

Safe Alliance, Inc.

Financial Statements

Year Ended June 30, 2024 and 2023

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SAFE ALLIANCE, INC.

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June 30, 2024 and 2023

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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, 2024, and 2023, 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, 2024, and 2023, 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.

Safe Alliance, Inc.
Charlotte, North Carolina

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.

Prior Period Financial Statements

The Agency's financial statements as of June 30, 2023, were audited by other auditors whose reported dated September 28, 2023, expressed an unmodified opinion on those statements.

Foard & Company, P.A.
August 30, 2024

SAFE ALLIANCE, INC.**Statement of Financial Position****June 30, 2024 and 2023**

	June 30,	
	2024	2023
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,714,394	\$ 2,700,760
Investments	2,255,799	1,616,292
Beneficial interest in assets held by Trustee	12,683	12,008
Accounts Receivable:		
Grants	393,193	724,009
Other	122,686	145,668
Prepaid expenses	55,012	129,881
Right of use asset - operating	938,197	558,470
Property and equipment, net	4,197,532	4,402,738
<u>TOTAL ASSETS</u>	\$ 9,689,496	\$ 10,289,826
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 22,620	\$ 20,822
Accrued payroll and benefits	159,626	146,248
Note payable	492,736	492,493
Right of use liability	949,009	521,525
Other liabilities	24,638	42,611
<u>Total Liabilities</u>	1,648,629	1,223,699
Net Assets:		
Without donor restrictions	7,163,190	7,970,672
Without donor restrictions - Board appropriated for operating reserves	611,867	469,664
With donor restrictions	265,810	625,791
<u>Total Net Assets</u>	8,040,867	9,066,127
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 9,689,496	\$ 10,289,826

SAFE ALLIANCE, INC.**Statement of Activities****Year Ended June 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTALS</u>
<u>SUPPORT AND REVENUE</u>			
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
<u>Support and Revenue</u>	<u>6,107,331</u>	<u>1,410,657</u>	<u>7,517,988</u>
Net Assets Released From Restrictions:			
Government	735,419	(735,419)	-
Other contributions and grants	1,035,219	(1,035,219)	-
<u>Total Net Assets Released from Restrictions</u>	<u>1,770,638</u>	<u>(1,770,638)</u>	<u>-</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>7,877,969</u>	<u>(359,981)</u>	<u>7,517,988</u>
<u>EXPENSES</u>			
Program services:			
Victim services	6,784,841	-	6,784,841
<u>Total Program Services</u>	<u>6,784,841</u>	<u>-</u>	<u>6,784,841</u>
Supporting services:			
Administrative	1,070,501	-	1,070,501
Fundraising	687,906	-	687,906
<u>Total Supporting Services</u>	<u>1,758,407</u>	<u>-</u>	<u>1,758,407</u>
<u>TOTAL EXPENSES</u>	<u>8,543,248</u>	<u>-</u>	<u>8,543,248</u>
<u>CHANGE IN NET ASSETS</u>	<u>(665,279)</u>	<u>(359,981)</u>	<u>(1,025,260)</u>
<u>NET ASSETS, BEGINNING</u>	<u>8,440,336</u>	<u>625,791</u>	<u>9,066,127</u>
<u>NET ASSETS, ENDING</u>	<u>\$ 7,775,057</u>	<u>\$ 265,810</u>	<u>\$ 8,040,867</u>

*See accompanying notes to financial statements.**Page 4*

SAFE ALLIANCE, INC.

Statement of Activities

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTALS</u>
<u>SUPPORT AND REVENUE</u>			
Public Support:			
Government	\$ 3,932,019	\$ 603,198	\$ 4,535,217
Other contributions and grants	1,024,097	838,246	1,862,343
Contributions of non-financial assets	666,450	-	666,450
Special events (Net of direct cost of \$28,306)	384,090	-	384,090
Survivor Resource Center partner support	250,443	-	250,443
Interest	26,306	773	27,079
Loss on disposal of property and equipment	(114,955)	-	(114,955)
Other income (loss), net	97,087	-	97,087
<i>Support and Revenue</i>	<i>6,265,537</i>	<i>1,442,217</i>	<i>7,707,754</i>
Net Assets Released From Restrictions:			
United Way	144,138	(144,138)	-
Government	503,983	(503,983)	-
Other contributions and grants	1,123,332	(1,123,332)	-
<i>Total Net Assets Released from Restrictions</i>	<i>1,771,453</i>	<i>(1,771,453)</i>	<i>-</i>
<i>TOTAL SUPPORT AND REVENUE</i>	<i>8,036,990</i>	<i>(329,236)</i>	<i>7,707,754</i>
<u>EXPENSES</u>			
Program services:			
Victim services	6,302,469	-	6,302,469
<i>Total Program Services</i>	<i>6,302,469</i>	<i>-</i>	<i>6,302,469</i>
Supporting services:			
Administrative	1,041,342	-	1,041,342
Fundraising	593,349	-	593,349
<i>Total Supporting Services</i>	<i>1,634,691</i>	<i>-</i>	<i>1,634,691</i>
<i>TOTAL EXPENSES</i>	<i>7,937,160</i>	<i>-</i>	<i>7,937,160</i>
<i>CHANGE IN NET ASSETS</i>	<i>99,830</i>	<i>(329,236)</i>	<i>(229,406)</i>
<i>NET ASSETS, BEGINNING</i>	<i>8,340,506</i>	<i>955,027</i>	<i>9,295,533</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 8,440,336</i>	<i>\$ 625,791</i>	<i>\$ 9,066,127</i>

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
<i>Total Salaries and Related Expenses</i>	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	23,668	1,041	(1,496)	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
<i>Total Other Expenses</i>	2,009,391	608,294	253,103	2,870,788
<i>Total Expenses Before Depreciation and Amortization</i>	6,511,369	1,054,121	735,666	8,301,156
Depreciation	273,472	16,380		289,852
<i>Total Expenses</i>	6,784,841	1,070,501	735,666	8,591,008
Less: Special events direct costs	-	-	(47,760)	(47,760)
<i>TOTAL EXPENSES</i>	\$ 6,784,841	\$ 1,070,501	\$ 687,906	\$ 8,543,248

SAFE ALLIANCE, INC.**Statement of Functional Expenses****Year Ended June 30, 2023**

	Victim Services	Administrative	Fundraising	TOTAL
Salaries	\$ 3,169,352	\$ 327,163	\$ 319,109	\$ 3,815,624
Employee benefits	609,769	38,694	71,844	720,307
Payroll taxes	243,116	25,191	24,385	292,692
<i>Total Salaries and Related Expenses</i>	<i>4,022,237</i>	<i>391,048</i>	<i>415,338</i>	<i>4,828,623</i>
Contracted and professional services	220,782	400,933	47,847	669,562
Food, printing, office and program supplies	98,060	10,550	12,194	120,804
Telephone and internet	37,903	1,613	565	40,081
Postage and shipping	2,362	144	157	2,663
Rent and utilities	439,256	148,818	44,482	632,556
Insurance	54,938	1,607	2,812	59,357
Equipment and maintenance	143,615	519	618	144,752
Subscriptions and publications	500	182	90	772
Travel, training, and conferences	22,055	7,600	2,017	31,672
Dues	2,307	3,707	-	6,014
Direct assistance to clients	354,946	-	-	354,946
Contributions of non-financial assets	459,752	41,212	64,762	565,726
Interest	41,492	-	-	41,492
Miscellaneous expense	91,044	409	30,773	122,226
<i>Total Other Expenses</i>	<i>1,969,012</i>	<i>617,294</i>	<i>206,317</i>	<i>2,792,623</i>
<i>Total Expenses Before Depreciation and Amortization</i>	<i>5,991,249</i>	<i>1,008,342</i>	<i>621,655</i>	<i>7,621,246</i>
Depreciation	311,220	33,000	-	344,220
<i>Total Expenses</i>	<i>6,302,469</i>	<i>1,041,342</i>	<i>621,655</i>	<i>7,965,466</i>
Less: Special events direct costs	-	-	(28,306)	(28,306)
<i>TOTAL EXPENSES</i>	<i>\$ 6,302,469</i>	<i>\$ 1,041,342</i>	<i>\$ 593,349</i>	<i>\$ 7,937,160</i>

SAFE ALLIANCE, INC.
Statement of Cash Flows
Years Ended June 30, 2024 and 2023

	June 30,	
	2024	2023
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ (1,025,260)	\$ (229,406)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	289,852	344,220
Amortization of debt issuance costs	242	242
Loss on disposal of property and equipment	-	114,955
(Gain) loss on beneficial interest in assets held by trustee	(675)	(773)
Right of use lease	47,757	-
Changes in operating assets and liabilities:		
Accounts receivable	353,798	485,419
Prepaid expenses	74,869	115,596
Accounts payable	1,798	7,311
Accrued payroll and benefits	13,378	15,636
Other liabilities	(17,973)	(27,343)
<i>Cash Flows From Operating Activities</i>	<i>(262,214)</i>	<i>825,857</i>
<u>INVESTING ACTIVITIES</u>		
Purchases of investments	(663,773)	(1,616,292)
Proceeds from sale of investments	24,267	-
Purchases of property and equipment	(84,646)	(449,424)
<i>Cash Flows from Investing Activities</i>	<i>(724,152)</i>	<i>(2,065,716)</i>
NET CHANGE IN CASH	<i>(986,366)</i>	<i>(1,239,859)</i>
CASH, BEGINNING	<i>2,700,760</i>	<i>3,940,619</i>
CASH, ENDING	<i>\$ 1,714,394</i>	<i>\$ 2,700,760</i>
<u>SUMMARY OF CASH AND CASH EQUIVALENTS</u>		
Without donor restrictions	\$ 1,572,964	\$ 2,290,042
With donor restrictions	141,430	410,718
TOTAL	<i>\$ 1,714,394</i>	<i>\$ 2,700,760</i>

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

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 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.

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 will receive 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.

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Meanwhile, the Partners are creating an interim service location - the Survivor Resource Center (SRC), a much smaller, first stage version of an FJC. Here, the SRC has approximately 15 staff collocated and serve victims of abuse by referral, who have been identified as highest risk in our community. The Agency is serving as the administrative lead and is the leaseholder, as well as the coordinator of partnership activities for the SRC. The Agency expects the SRC to be in existence for approximately four years. Each entity with staff located in the SRC entered into a usage agreement which documented their contractual financial obligation to pay specific operational expenses over this three-year period that the SRC is expected to operate. During the year ended June 30, 2024 and 2023, 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. 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.

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

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.

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023 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, 2024 and 2023, the Agency had recorded approximately \$25,000 and \$42,500, 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.

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

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 ten different certificates of deposit all below \$250,000 each. Each certificate of deposit has a different interest rate all of which is approximately 5 percent. The maturity dates are from August 2024 – November 2024.

Beneficial interests in assets held in trust by third party

The Foundation for the Carolinas (the “Foundation”) holds in trust, accounts for the benefit of the Agency. The Agency may request annual distributions of accumulated income from these accounts. Recommendations for distribution of principal, as considered necessary by the board of directors of the Agency may be made to the Foundation. The Foundation has complete discretion as to the timing and amounts of distributions from these funds; however, the Foundation has no variance power to distribute any portion of these funds to another nonprofit entity.

Accounts receivable

Accounts receivable include accounts receivable generated through program services provided, unconditional pledges, and amounts due under various grants. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates. Amortization of the discounts is included in contribution revenue. As of June 30, 2024, all accounts receivable are expected to be receiving 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.

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, the Agency received occupancy rent credits valued in the amounts of approximately \$281,000 and \$303,000, 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, 2024 and June 30, 2023.

During the years ended June 30, 2024 and 2023 the value of donated goods and services meeting the requirement for recognition in the financial statements as contributions and as expense was as follows:

	<u>2024</u>	<u>2023</u>
Donated use of facilities	\$ 430,615	\$ 452,766
Donated professional services	107,793	103,460
Donated goods	91,755	68,974
Imputed interest	17,000	41,250
TOTAL	\$ 647,163	\$ 666,450

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023, the certificates of deposit were classified within the fair value hierarchy as a Level 2 financial instrument.

As of June 30, 2024 and 2023, 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.

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and June 30, 2023.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

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

	<u>2024</u>	<u>2023</u>
Land	\$ 1,233,661	\$ 1,233,661
Land improvements	291,327	291,327
Furniture, fixtures, and equipment	664,369	651,217
Leasehold improvements	229,366	229,366
Computer Software	2,375	2,375
Building – Domestic Violence Shelter	6,222,855	6,151,361
Vehicles	11,000	11,000
Subtotal	8,654,953	8,570,307
Less: Accumulated depreciation	(4,457,421)	(4,167,569)
<u>Total</u>	<u>\$ 4,197,532</u>	<u>\$ 4,402,738</u>

Total depreciation expense amounted to approximately \$290,000 and \$344,000 for the years ended June 30, 2024 and 2023, respectively.

NOTE 4 – 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.

SAFE ALLIANCE, INC.
Notes to Financial Statements
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Future minimum lease payments required under the operating lease are as follows:

Year ended June 30,	
2025	\$ 481,680
2026	477,080
2027	12,598
2028	12,598
2029	12,598
2030	<u>1,050</u>
Total lease payment	997,604
Less: imputed interest	<u>(48,595)</u>
Present value of liability	<u>\$ 949,009</u>

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 4.84% 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, 2024 and 2023 was approximately \$485,000 and \$530,000, respectively.

The lease liability will continue to be impacted by new leases, lease modifications, lease terminations, and revaluations of any new facts and circumstances. As of June 30, 2024, the weighted average lease term remaining that is included in the maturities of the right-of-use lease liabilities is 2.18 years. The total cash paid for operating leases during the years ended June 30, 2024 and 2023 was approximately \$482,000 and \$491,000, 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 (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, 2024 and 2023, the lease agreement required monthly payments of approximately \$39,000 and \$39,000, but may be changed at Ascend's discretion.

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

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

The Agency leases additional office space, in Cornelius, North Carolina. The lease was a twelve-month lease for 2024 and 2023; therefore, it is excluded from the ROU asset and operating lease liability calculation. For the years ended June 30, 2024 and 2023, the lease agreement required monthly payments of approximately \$1,300 and \$1,200.

NOTE 5 – 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 and \$41,000 for the years ended June 30, 2024 and 2023, respectively. The interest amount was recorded as a contribution of nonfinancial asset in the accompanying statements of activities and as interest expense in the accompanying statements of functional expenses.

Notes payable is comprised of the following at June 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
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	(7,264)	(7,507)
Total Obligations, Net	492,736	492,493
Less: Current portion	-	-
<u>Total Obligations, Net – Non-current portion</u>	<u>\$ 492,736</u>	<u>\$ 492,493</u>

Interest expense for the year ended June 30, 2024 and 2023, was approximately \$17,000 and \$41,000, respectively.

NOTE 6 – 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, 2024, the Agency did not have any draws on the LOC. At June 30, 2024 and 2023, the Agency did not have any outstanding balance under the LOC.

SAFE ALLIANCE, INC.**Notes to Financial Statements****June 30, 2024 and 2023**

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Restricted for time:		
Grants and pledges	\$ 21,696	\$ 91,513
Restricted for purpose:		
Grants	231,430	522,270
Other	1,917	1,241
Restricted in perpetuity:		
United Family Services endowment	1,860	1,860
Domestic Violence Shelter	8,907	8,907
<u>Total</u>	<u>\$ 265,810</u>	<u>\$ 625,791</u>

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

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions for the years ended June 30, 2024 and 2023, are summarized as follows:

	<u>2024</u>	<u>2023</u>
Time restrictions:		
United Way	\$ -	\$ 144,138
Contributions and grants	438,755	730,413
Lotus Society pledges	-	2,000
Purpose restrictions:		
Contributions and grants	1,331,883	894,902
<u>Total</u>	<u>\$ 1,770,638</u>	<u>\$ 1,771,453</u>

SAFE ALLIANCE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 9 – 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:

	<u>2024</u>	<u>2023</u>
Breakfast of Hope		
Revenue	\$ 312,691	\$ 201,897
Expenses	<u>30,235</u>	<u>9,057</u>
Net Revenue	<u>\$ 282,456</u>	<u>\$ 192,840</u>
Walk A Mile		
Revenue	\$ 154,172	\$ 145,287
Expenses	<u>7,645</u>	<u>8,561</u>
Net Revenue	<u>\$ 146,527</u>	<u>\$ 136,726</u>
3 rd Party Events		
Revenue	\$ 35,354	\$ 55,855
Expenses	<u>5,822</u>	<u>9,045</u>
Net Revenue	<u>\$ 29,532</u>	<u>\$ 46,810</u>
Other		
Revenue	\$ 34,165	\$ 9,357
Expenses	<u>4,059</u>	<u>1,643</u>
Net Revenue	<u>\$ 30,106</u>	<u>\$ 7,714</u>
Total		
Revenue	\$ 536,381	\$ 412,396
Expenses	<u>47,760</u>	<u>28,306</u>
Net Revenue	<u>\$ 488,621</u>	<u>\$ 384,090</u>

SAFE ALLIANCE, INC.
Notes to Financial Statements
June 30, 2024 and 2023

NOTE 10 – RETIREMENT PLANS

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

Each year, participants may contribute up to 85% of their annual compensation on a pre-tax basis beginning the first day of the quarter following date of hire. The Agency contributes a matching contribution of 100% of the first 1% of base compensation that a participant contributes and 50% of the next 5% that a participant contributes. The Agency's contributions to the plan for the fiscal years ended June 30, 2024 and 2023 was approximately \$98,000 and \$77,000, respectively.

NOTE 11 – 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 12 – CONCENTRATIONS

Revenue

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

Geographic area

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

NOTE 13 – LIQUIDITY AND AVAILABILITY

The Agency strives to maintain liquid assets sufficient to cover 60 days of general expenditures. The Agency receives significant contributions and grants restricted for services that are ongoing and central to its annual operations and not available to meet cash needs for general expenditures. The Agency has designated approximately \$612,000 and \$470,000, as of June 30, 2024 and 2023, respectively, of net assets without donor restrictions for the purpose of capital expenditures related to the Clyde and Ethel Dickson Domestic Violence Shelter. The Agency has an available line of credit of approximately \$250,000 which can be drawn on if needed.

SAFE ALLIANCE, INC.
Notes to Financial Statements
June 30, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,714,394	\$ 2,700,760
Investments	2,255,799	1,616,292
Receivables	<u>515,879</u>	<u>869,677</u>
Total	4,486,072	5,186,729
Net assets with donor restrictions subject to Expenditure for specific purposes	<u>(233,347)</u>	<u>(523,511)</u>
Total net financial assets available to meet liquidity needs	<u>\$ 4,252,725</u>	<u>\$ 4,663,218</u>

NOTE 14 – 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, no material recognizable subsequent events were identified.