

SAFE ALLIANCE, INC.
UNIFORM GUIDANCE
SUPPLEMENTAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
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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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Safe Alliance, Inc. (the Agency), which comprise the statement of financial position as of June 30, 2021, 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 November 4, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Charlotte, North Carolina
November 4, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Safe Alliance, Inc. (the Agency) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2021. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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.

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

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance

We have audited the financial statements of the Agency as of and for the year ended June 30, 2021, and have issued our report thereon dated November 4, 2021. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
November 4, 2021

SAFE ALLIANCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Agency/Program Title	Federal Assistance Listing Number	Agency or Pass-through Grantor's Number	2021 Expenditures
FEDERAL AWARDS			
U.S. Department of Justice			
Pass-Through the NC Department of Crime Control and Public Safety:			
DV/SA Basic Services	16.575	PROJ013343	\$ 673,873
Underserved Victims	16.575	PROJ012992	238,388
Enhanced Services for DV/SA Victims	16.575	PROJ013080	222,244
Family Justice Center	16.575	PROJ013132	95,080
Survivor Resource Center	16.575	PROJ013945	441,546
Legal Services to DV/SA Victims	16.575	PROJ013136	181,541
Legal Services to DV/SA Victims 2020-2022	16.575	PROJ013946	274,520
Mental Health Counseling	16.575	PROJ013948	177,470
Enhanced Victim Services	16.575	PROJ013171	228,934
Crime Victim Assistance	16.575	PROJ013395	238,087
			2,771,683
OWW- NCCASA	16.736	SASP	39,165
GCC VAWA Hotline	16.588	PROJ014076	143,740
U.S. Department of Health and Human Services			
Pass-Through the NC Division of Social Services:			
Family Violence Prevention and Services Act	93.671	FVPSA-56-0529967	50,253
Family Violence Prevention and Services Act-Hotel Covid-19	93.671	FVPSA	17,953
			68,206
U.S. Department of the Treasury			
Pass-Through the NC Department of Administration:			
Covid-19 Relief 2020 (Shelter)	21.019	HB1105	56,603
Covid-19 Relief 2020 (Court)	21.019	HB1105	56,603
Covid-19 Relief 2020 (STRC)	21.019	HB1105	50,649
Pass-Through the United Way of Central Carolinas:			
Coronavirus Relief Funds	21.019	4110841	107,300
			271,155
U.S. Department of Housing and Urban Development			
Pass-Through the NC Department of Health and Human Services:			
Emergency Shelter Grants Program	14.231	12215	25,061
Pass-Through the City of Charlotte:			
Emergency Shelter Grants Program	14.231	1200229	20,228
Emergency Shelter Grants Program Covid-19	14.231	E20DW37001	9,882
			55,171
Pass-Through Mecklenburg County:			
DV Project	14.267	NC0434D4F051900	21,976
Federal Emergency Management Agency			
EFSP Phase CARES	97.024	CARES-6454-00-014	22,606
EFSP Phase 37	97.024	37-6454-00-014	10,252
			32,858
TOTAL FEDERAL AWARDS			3,403,954

SAFE ALLIANCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

<u>Grantor/Pass-through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Grantor's Number</u>	<u>2021 Expenditures</u>
STATE AWARDS			
NC Department of Administration:			
Counsel for Women and Domestic Violence Commission			
North Carolina Marriage License Fees	N/A	56-0529967	\$ 10,533
North Carolina Marriage License Fees	N/A	56-0529967	13,999
Victim Assistance Domestic Violence	N/A	56-0529967	35,753
Sexual Assault Grant	N/A	56-0529967	25,611
Domestic Violence Centers	N/A	56-0529967	42,337
North Carolina Divorce Filing Fees	N/A	56-0529967	13,990
North Carolina Divorce Filing Fees	N/A	56-0529967	17,300
TOTAL STATE AWARDS			<u>159,523</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 3,563,477</u>

SAFE ALLIANCE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal grant activity of Safe Alliance, Inc. (the Agency) and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 CONTINGENCIES

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

NOTE 3 INDIRECT COST RATE

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. The Agency has elected not to use 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**SAFE ALLIANCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|---|--|
| 1. Type of auditors’ report issued | <u>Unmodified</u> | |
| 2. Internal control over financial reporting: | | |
| • Material weaknesses identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> None Reported |
| 3. Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Federal Awards

- | | | |
|---|------------------------------|---|
| 1. Internal control over major Federal programs: | | |
| • Material weaknesses identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |
| 2. Type of auditors’ report issued on compliance for major Federal programs: | <u>Unmodified</u> | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 516(a)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Identification of Major Federal Programs

Assistance Listing Number	Name of Federal Program or Cluster
16.575	Crime Victim Assistance

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
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Auditee qualified as low risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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SAFE ALLIANCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

Finding 2021-001: Unrecorded Pledge Made in a Prior year

Type: Significant Deficiency in Internal Controls over Financial Reporting

Condition: A multi-year pledge made during the year ended June 30, 2019 was not originally recorded as a pledge receivable and restricted contribution revenue. Contribution revenue was recorded at the time payment was received.

Criteria: All pledges should be recorded in the year the commitment is made.

Effect: A journal entry of \$100,000 was recorded for the year ended June 30, 2021, to appropriately state the remaining outstanding receivable.

Repeat Finding: No

Recommendation: We recommend all pledges are recorded into the donor database and reconciled to the general ledger monthly. In addition, we also recommend monthly meetings between the finance department and the development department to communicate and discuss any pledges received.

View of Responsible Officials and Planned Corrective Actions: The Agency agrees with the finding. The Agency will record all pledges in the donor database and reconcile to the general ledger. In addition, monthly standing meetings will be created to facilitate communications between the finance department and the development department.

Section III – Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**SAFE ALLIANCE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Federal Award Findings and Questioned Costs

There were no federal award program audit findings in the prior year that were required to be reported.