assistance to clients	282,400	-	-	282,400
Contributions of non-financial assets	652,677	47,158	159,928	859,763
Interest	17,242	-	-	17,242
Miscellaneous expense	1,104	54,559	60,756	116,419
Total Other Expenses	2,260,002	558,676	344,959	3,163,637
Total Expenses Before Depreciation	6,833,770	1,093,632	826,065	8,753,467
Depreciation	291,369	18,579	-	309,948
Total Expenses	7,125,139	1,112,211	826,065	9,063,415
Less: Special events direct costs	-	-	(60,756)	(60,756)
TOTAL EXPENSES	***$ 7,125,139***	***$ 1,112,211***	***$ 765,309***	***$ 9,002,659***

SAFE ALLIANCE, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	Victim Services	Administrative	Fundraising	TOTAL
Salaries	$ 3,559,478	$ 394,154	$ 356,456	$ 4,310,088
Employee benefits	665,453	22,431	96,706	784,590
Payroll taxes	277,047	29,242	29,401	335,690
Total Salaries and Related Expenses	4,501,978	445,827	482,563	5,430,368
Contracted and professional services	312,579	409,282	49,546	771,407
Food, printing, office and program supplies	119,624	5,635	18,827	144,086
Telephone and internet	41,257	1,367	624	43,248
Postage and shipping	2,938	214	256	3,408
Rent and utilities	613,969	82,056	63,743	759,768
Insurance	48,443	10,021	1,856	60,320
Equipment and maintenance	22,172	1,041	-	23,213
Subscriptions and publications	-	-	-	-
Travel, training, and conferences	36,842	43,856	2,944	83,642
Dues	3,925	2,109	518	6,552
Direct assistance to clients	262,800	-	-	262,800
Contributions of non-financial assets	517,964	43,676	68,524	630,164
Interest	17,242	-	-	17,242
Miscellaneous expense	8,140	9,037	47,761	64,938
Total Other Expenses	2,007,895	608,294	254,599	2,870,788
Total Expenses Before Depreciation	6,509,873	1,054,121	737,162	8,301,156
Depreciation	273,472	16,380	-	289,852
Total Expenses	6,783,345	1,070,501	737,162	8,591,008
Less: Special events direct costs	-	-	(47,760)	(47,760)
TOTAL EXPENSES	***$ 6,783,345***	***$ 1,070,501***	***$ 689,402***	***$ 8,543,248***

SAFE ALLIANCE, INC.

Statement of Cash Flows

Years ended June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
OPERATING ACTIVITIES		
Change in net assets	$ 3,349,303	(1,025,260)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	309,948	289,852
Amortization of debt issuance costs	242	242
(Gain) loss on beneficial interest in assets held by trustee	(1,271)	(675)
Right of use lease	(2,127)	47,757
Changes in operating assets and liabilities:		
Receivables	(2,164,428)	353,798
Prepaid expenses	(29,137)	74,869
Accounts payable	(12,697)	1,798
Accrued payroll and benefits	177,380	13,378
Other liabilities	18,737	(17,973)
Cash Flows From Operating Activities	***1,645,950***	***(262,214)***
INVESTING ACTIVITIES		
Purchases of investments	(1,442,312)	(663,773)
Proceeds from sale of investments	548,803	24,267
Purchases of property and equipment	(107,657)	(84,646)
Cash Flows from Investing Activities	***(1,001,166)***	***(724,152)***
NET CHANGE IN CASH AND CASH EQUIVALENTS	***644,784***	***(986,366)***
CASH AND CASH EQUIVALENTS, BEGINNING	***1,714,394***	***2,700,760***
CASH AND CASH EQUIVALENTS, ENDING	***$ 2,359,178***	***1,714,394***
SUMMARY OF CASH AND CASH EQUIVALENTS		
Without donor restrictions	$ 2,217,748	1,572,964
With donor restrictions	141,430	141,430
TOTAL	***$ 2,359,178***	***1,714,394***

NOTE 1 – ORGANIZATION

Nature of activities
Safe Alliance, Inc. (the “Agency”) provides a continuum of crisis intervention, advocacy, shelter, and counseling services to victims of domestic violence, human trafficking, 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, and Pat's Place Child Advocacy Center (“Pat's Place”), (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. The Charmeck Family Justice Center, Inc., d/b/a The Umbrella Center, is expected to open in the fall of 2026.

During the year ended June 30, 2020, a memorandum of understanding was executed between the Agency, Pat's Place, and the Jamie Kimble Foundation for Courage, Inc. (“JKF”) relating to a fundraising campaign. These three entities worked together to create an independent organization that receives and manage all capital donations. The new agency was granted its nonprofit status in December 2020. However, JFK is no longer a part of the fundraising campaign.

Meanwhile, the Partners have created an interim service location - the Survivor Resource Center ("SRC"), a much smaller, first stage version of 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. Each entity with staff located in the SRC entered into a usage agreement which documented their contractual financial obligation to pay specific operational expenses. The SRC is expected to operate until the opening of the FJC. During the years ended June 30, 2025 and 2024, the Agency recognized approximately $250,000 of revenues in the accompanying statements of activities related to the usage agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.
>
> *Net assets with donor restrictions* – These net assets consist of amounts that are subject to donor-imposed stipulations that may or will be met, either by actions of the Agency 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.

Revenue recognition
Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 year ended June 30, 2025 and 2024 are considered exchange transactions.

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 deferred revenue in the statement of financial position. For the years ended June 30, 2025 and 2024, the Agency had recorded approximately $43,000 and $25,000, respectively.

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.

Investments

The Agency has included in these financial statements the fair value of investments and related income earned on certain funds held in trust solely for the benefit of the Agency. Certificates of deposit are carried in the accompanying financial statements at cost plus accrued interest. The Agency holds thirteen different certificates of deposit all below $250,000 each. Each certificate of deposit has a different interest rate all of which range from 4.15 to 5.15 percent. The maturity dates are from July 2025 – December 2025.

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. The balance at June 30, 2025 and 2024, was $13,954 and $12,683, respectively.

Receivables

Receivables 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 over multiple years and 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; however, the present value discount is considered immaterial to the financial statements. As of June 30, 2025, all accounts receivable and grants receivable are expected to be received in the next fiscal year.

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.

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 non-financial 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, 2025 and 2024, donated goods and services consisted primarily of donated use 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 if 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, 2025 and 2024, the Agency received occupancy rent credits valued in the amounts of approximately $414,000 and $281,000, respectively, from its landlord, Ascend Nonprofit Solutions, 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 for the years ended June 30, 2025 and 2024.

During the years ended June 30, 2025 and 2024, the value of donated goods and services meeting the requirement for recognition in the financial statements as contributions and as expense was as follows:

	2025	2024
Donated use of facilities	$ 563,811	$ 430,615
Donated professional services	332,693	107,793
Donated goods	113,259	91,755
Imputed interest	17,000	17,000
TOTAL	$ 1,026,763	$ 647,163

In addition, volunteers, including officers and directors of the Agency, donate their time to 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, 2025 and 2024, the certificates of deposit were classified within the fair value hierarchy as a Level 2 financial instrument.

As of June 30, 2025 and 2024, the Beneficial Interest in Assets Held by Trustee was classified within the fair value hierarchy as a Level 3 financial instrument. The change for this account for both years was investment income. No purchase or sales occurred.

Income tax status
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, 2025 and June 30, 2024.

NOTE 3 – PLEDGES RECEIVABLE

Operating pledges

Unconditional promises to give for the operating pledges are presented with no allowance for doubtful accounts. The allowance for doubtful accounts was not necessary based on management's review of individual accounts, historical experience, and current economic conditions.

These pledges are expected to be collected during the fiscal year ending June 30:

2026	$	1,116,750
2027		1,000,000
Total Operating Pledges	$	2,116,750

NOTE 4 – PROPERTY AND EQUIPMENT, NET

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

	2025	2024
Land	$ 1,233,661	$ 1,233,661
Land improvements	291,327	291,327
Furniture, fixtures, and equipment	713,672	664,369
Leasehold improvements	229,366	229,366
Computer software	2,375	2,375
Building – Domestic Violence Shelter	6,228,355	6,222,855
Vehicles	52,853	11,000
Subtotal	8,751,609	8,654,953
Less: Accumulated depreciation	(4,756,368)	(4,457,421)
Total	$ 3,995,241	$ 4,197,532

Total depreciation expense amounted to approximately $310,000 and $290,000 for the years ended June 30, 2025 and 2024, respectively.

NOTE 5 – 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.

Future minimum lease payments required under the operating lease are as follows:

Year ended June 30,		
2026	$	477,080
2027		12,598
2028		12,598
2029		12,598
2030		1,050
Total lease payment		515,924
Less: imputed interest		14,531
Present value of liability	$	501,393

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 4.83% 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, 2025 and 2024 was approximately $495,000 and $485,000, respectively.

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, 2025, the weighted average lease term remaining that is included in the maturities of the right-of-use lease liabilities is 1.29 years. The total cash paid for operating leases during the years ended June 30, 2025 and 2024 was approximately $496,000 and $482,000, respectively.

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 (the “Building”). The lease agreement also includes use of certain furniture, storage space, telephone system, computer equipment, 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 June 30, 2026. For the years ended June 30, 2025 and 2024, the lease agreement required monthly payments of approximately $39,000, but may be changed at Ascend's discretion.

NOTE 6 – 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 $17,000 for both years ended June 30, 2025 and 2024. The interest amount was recorded as a contribution of nonfinancial assets in the accompanying statements of activities and as interest expense in the accompanying statements of functional expenses. No present value discount was recorded due to the discount being immaterial to the financial statements.

Notes payable is comprised of the following at June 30:

Description	2025	2024
Promissory note payable to North Carolina Housing Finance Agency in the amount of $500,000 with no interest and principal due until August 2033	$ 500,000	$ 500,000
Total Notes Payable	500,000	500,000
Less: Debt Issuance Costs	(7,022)	(7,264)
Total Obligations, Net	492,978	492,736
Less: Current portion	-	-
Total Obligations, Net – Non-current portion	$ 492,978	$ 492,736

Interest expense for the years ended June 30, 2025 and 2024, was approximately $17,000 for both years.

NOTE 7 – 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, 2025, the Agency did not have any draws on the LOC. At June 30, 2024, the Agency did not have any outstanding balance under the LOC. On June 2, 2025, the Agency closed the LOC. On July 1, 2025, the Agency, along with Charmeck Family Justice Center, Inc. entered into a $10,000,000 LOC to finance construction.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Restricted for time:		
Grants and pledges	$ 2,110,925	$ 21,696
Restricted for purpose:		
Grants	1,086,894	231,430
Other	2,910	1,917
Restricted in perpetuity:		
United Family Services endowment	1,860	1,860
Domestic Violence Shelter	8,907	8,907
Total	$ 3,211,496	$ 265,810

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 9 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions for the years ended June 30, 2025 and 2024, are summarized as follows:

	2025	2024
Time restrictions:		
Contributions and grants	$ 476,385	$ 438,755
Purpose restrictions:		
Contributions and grants	1,984,173	1,331,883
Total	$ 2,460,558	$ 1,770,638

NOTE 10 – 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:

	2025	2024
Breakfast of Hope		
Revenue	$ 329,485	$ 312,691
Expenses	39,307	30,235
Net Revenue	$ 290,178	$ 282,456
Walk A Mile		
Revenue	$ 151,810	$ 154,172
Expenses	17,275	7,645
Net Revenue	$ 134,535	$ 146,527
3rd Party Events		
Revenue	$ 47,181	$ 35,354
Expenses	-	5,822
Net Revenue	$ 47,181	$ 29,532
Other		
Revenue	$ 5,274	$ 34,165
Expenses	4,174	4,059
Net Revenue	$ 1,100	$ 30,106
Total		
Revenue	$ 533,750	$ 536,381
Expenses	60,756	47,760
Net Revenue	$ 472,994	$ 488,621

NOTE 11 – 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).

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, 2025 and 2024, was approximately $102,000 and $98,000, respectively.

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

Revenue
The Agency receives the majority of its funding from a limited number of funding sources including government (federal, state, and county). A substantial reduction in funding from these sources, if it were to occur, could materially impact the Agency’s ability to sustain its programs and activities. For the fiscal year ended June 30, 2025, the Agency recognized a $3,000,000 pledge from a single donor, representing approximately 25 percent of total revenue. Of this amount, $1,000,000 was received during the year, with the remaining $2,000,000 recorded as a receivable, due in accordance with the donor’s pledge terms. A significant reduction or non-fulfillment of this pledge could materially affect the Agency’s programs and activities.

Geographic area
The Agency operates in a small geographic area and therefore is sensitive to changes in the local economy.

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 $680,000 and $612,000, as of June 30, 2025 and 2024, respectively, of net assets without donor restrictions for the purpose of operational reserves. The Agency has an available line of credit of approximately $250,000 which can be drawn on if needed.

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

	2025	2024
Cash and cash equivalents	$ 2,359,178	$ 1,714,394
Investments	3,149,308	2,255,799
Receivables	1,681,132	515,879
Total	7,189,618	4,486,072
Net assets with donor restrictions subject to Expenditure for specific purposes	(1,089,804)	(233,347)
Total net financial assets available to meet liquidity needs	$ 6,099,814	$ 4,252,725

NOTE 15 – SUBSEQUENT EVENTS

The Agency has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, the Agency entered into a loan agreement to borrow up to $10,000,000, as noted in Note 7, in the need of insufficient cash for construction and leasehold improvements for the FJC. The Agency has not drawn any funds from the loan as of the report date. The Agency was also a recipient of the New Market Tax Credit related to the FJC for an additional $10,000,000.

FOARD
EST. 1984

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

To the Board of Directors of
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" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2025.

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 entity'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.

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

Report on 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 financial statements. 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 results 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.

Foard & Company, P.A.

August 28, 2025

FOARD EST. 1984

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Safe Alliance, Inc.'s (the "Agency" - a nonprofit organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended June 30, 2025. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

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

<u>Auditor's Responsibilities for the Audit of Compliance</u>

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. 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 generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

<u>Report on Internal Control Over Compliance</u>

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Foard & Company, P.A.

August 28, 2025

I. SUMMARY OF AUDITORS' RESULTS

1. An unmodified opinion was issued on the financial statements of Safe Alliance, Inc. (the "Agency").
2. No significant deficiencies related to the audit of the financial statements are reported in the "Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements In Accordance with *Government Auditing Standards.*"
3. No instances of noncompliance material to the financial statements of the Agency were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal program are reported in the "Independent Auditors' Report on Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance."
5. An unmodified opinion was issued on the Agency's compliance with the types of compliance requirements applicable to its major federal program.
6. Our audit disclosed no audit findings related to the major federal program for the Agency.
7. The program tested as a major program for the year ended June 30, 2025, was Assistance Listing #16.575, Crime Victim Assistance.
8. The threshold used for distinguishing between Type A and B programs was $750,000.
9. The Agency qualified as a low-risk auditee under Section 200 of the Uniform Guidance.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS

There were no findings for the year ended June 30, 2025.

III. FINDINGS RELATED TO THE AUDIT OF FEDERAL AWARDS

There were no findings for the year ended June 30, 2025.

IV. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no findings for the year ended June 30, 2024.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal Expenditures
U.S. Department of Justice:		
Passed through the North Carolina Department of Crime Control and		
Public Safety:		
Mecklenburg Specialized Services and Models 2022	16.575	$ 259,530
VOCA Basic SA/DV 2023	16.575	412,893
Mecklenburg Underserved Crime Victims 2022	16.575	240,552
OJP Shelter Children's Program	16.818	432,433
OVW FJC/TUC	16.590	378,525
OVW Legal Services	16.524	325,656
Mecklenburg DV/SA Victim Services 2023	16.588	178,202
OVW Justice for Families	16.021	129,356
OVW Court Navigator	16.021	27,512
OVW-NCCASA	16.017	20,569
NCCASA	16.017	5,000
U.S. Department of Housing and Urban Development:		
Passed through the North Carolina Department of Health and Human Services:		
Emergency Shelter Grants Program	14.231	23,500
Passed through Mecklenburg County, North Carolina:		
DV Project (Mecklenburg County)	14.267	74,041
Passed through the City of Charlotte, North Carolina:		
Emergency Shelter Grants Program	14.231	42,476
U.S. Department of Health and Human Services:		
Passed through the North Carolina Department of Administration:		
Passed through the Council for Women and Youth Involvement:		
Family Violence Prevention and Services Act	93.671	77,284
Family Violence Prevention and Services Act - Hotel COVID-19	93.671	160,664
Family Violence Prevention and Services Act - APRA Sexual Assault	93.497	52,931
U.S. Department of Treasury:		
Passed through Mecklenburg County, North Carolina:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	104,009
U.S. Department of Homeland Security, Federal Emergency Management Agency:		
Emergency Food and Shelter Program Phase 41	97.024	38,461
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 2,983,594

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal grant activity of Safe Alliance, Inc. (the Agency) for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No amounts were passed through to subrecipients.

The Agency has elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.