

THE SAFE ALLIANCE

March 31, 2020 and 2019

COMBINING AND COMBINED  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

## TABLE OF CONTENTS

### PAGE

#### FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
COMBINING STATEMENT OF FINANCIAL POSITION	
March 31, 2020	4
March 31, 2019	6
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	
Year Ended March 31, 2020	8
Year Ended March 31, 2019	10
COMBINED STATEMENT OF FUNCTIONAL EXPENSES	
Year Ended March 31, 2020	12
Year Ended March 31, 2019	13
COMBINING STATEMENT OF CASH FLOWS	
Year Ended March 31, 2020	14
Year Ended March 31, 2019	16
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS	18

#### SUPPLEMENTAL INFORMATION

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 <i>GOVERNMENT AUDITING STANDARDS</i>	38
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR	40
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	
Year Ended March 31, 2020	42
SCHEDULE OF EXPENDITURES OF STATE AWARDS	
Year Ended March 31, 2020	45

TABLE OF CONTENTS - CONTINUED

PAGE

SUPPLEMENTAL INFORMATION - CONTINUED

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS 46

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 47

CORRECTIVE ACTION PLAN 48

STATUS OF PRIOR YEAR AUDIT FINDINGS 49

FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The SAFE Alliance

### **Report on the Financial Statements**

We have audited the accompanying combining and combined financial statements of The SAFE Alliance, which includes The SAFE Alliance, SAFE Alliance Foundation, and SAFE Alliance Facilities Holdings (the Organizations), which comprise the combining statements of financial position as of March 31, 2020 and 2019, and the related combining statements of activities and changes in net assets, combined statements of functional expenses, and combining statements of cash flows for the years then ended, and the related notes to the combining and combined financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these combining and combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combining and combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the combining and combined financial statements referred to above present fairly, in all material respects, the combining financial position of The SAFE Alliance as of March 31, 2020 and 2019, and the combining and combined results of their operations and cash flows for the years ended March 31, 2020 and 2019, in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

Our audits were conducted for the purpose of forming an opinion on the combining and combined financial statements as a whole. The Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Single Audit Circular, is presented for purposes of additional analysis and is not a required part of the combining and combined 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 combining and combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combining and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining and combined financial statements or to the combining and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combining and combined financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2020, on our consideration of the Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

*Atchley + Associates, LLP*

Austin, Texas  
July 10, 2020

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THE SAFE ALLIANCE  
 COMBINING STATEMENT OF FINANCIAL POSITION  
 MARCH 31, 2020

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,642,259	\$ -	\$ -	\$ 1,642,259
Investments	1,309,082	-	-	1,309,082
Receivables				
Grants	1,261,404	-	-	1,261,404
Contracts, net	352,122	-	-	352,122
Pledges receivable - operating	198,461	-	-	198,461
Other receivables	105,884	-	-	105,884
Prepaid expenses	170,022	-	-	170,022
Current portion of pledges receivable with donor restrictions	210,822	-	-	210,822
Total current assets	<u>5,250,056</u>	<u>-</u>	<u>-</u>	<u>5,250,056</u>
Pledges receivable with donor restrictions	4,539,804	-	-	4,539,804
Investments	1,319,322	5,191,543	-	6,510,865
Property and equipment, net	<u>686,294</u>	<u>-</u>	<u>14,964,776</u>	<u>15,651,070</u>
Total assets	<u>\$ 11,795,476</u>	<u>\$ 5,191,543</u>	<u>\$ 14,964,776</u>	<u>\$ 31,951,795</u>

The accompanying notes are an integral part of these combining and combined financial statements.



THE SAFE ALLIANCE  
 COMBINING STATEMENT OF FINANCIAL POSITION - CONTINUED  
 MARCH 31, 2020

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 289,620	\$ -	\$ -	\$ 289,620
Accrued salaries	159,828	-	-	159,828
Accrued paid time off	529,574	-	-	529,574
Other accrued expenses	409,942	-	-	409,942
Current portion of long-term debt	-	-	25,000	25,000
Total current liabilities	<u>1,388,964</u>	<u>-</u>	<u>25,000</u>	<u>1,413,964</u>
Long-term obligations				
Deferred lease expense	73,553	-	-	73,553
Long-term portion of notes payable	-	-	1,000,000	1,000,000
Total liabilities	<u>1,462,517</u>	<u>-</u>	<u>1,025,000</u>	<u>2,487,517</u>
Net assets without donor restrictions				
Undesignated	2,821,828	2,467,182	-	5,289,010
Board designated				
DFPS cash reserve	500,000	-	-	500,000
Property and equipment	1,805,616	-	13,939,776	15,745,392
	<u>5,127,444</u>	<u>2,467,182</u>	<u>13,939,776</u>	<u>21,534,402</u>
Net assets with donor restrictions				
Time or purpose	5,205,515	773,822	-	5,979,337
Perpetual	-	1,950,539	-	1,950,539
Total net assets	<u>10,332,959</u>	<u>5,191,543</u>	<u>13,939,776</u>	<u>29,464,278</u>
Total liabilities and net assets	<u>\$ 11,795,476</u>	<u>\$ 5,191,543</u>	<u>\$ 14,964,776</u>	<u>\$ 31,951,795</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF FINANCIAL POSITION  
 MARCH 31, 2019

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,160,412	\$ -	\$ -	\$ 3,160,412
Investments	1,094,737	-	-	1,094,737
Receivables				
Grants	1,029,374	-	-	1,029,374
Contracts, net	345,146	-	-	345,146
Pledges receivable - operating	31,185	-	-	31,185
Other receivables	320,091	-	-	320,091
Prepaid expenses	135,526	-	-	135,526
Current portion of pledges receivable with donor restrictions	168,731	-	-	168,731
Total current assets	<u>6,285,202</u>	<u>-</u>	<u>-</u>	<u>6,285,202</u>
Pledges receivable with donor restrictions	4,631,949	-	-	4,631,949
Investments	1,096,370	5,790,349	-	6,886,719
Property and equipment, net	<u>707,518</u>	<u>-</u>	<u>15,523,952</u>	<u>16,231,470</u>
Total assets	<u>\$ 12,721,039</u>	<u>\$ 5,790,349</u>	<u>\$ 15,523,952</u>	<u>\$ 34,035,340</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF FINANCIAL POSITION - CONTINUED  
 MARCH 31, 2019

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 347,376	\$ -	\$ -	\$ 347,376
Accrued salaries	130,822	-	-	130,822
Accrued paid time off	477,786	-	-	477,786
Other accrued expenses	442,223	-	-	442,223
Current portion of long-term debt	-	-	25,000	25,000
Total current liabilities	<u>1,398,207</u>	<u>-</u>	<u>25,000</u>	<u>1,423,207</u>
Long-term obligations				
Deferred lease expense	53,796	-	-	53,796
Long-term portion of notes payable	-	-	1,025,000	1,025,000
Total liabilities	<u>1,452,003</u>	<u>-</u>	<u>1,050,000</u>	<u>2,502,003</u>
Net assets without donor restrictions				
Undesignated	3,764,621	2,751,753	-	6,516,374
Board designated				
DFPS cash reserve	500,000	-	-	500,000
Property and equipment	1,803,888	-	14,473,952	16,277,840
	<u>6,068,509</u>	<u>2,751,753</u>	<u>14,473,952</u>	<u>23,294,214</u>
Net assets with donor restrictions				
Time or purpose	5,200,527	1,088,057	-	6,288,584
Perpetual	-	1,950,539	-	1,950,539
Total net assets	<u>11,269,036</u>	<u>5,790,349</u>	<u>14,473,952</u>	<u>31,533,337</u>
Total liabilities and net assets	<u>\$ 12,721,039</u>	<u>\$ 5,790,349</u>	<u>\$ 15,523,952</u>	<u>\$ 34,035,340</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 YEAR ENDED MARCH 31, 2020

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>Public support and revenue:</b>				
Grants and contracts:				
Federal and State agencies	\$ 8,739,373	\$ -	\$ -	\$ 8,739,373
Local agencies	1,854,795	-	-	1,854,795
Service reimbursement contracts	2,322,950	-	-	2,322,950
Contributions and public support	5,691,711	-	-	5,691,711
Special fundraising events	1,931,561	-	-	1,931,561
In-kind support	1,265,033	-	25,000	1,290,033
Revenue from services	536,894	-	-	536,894
Proceeds from endowment from related entity	14,800	-	-	14,800
Investment return, net	58,851	(185,092)	-	(126,241)
Other	56,995	-	-	56,995
Total public support and revenue without donor restrictions	<u>22,472,963</u>	<u>(185,092)</u>	<u>25,000</u>	<u>22,312,871</u>
Transfer from Foundation to SAFE	209,328	(209,328)	-	-
Transfer from SAFE to Facilities Holdings	(178,684)	-	178,684	-
Net assets released from restrictions	623,068	109,849	-	732,917
Total public support, revenue without donor restrictions and net assets released from restrictions	<u>23,126,675</u>	<u>(284,571)</u>	<u>203,684</u>	<u>23,045,788</u>
<b>Expenses</b>				
Program services				
Client services	19,048,628	-	684,060	19,732,688
Community programs	1,445,364	-	13,970	1,459,334
Total program expenses	<u>20,493,992</u>	<u>-</u>	<u>698,030</u>	<u>21,192,022</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED  
 YEAR ENDED MARCH 31, 2020

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
Supporting services				
Management and general	\$ 2,189,836	\$ -	\$ 37,377	\$ 2,227,213
Fundraising	996,557	-	2,453	999,010
Special fundraising events	387,355	-	-	387,355
Total supporting services	<u>3,573,748</u>	<u>-</u>	<u>39,830</u>	<u>3,613,578</u>
 Total expenses	 <u>24,067,740</u>	 <u>-</u>	 <u>737,860</u>	 <u>24,805,600</u>
 Net change in net assets without donor restrictions	 <u>(941,065)</u>	 <u>(284,571)</u>	 <u>(534,176)</u>	 <u>(1,759,812)</u>
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Public support and revenue:				
Contributions and public support	628,056	-	-	628,056
Investment return, net	-	(204,386)	-	(204,386)
Total public support and revenue with donor restrictions	<u>628,056</u>	<u>(204,386)</u>	<u>-</u>	<u>423,670</u>
Net assets released from restrictions	<u>(623,068)</u>	<u>(109,849)</u>	<u>-</u>	<u>(732,917)</u>
Net change in net assets with donor restrictions	<u>4,988</u>	<u>(314,235)</u>	<u>-</u>	<u>(309,247)</u>
Net change in net assets	(936,077)	(598,806)	(534,176)	(2,069,059)
Net assets at beginning of year	<u>11,269,036</u>	<u>5,790,349</u>	<u>14,473,952</u>	<u>31,533,337</u>
Net assets at end of year	<u>\$ 10,332,959</u>	<u>\$ 5,191,543</u>	<u>\$ 13,939,776</u>	<u>\$ 29,464,278</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 YEAR ENDED MARCH 31, 2019

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Public support and revenue:				
Grants and contracts:				
Federal and State agencies	\$ 7,657,131	\$ -	\$ -	\$ 7,657,131
Local agencies	1,599,003	-	-	1,599,003
Service reimbursement contracts	2,637,360	-	-	2,637,360
Contributions and public support	5,218,936	-	-	5,218,936
Special fundraising events	2,050,129	-	-	2,050,129
In-kind support	1,397,824	-	28,320	1,426,144
Revenue from services	453,451	-	-	453,451
Proceeds from endowment from related entity	-	-	-	-
Investment return, net	44,459	148,048	-	192,507
Other	67,547	-	-	67,547
Total public support and revenue without donor restrictions	<u>21,125,840</u>	<u>148,048</u>	<u>28,320</u>	<u>21,302,208</u>
Transfer from Foundation to SAFE	187,801	(187,801)	-	-
Transfer from SAFE to Facilities Holdings	(308,508)	-	308,508	-
Net assets released from restrictions	<u>651,111</u>	<u>98,521</u>	<u>-</u>	<u>749,632</u>
Total public support, revenue without donor restrictions and net assets released from restrictions	<u>21,656,244</u>	<u>58,768</u>	<u>336,828</u>	<u>22,051,840</u>
Expenses				
Program services				
Client services	17,098,690	-	650,769	17,749,459
Community programs	1,266,915	-	10,635	1,277,550
Total program expenses	<u>18,365,605</u>	<u>-</u>	<u>661,404</u>	<u>19,027,009</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED  
 YEAR ENDED MARCH 31, 2019

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
Supporting services				
Management and general	\$ 2,001,053	\$ -	\$ 34,962	\$ 2,036,015
Fundraising	1,008,089	-	2,814	1,010,903
Special fundraising events	497,478	-	-	497,478
Total supporting services	<u>3,506,620</u>	<u>-</u>	<u>37,776</u>	<u>3,544,396</u>
 Total expenses	 <u>21,872,225</u>	 <u>-</u>	 <u>699,180</u>	 <u>22,571,405</u>
 Net change in net assets without donor restrictions	 <u>(215,981)</u>	 <u>58,768</u>	 <u>(362,352)</u>	 <u>(519,565)</u>
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Public support and revenue:				
Contributions and public support	427,368	2,000	-	429,368
Investment return, net	-	163,398	-	163,398
Total public support and revenue with donor restrictions	<u>427,368</u>	<u>165,398</u>	<u>-</u>	<u>592,766</u>
Net assets released from restrictions	<u>(651,111)</u>	<u>(98,521)</u>	<u>-</u>	<u>(749,632)</u>
Net change in net assets with donor restrictions	<u>(223,743)</u>	<u>66,877</u>	<u>-</u>	<u>(156,866)</u>
Net change in net assets	(439,724)	125,645	(362,352)	(676,431)
Net assets at beginning of year	<u>11,708,760</u>	<u>5,664,704</u>	<u>14,836,304</u>	<u>32,209,768</u>
Net assets at end of year	<u>\$ 11,269,036</u>	<u>\$ 5,790,349</u>	<u>\$ 14,473,952</u>	<u>\$ 31,533,337</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED MARCH 31, 2020

	COMBINED							Total
	Program Services			Supporting Services				
	Client Services	Community Programs	Total Program Services	Management and General	Fundraising	Special Fundraising Events	Total Supporting Services	
Salaries and benefits	\$ 13,900,509	\$ 1,216,567	\$ 15,117,076	\$ 1,828,072	\$ 645,401	\$ -	\$ 2,473,473	\$ 17,590,549
Direct client assistance	1,650,498	110	1,650,608	-	-	-	-	1,650,608
Facility costs	1,165,237	56,751	1,221,988	154,937	48,698	-	203,635	1,425,623
Supplies and expenses	346,639	15,893	362,532	31,332	5,391	387,355	424,078	786,610
Subcontracts with partner agencies	759,109	913	760,022	-	-	-	-	760,022
Professional fees and contracts	408,268	39,067	447,335	71,236	20,738	-	91,974	539,309
Travel, training and conferences	355,071	15,714	370,785	20,514	15,907	-	36,421	407,206
Printing and publications	31,948	60,181	92,129	407	147,898	-	148,305	240,434
Other expense	44,291	1,472	45,763	7,307	91,520	-	98,827	144,590
Communications	87,554	4,181	91,735	10,902	3,787	-	14,689	106,424
Small equipment purchases	51,946	143	52,089	19,434	207	-	19,641	71,730
Equipment rental and maintenance	30,229	17,356	47,585	7,008	1,475	-	8,483	56,068
Subscriptions and dues	41,415	4,430	45,845	8,559	4,470	-	13,029	58,874
<b>Total expenses before depreciation</b>	<b>18,872,714</b>	<b>1,432,778</b>	<b>20,305,492</b>	<b>2,159,708</b>	<b>985,492</b>	<b>387,355</b>	<b>3,532,555</b>	<b>23,838,047</b>
Depreciation	859,974	26,556	886,530	67,505	13,518	-	81,023	967,553
<b>Total expenses</b>	<b>\$ 19,732,688</b>	<b>\$ 1,459,334</b>	<b>\$ 21,192,022</b>	<b>\$ 2,227,213</b>	<b>\$ 999,010</b>	<b>\$ 387,355</b>	<b>\$ 3,613,578</b>	<b>\$ 24,805,600</b>

The accompanying notes are an integral part of these combining and combined financial statements.



THE SAFE ALLIANCE  
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED MARCH 31, 2019

	COMBINED							Total
	Program Services			Supporting Services				
	Client Services	Community Programs	Total Program Services	Management and General	Fundraising	Special Fundraising Events	Total Supporting Services	
Salaries and benefits	\$ 12,182,726	\$ 1,010,676	\$ 13,193,402	\$ 1,664,903	\$ 645,075	\$ -	\$ 2,309,978	\$ 15,503,380
Direct client assistance	1,472,286	68	1,472,354	-	-	-	-	1,472,354
Facility costs	1,068,043	50,619	1,118,662	133,070	54,150	-	187,220	1,305,882
Supplies and expenses	338,630	16,159	354,789	26,230	4,116	497,478	527,824	882,613
Subcontracts with partner agencies	873,743	741	874,484	-	-	-	-	874,484
Professional fees and contracts	472,972	72,117	545,089	69,424	28,863	-	98,287	643,376
Travel, training and conferences	307,970	22,950	330,920	15,725	6,344	-	22,069	352,989
Printing and publications	11,048	67,270	78,318	463	120,960	-	121,423	199,741
Other expense	29,954	1,248	31,202	20,657	124,243	-	144,900	176,102
Communications	82,405	3,764	86,169	11,423	3,829	-	15,252	101,421
Small equipment purchases	23,091	2,625	25,716	9,318	50	-	9,368	35,084
Equipment rental and maintenance	30,517	6,053	36,570	9,241	1,195	-	10,436	47,006
Subscriptions and dues	20,494	1,169	21,663	11,657	6,986	-	18,643	40,306
<b>Total expenses before depreciation</b>	<b>16,913,879</b>	<b>1,255,459</b>	<b>18,169,338</b>	<b>1,972,111</b>	<b>995,811</b>	<b>497,478</b>	<b>3,465,400</b>	<b>21,634,738</b>
Depreciation	835,580	22,091	857,671	63,904	15,092	-	78,996	936,667
<b>Total expenses</b>	<b>\$ 17,749,459</b>	<b>\$ 1,277,550</b>	<b>\$ 19,027,009</b>	<b>\$ 2,036,015</b>	<b>\$ 1,010,903</b>	<b>\$ 497,478</b>	<b>\$ 3,544,396</b>	<b>\$ 22,571,405</b>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2020

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
<b>OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ (936,077)	\$ (598,806)	\$ (534,176)	\$ (2,069,059)
Adjustments to reconcile change in net assets to net cash flows from operating activities				
Depreciation	229,693	-	737,860	967,553
Loss on disposal of assets	-	-	-	-
Donated note principal payments	-	-	(25,000)	(25,000)
Donated lease expense	169,425	-	-	169,425
In-kind property, equipment and facility	-	-	-	-
Unrealized (gain) loss on investments	-	204,386	-	204,386
Realized (gain) loss on investments	-	185,092	-	185,092
Changes in operating assets and liabilities -				
Receivables				
Grants	(232,030)	-	-	(232,030)
Contracts	(6,976)	-	-	(6,976)
Pledges	(167,276)	-	-	(167,276)
Other	214,207	-	-	214,207
Prepaid expenses	(34,496)	-	-	(34,496)
Pledges with donor restrictions	(99,614)	-	-	(99,614)
Accounts payable	(57,757)	-	-	(57,757)
Accrued salaries	29,006	-	-	29,006
Accrued paid time off	51,788	-	-	51,788
Other accrued expenses	(32,280)	-	-	(32,280)
Net cash flows from operating activities	<u>(872,387)</u>	<u>(209,328)</u>	<u>178,684</u>	<u>(903,031)</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF CASH FLOWS - CONTINUED  
 YEAR ENDED MARCH 31, 2020

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
<b>INVESTING ACTIVITIES</b>				
Sale (purchase) of investments, net	\$ (214,345)	\$ 209,328	\$ -	\$ (5,017)
Reserve of cash for capital needs	(222,953)	-	-	(222,953)
Change in capital pledge receivable	-	-	-	-
Proceeds from disposal of property and equipment	-	-	-	-
Purchase of property and equipment	(208,468)	-	(178,684)	(387,152)
Net cash flows from investing activities	(645,766)	209,328	(178,684)	(615,122)
Net change in cash and cash equivalents	(1,518,153)	-	-	(1,518,153)
Cash and cash equivalents - beginning of year	3,160,412	-	-	3,160,412
Cash and cash equivalents - end of year	\$ 1,642,259	\$ -	\$ -	\$ 1,642,259

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF CASH FLOWS  
 YEAR ENDED MARCH 31, 2019

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
<b>OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ (439,724)	\$ 125,645	\$ (362,352)	\$ (676,431)
Adjustments to reconcile change in net assets to net cash flows from operating activities				
Depreciation	237,487	-	699,180	936,667
Loss on disposal of assets	5,289	-	-	5,289
Donated note principal payments	-	-	(25,000)	(25,000)
Donated lease expense	169,425	-	-	169,425
In-kind property, equipment and facility	-	-	(3,320)	(3,320)
Unrealized (gain) loss on investments	-	(163,398)	-	(163,398)
Realized (gain) loss on investments	-	(148,048)	-	(148,048)
Changes in operating assets and liabilities -				
Receivables				
Grants	(205,830)	-	-	(205,830)
Contracts	70,193	-	-	70,193
Pledges	47,791	-	-	47,791
Other	(138,177)	-	-	(138,177)
Prepaid expenses	118,888	-	-	118,888
Pledges with donor restrictions	(36,973)	-	-	(36,973)
Accounts payable	(24,026)	-	-	(24,026)
Accrued salaries	(14,416)	-	-	(14,416)
Accrued paid time off	39,286	-	-	39,286
Other accrued expenses	2,109	-	-	2,109
Net cash flows from operating activities	<u>(168,678)</u>	<u>(185,801)</u>	<u>308,508</u>	<u>(45,971)</u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
 COMBINING STATEMENT OF CASH FLOWS - CONTINUED  
 YEAR ENDED MARCH 31, 2019

	The SAFE Alliance	SAFE Alliance Foundation	SAFE Alliance Facilities Holdings	Total
INVESTING ACTIVITIES				
Sale (purchase) of investments, net	\$ (177,205)	\$ 185,801	\$ -	\$ 8,596
Reserve of cash for capital needs	299,235	-	-	299,235
Change in capital pledge receivable	53,000	-	-	53,000
Proceeds from disposal of property and equipment	2,617	-	-	2,617
Purchase of property and equipment	<u>(277,863)</u>	<u>-</u>	<u>(308,508)</u>	<u>(586,371)</u>
Net cash flows from investing activities	<u>(100,216)</u>	<u>185,801</u>	<u>(308,508)</u>	<u>(222,923)</u>
Net change in cash and cash equivalents	(268,894)	-	-	(268,894)
Cash and cash equivalents - beginning of year	<u>3,429,306</u>	<u>-</u>	<u>-</u>	<u>3,429,306</u>
Cash and cash equivalents - end of year	<u><u>\$ 3,160,412</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,160,412</u></u>

The accompanying notes are an integral part of these combining and combined financial statements.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE A - NATURE OF OPERATIONS

The SAFE Alliance

On January 1, 2017, The SAFE Services Alliance, Travis Count Domestic Violence & Sexual Assault Survival Center dba SafePlace, and Austin Children's Shelter (ACS) merged to form The SAFE Alliance (SAFE) and The SAFE Alliance Facilities Holdings (SAFE Facilities). SAFE assumed ownership of assets and liabilities of the three entities, excluding land, buildings and related liabilities. SAFE Facilities assumed ownership of the land and building assets and related liabilities. IRS determination letters recognizing the name changes resulting from the merger were received in March 2017. The merger followed the formation of an alliance of the entities on May 29, 2012, where The SAFE Services Alliance dba The SAFE Alliance (SAFE) served as an umbrella or parent entity for SafePlace and Austin Children's Shelter to enhance and improve services provided to victims/survivors.

The SAFE Alliance and SAFE Alliance Foundation

SAFE is a private nonprofit corporation providing services that include emergency shelter and supportive services for victims of domestic, sexual and child abuse, supportive housing for eligible families and youth, adult and children's counseling, children's activities, education and preschool programs, and legal services as well as community education, prevention services, school-based education and counseling, disability-related education and counseling, and community advocacy in the Austin and Travis County, Texas area.

Funding for SAFE is provided primarily by grants received from federal, state, and local governments of approximately \$10,594,000 and \$9,256,000 in the years ended March 31, 2020 and 2019, respectively, by contracts with state agencies to provide services to clients on a fee-for-service basis of approximately \$2,323,000 and \$2,637,000 in the years ended March 31, 2020 and 2019, respectively, and contributions from the general public of approximately \$8,251,000 and \$7,696,000 in the years ended March 31, 2020 and 2019, respectively.

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Foundation for SafePlace, Domestic Violence and Sexual Assault Survival Center (the Foundation) was incorporated December 13, 1991, for the purpose of receiving and maintaining a fund or funds of real or personal property, or both, for SafePlace. It is the goal of the Foundation to raise funds first, to establish an endowment for the benefit of SafePlace and second, to help pay operating expenses incurred by SafePlace. SafePlace is the sole corporate member of the Foundation.

On October 22, 2015, the Foundation changed its name to SAFE Alliance Foundation and the purpose of the Foundation is to support SAFE and related organizations. The Foundation had investment losses of \$389,478 and earnings of \$311,446 for the year ended March 31, 2020 and 2019, respectively.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE B - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies of SAFE, the Foundation, and SAFE Facilities, collectively referred to as the Organizations, applied in the preparation of the accompanying combining and combined financial statements follows:

Combining and Combined Financial Statements

The accompanying combining and combined financial statements include the financial statements of SAFE, the Foundation and SAFE Facilities. All significant intercompany transactions have been eliminated in the combining and combined financial statements.

Basis of Presentation

The combining and combined financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (US GAAP).

Financial Statement Presentation

Under Financial Accounting Standards Board Accounting Standards Codification (FASB ACS) 958, the Organizations are required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the absence or existence of donor-imposed restrictions.

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied.

*Net assets with donor restrictions* - Net assets that are subject to donor-imposed stipulations either for use during a specific time period or for a particular purpose.

Net Assets Released from Restrictions

When a donor-imposed restriction is fulfilled or when a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying combining statements of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents

Cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes. As of March 31, 2020 and 2019, cash and cash equivalents were \$2,429,451 and \$3,769,042, respectively. \$787,192 and \$608,630 are reported as investments held for capital needs and long-term investment on the combining statement of financial position, for the year ended March 31, 2020 and the year ended March 31, 2019, respectively.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Accounts Receivable

SAFE considers grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required for grants receivable. An allowance has been recorded in these combining and combined financial statements for uncollectible fee-for-service reimbursement receivables based on the age of the receivable as recorded at the time the service was provided. An allowance has been recorded in these combining and combined financial statements for uncollectible pledges and other contributions receivable based on prior history with similar donors.

Fair Value Measurements

Investments include various types of securities in various companies within various markets that are considered available-for-safe securities and each is carried at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. US GAAP establishes a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2), and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. SAFE and Foundation investments are valued using Level 1 inputs.

Investments and Investment Return

Investments are recorded at fair value based on quoted prices in an active market. Realized and unrealized gains and losses on investments are reported in the combining statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless restricted by the donor or by law.

Investment income consists of interest and dividends and is available to support any activities of the Organizations. Investment income is recognized as revenue without donor restrictions, unless otherwise specified by the donor.

Property and Equipment

The Organizations report land, buildings and equipment at historical cost if purchased, or at fair value if donated, less accumulated depreciation. Property and equipment purchased in excess of \$5,000 are capitalized. Repairs and maintenance costs are expensed as incurred while betterments and improvements are capitalized. Provision for depreciation is recognized using primarily the straight-line method over the estimated useful lives of the depreciable assets. Upon the sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the combining statement of activities and changes in net assets.



THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Property and Equipment - Continued

Depreciation expense is calculated for property and equipment based on estimated useful lives as follows:

Buildings & Improvements	10 - 40 years
Furniture & Equipment	3 - 10 years
Vehicles	3 - 5 years

Revenue Recognition

The Organizations adopted FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and additional ASUs issued to clarify the guidance in ASU 2014-09, which amends the existing accounting standards for revenue recognition. The Organizations adopted the new revenue standard utilizing the full retrospective method. The Organizations did not restate information reported in prior periods as the adoption for the new revenue standard did not have a material impact on previously reported amounts.

In accordance with the FASB ASC 958, *Not-for-Profit Entities*, contributions are recognized as support when they are received. The Organizations report gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. SAFE also receives reimbursement grants. These grants are not recorded until acceptable expenditures under the grant terms have been made and reimbursement can be requested.

Special event revenues are recognized when the event is held.

Unconditional promises to give are recognized as revenues or gains in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organizations consider all contributions (unconditional promises to give) to be contributions without donor restrictions unless the restriction is a donor-imposed stipulation specifying a use for the contribution that is more specific than the broad limits resulting from the nature and purpose of the Organizations and its continuing programs. Contributions without donor restrictions are recorded as an increase in net assets without donor restrictions available in the period in which the notice of the unconditional promise to give is received.

Contributions or grants which result in new and nonrecurring programs as well as contributions received as the result of a capital campaign for the acquisition or rehabilitation of property and equipment are considered contributions with donor restrictions.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Contributions or grants which contain a donor-imposed stipulation that the contributions cannot be used until a future period are recorded as time restricted contributions. Contributions, which are time restricted with respect to the expenditure of the funds, are recorded as increases in net assets with donor restrictions available in the period in which the notice of grant award is received. The fair value of contributions arising from unconditional promises to give cash or other assets in one or more future years is measured (discounted) using a risk-adjusted rate of return appropriate for the expected term of the promise to give. Such discounts are amortized between the date the promise to give is initially recognized and the date the actual cash is expected to be collected.

Advertising

Advertising and direct mail costs are expensed as incurred. For the years ended March 31, 2020 and 2019, advertising and direct mail expenses totaled \$240,434 and \$199,741, respectively.

Investment in Limited Partnership

SAFE is a partner in a project for low-income families. The ownership interest is 1% general partner interest and is not combined in the financial statements as the partnership is not controlled by SAFE. See Note O for additional information.

Income Taxes

The Organizations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the entities are classified as a private foundation. Therefore, no provision for income taxes is made in the accompanying combining and combined financial statements.

The Organizations have adopted FASB ASC 740, *Accounting for Uncertainty in Income Tax*. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the positions will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. As of March 31, 2020 and 2019, the Organizations have not recognized liabilities for uncertain tax positions or associated interest and penalties.

The Organizations' individual federal exempt organization returns for the years March 31, 2017, and thereafter, are subject to examination by the Internal Revenue Services, generally for three years after they are filed.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

In-kind Contributions

The Organizations receive various types of in-kind contributions in the course of daily operations, including professional services, supplies and materials. Contributed professional services are recognized as in-kind contributions if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the contributions. Contributions of tangible assets are capitalized at fair value when received.

Functional Expenses

Directly identifiable expenses are classified as program and supporting services. Expenses related to more than one function are allocated to program and supporting services on the basis of management estimates. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organizations. The expenses that are allocated include the following unless the expense can be tied directly to a specific program or supporting service:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Supplies and expenses	Full-time equivalent
Facility costs	Square footage
Communications	Full-time equivalent
Depreciation	Square footage

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management of the Organizations has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the combining and combined financial statements were available to be issued. See Note U.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE C - FUNDING FOR FAMILY SHELTER

Prior to the merger, SafePlace entered into an agreement with the City of Austin (the City) to provide partial funding for the construction of a family shelter. Under the terms of the agreement, the City agreed to lease from SafePlace a seven-acre tract of land (the site for the new family shelter) for 99 years in return for the advance rental payment. SafePlace then executed an agreement to sublease the seven-acre tract of land back from the City for a period of 99 years in exchange for SafePlace's construction and operation of a family shelter on the seven-acre tract. This agreement transferred to SAFE as a result of the merger.

NOTE D - PROMISES TO GIVE

SAFE has received pledges, or promises to give, of donations related to its operations. Promises to be received after March 31, 2020 are discounted at 2% per year.

Unconditional promises to give at March 31, 2020:

	SAFE
Operations	\$ 220,512
With donor restrictions	4,766,195
Unconditional promises to give	\$ 4,986,707
Amounts due in:	
Less than one year	\$ 431,394
One to five years	906,840
More than five years	3,648,473
Total unconditional promises to give	4,986,707
Less discount to net present value (excluding in-kind lease)	(6,886)
Less allowance for uncollectible pledges	(30,734)
Net unconditional promises to give	\$ 4,949,087

Unconditional promises to give are presented on the combining statement of financial positions as follows:

	SAFE
Current asset	
Pledges receivable - operating, net	\$ 198,461
Current portion of pledge with donor restrictions	210,882
Long-term asset	
Pledges receivable with donor restrictions, net	4,539,744
	\$ 4,949,087

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE D - PROMISES TO GIVE - Continued

Unconditional promises to give at March 31, 2019:

	SAFE
Operations	\$ 34,650
With donor restrictions	4,807,658
Unconditional promises to give	\$ 4,842,308
Amounts due in:	
Less than one year	\$ 203,380
One to five years	831,079
More than five years	3,807,849
Total unconditional promises to give	4,842,308
Less discount to net present value (excluding in-kind lease)	(2,247)
Less allowance for uncollectible pledges	(8,196)
Net unconditional promises to give	\$ 4,831,865

Unconditional promises to give are presented on the combining statement of financial positions as follows:

	SAFE
Current asset	
Pledges receivable - operating, net	\$ 31,185
Current portion of pledge with donor restrictions	168,731
Long-term asset	
Pledges receivable with donor restrictions, net	4,631,949
	\$ 4,831,865

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE E - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, SAFE's assets at fair value as of March 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
U.S. Treasury	\$ 738,619	\$ -	\$ -	738,619
Corporate debt	683,592	-	-	683,592
Cash	787,192	-	-	787,192
Money market funds	419,001	-	-	419,001
	<u>\$ 2,628,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,628,404</u>

The following table sets forth by level, within the fair value hierarchy, SAFE's assets at fair value as of March 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
U.S. Treasury	\$ 594,347	\$ -	\$ -	594,347
Corporate debt	804,018	-	-	804,018
Cash	608,630	-	-	608,630
Money market funds	184,112	-	-	184,112
	<u>\$ 2,191,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,191,107</u>

The following table sets forth by level, within the fair value hierarchy, Foundation's assets at fair value as of March 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equity securities	\$ 2,829,239	\$ -	\$ -	\$ 2,829,239
U.S. Treasury	423,550	-	-	423,550
Corporate debt	1,372,696	-	-	1,372,696
Non-U.S. securities	442,931	-	-	442,931
Cash and money market funds	123,127	-	-	123,127
	<u>\$ 5,191,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,191,543</u>

The following table sets forth by level, within the fair value hierarchy, Foundation's assets at fair value as of March 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equity securities	\$ 3,065,103	\$ -	\$ -	\$ 3,065,103
U.S. Treasury	535,600	-	-	535,600
Corporate debt	1,181,688	-	-	1,181,688
Non-U.S. securities	533,814	-	-	533,814
Cash and money market funds	474,144	-	-	474,144
	<u>\$ 5,790,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,790,349</u>

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

SAFE	2020	2019
Furniture, fixtures and equipment	\$ 2,647,438	\$ 2,706,802
Vehicles	300,496	255,270
	<u>2,947,934</u>	<u>2,962,072</u>
Accumulated depreciation	(2,261,640)	(2,254,554)
	<u>\$ 686,294</u>	<u>\$ 707,518</u>

Depreciation expense for SAFE totaled \$229,693 and \$237,487 for the years ended March 31, 2020 and 2019, respectively.

SAFE Facilities Holdings	2020	2019
Land	\$ 2,851,468	\$ 2,851,468
Buildings and improvements	22,808,482	22,629,799
	<u>25,659,950</u>	<u>25,481,267</u>
Accumulated depreciation	(10,695,174)	(9,957,315)
	<u>\$ 14,964,776</u>	<u>\$ 15,523,952</u>

Depreciation expense for SAFE Facilities Holdings totaled \$737,860 and \$699,180 for the years ended March 31, 2020, and 2019, respectively.

NOTE G - NOTES PAYABLE

SAFE Facilities Holdings long-term obligations as of March 31 follows:

	2020	2019
City of Austin - Executed in connection with expansion of supportive housing complex; secured by land and construction; payable in annual installments of \$25,000 with 0% interest beginning February 2002. See note (a) on next page.	\$ 25,000	\$ 50,000
Less amount due within one year	(25,000)	(25,000)
Debt, noncurrent portion	<u>\$ -</u>	<u>\$ 25,000</u>

The future debt service under this note payable as of March 31, 2020, is as follows:

<u>March 31,</u> 2021	<u>Amount</u>
	<u>\$ 25,000</u>

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE G - NOTES PAYABLE - Continued

(a) The proceeds of this loan were used in connection with the construction of an expansion of the supportive housing complex, including fourteen new apartments and a new community center. The loan is forgiven at the rate of \$25,000 per year if SAFE operates the housing project for lower income families. The loan will be fully forgiven twenty years from the date of the loan, on February 28, 2021, providing SAFE continues to operate the property for its intended use and is not in default of the terms of the note, the loan agreement, or the deed of trust. The donation of the principal payment due in 2020 and 2019 have been recorded as an increase in net assets in the current year's financial statements.

SAFE Facilities Holdings, as a result of the merger effective January 1, 2017, assumed the agreement ACS entered into with the Austin Housing and Finance Corporation in June 2008 in the amount of \$1,000,000. The note has a maturity date of July 1, 2107, with an annual interest rate of 0% and an annual interest rate on matured, unpaid amounts of 0%. The agreement states that, provided the borrower has not violated any of the terms and conditions of the loan agreement, the outstanding principal balance of the note will be forgiven and paid in full on the maturity date. The total drawn on the note as of March 31, 2020 and 2019, was \$1,000,000.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

At March 31, 2020, the total amount of net assets with donor restrictions for time restricted gifts for future program expenditures was \$5,205,515 for SAFE; Foundation net assets with donor restrictions for future program expenditures was \$773,822 and \$1,950,539 that are being held in perpetuity.

At March 31, 2019, the total amount of net assets with donor restrictions for time restricted gifts for future program expenditures was \$5,200,527 for SAFE; Foundation net assets with donor restrictions for future program expenditures was \$1,088,057 and \$1,950,539 that are being held in perpetuity.

NOTE I - RELEASE OF DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, by the passage of time, or by the change of restrictions specified by the donors. Net assets released during the years ended March 31, 2020 and 2019, are as follows:

	SAFE	Foundation
	2020	
Gifts for 2020 program expenditures	\$ 623,068	\$ -
Program restrictions met	-	109,849
	\$ 623,068	\$ 109,849
	2019	
Gifts for 2019 program expenditures	\$ 651,111	\$ -
Program restrictions met	-	98,521
	\$ 651,111	\$ 98,521



THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE J - ENDOWMENT FUNDS

The Foundation's endowment consists of donor-restricted funds, which are restricted for the purpose of furthering the Foundation's mission. As required by generally accepted accounting principles, net assets associated with endowment funds, which may include funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law

The investment management of the assets of the Foundation is subject to the standards of conduct set out in the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). As a result, the Foundation classifies as net assets with donor restrictions (1) the original value of gifts donated to the donor-restricted endowment, (2) the original value of subsequent gifts to the donor-restricted endowment, (3) and accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund. The Foundation classifies the amounts of income, realized or unrealized gains and losses in excess of expenses as net assets with donor restrictions. Net losses or expenses are charged to net assets with donor restrictions and all excess remains in net assets with donor restrictions until appropriated for expenditure in accordance with donor restrictions. The Board of Directors has interpreted TUPMIFA as requiring the Board to take into consideration the following factors in determining the appropriate investment policies and to provide a predictable stream of funding to the supported programs:

- 1) The duration and preservation of the fund;
- 2) The purposes of the organization and the donor-restricted endowment fund;
- 3) The general economic conditions;
- 4) The possible effect of inflation or deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the organization;
- 7) The investment policies of the organization.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the corpus of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to result in high yields while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately four percent annually. Actual results in any given year may vary from this amount.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE J - ENDOWMENT FUNDS - Continued

Endowment net asset composition as of March 31, 2020, follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Time or Purpose	In Perpetuity	
Endowment funds	\$ 2,467,182	\$ 773,822	\$ 1,950,539	\$ 5,191,543

Changes in endowment net assets for the year ended March 31, 2020, follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Time or Purpose	In Perpetuity	
Endowment net assets, beginning of year	\$ 2,751,753	\$ 1,088,057	\$ 1,950,539	\$ 5,790,349
Investment return, net	(185,092)	(204,386)	-	(389,478)
Contributions	-	-	-	-
Assets released from restrictions	109,849	(109,849)	-	-
Distributions	(209,328)	-	-	(209,328)
Net assets, end of year	\$ 2,467,182	\$ 773,822	\$ 1,950,539	\$ 5,191,543

Endowment net asset composition as of March 31, 2019, follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Time or Purpose	In Perpetuity	
Endowment funds	\$ 2,751,753	\$ 1,088,057	\$ 1,950,539	\$ 5,790,349

Changes in endowment net assets for the period ended March 31, 2019, follows:

	Without Donor	With Donor Restrictions		Total
	Restrictions	Time or Purpose	In Perpetuity	
Endowment net assets, beginning of year	\$ 2,692,985	\$ 1,023,180	\$ 1,948,539	\$ 5,664,704
Investment return, net	148,048	163,398	-	311,446
Contributions	-	-	2,000	2,000
Assets released from restrictions	98,521	(98,521)	-	-
Distributions	(187,801)	-	-	(187,801)
Net assets, end of year	\$ 2,751,753	\$ 1,088,057	\$ 1,950,539	\$ 5,790,349

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE K - SUPPORTING SERVICES

SAFE held various special fundraising events during the years ended March 31, 2020 and 2019. The revenue and expenses related to these special events are reflected in these combining and combined financial statements as follows:

	2020		
	Revenue	Direct Costs	Net
<u>SAFE</u>			
Gala	\$ 1,064,183	\$ 269,429	\$ 794,754
3rd Party Hosted Events	345,710	10,301	335,409
Touch-A-Truck	127,447	52,416	75,031
Fore the Children	131,100	41,423	89,677
SAFE Together	263,121	13,786	249,335
Totals	\$ 1,931,561	\$ 387,355	\$ 1,544,206
	2019		
	Revenue	Direct Costs	Net
<u>SAFE</u>			
Gala	\$ 1,160,325	\$ 309,840	\$ 850,485
3rd Party Hosted Events	366,755	13,978	352,777
Celebration/Luncheon	180,489	45,939	134,550
Touch-A-Truck	143,323	47,938	95,385
Fore the Children	120,980	42,393	78,587
SAFE Together	73,257	37,390	35,867
Fashion Show-Day to Shine	5,000	-	5,000
Totals	\$ 2,050,129	\$ 497,478	\$ 1,552,651

NOTE L - IN-KIND DONATIONS

SAFE recorded contribution income resulting from the following donations received during the periods:

Long-Term Obligations

SAFE Facilities received donations of forgiveness of current debt service requirements. On the loan associated with the Supportive Housing program, the principal forgiven totaled \$25,000 and \$25,000 in the years ended March 31, 2020 and 2019, respectively.

Donated Items Utilized as Direct Assistance to Clients

SAFE utilized donations of clothing, furniture, and other household items as direct assistance to clients. Items valued at \$545,070 and \$820,599 in the years ended March 31, 2020 and 2019, respectively, and Goodwill vouchers valued at \$77,250 and \$70,150 in the years ended March 31, 2020 and 2019, respectively, were received and distributed to clients.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE L - IN-KIND DONATIONS - Continued

Donated Items Added to Property and Equipment

SAFE received and placed into service insulation valued at \$0 and \$3,320, during the years ended March 31, 2020 and 2019, respectively.

SAFE received and utilized professional services for its programs during the year. SAFE would have paid for these services if they were not donated.

<u>Salaries</u>	2020	
	Hours	Fair Value
Children's Services	1,946	\$ 48,839
Children/Youth Housing Support	819	20,563
Community/Client Education	1,418	35,597
Consulting Services	60	1,500
Counseling Interns	6,146	154,257
Emergency Services	11,330	284,370
Facility/Grounds Maintenance	996	25,000
Fundraising/Special Events	459	11,527
In-Kind Program Management	688	17,279
Outreach Services - Legal Advocacy	1,744	43,781
Total Contributed Services	25,606	\$ 642,713

<u>Salaries</u>	2019	
	Hours	Fair Value
Children's Services	730	\$ 18,558
Children/Youth Housing Support	834	21,215
Community/Client Education	306	7,793
Consulting Services	1,209	30,750
Counseling Interns	8,908	226,543
Emergency Services	2,366	60,160
Facility/Grounds Maintenance	723	18,387
Fundraising/Special Events	2,286	58,120
In-Kind Program Management	950	24,155
Outreach Services - Legal Advocacy	1,628	41,394
Total Contributed Services	19,940	\$ 507,075

In addition, other hours, for which no value has been assigned, were volunteered by individuals for the following:

	2020	2019
Volunteer Training/Newsletter	4,725	6,472
Administrative	472	13,295
Total Volunteered Hours	5,197	19,767

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE L - IN-KIND DONATIONS - Continued

In accordance with FASB ASC 958, *Not-for-Profit Entities - Revenue Recognition - Contributed Services*, the value of these donated services is not recorded in the accompanying combining and combined financial statements.

NOTE M - INVESTMENTS

Investment return is summarized as follows:

	2020	
	SAFE	Foundation
Interest and dividend income	\$ 58,851	\$ 122,134
Capital gains/(loss)	-	5,073
Unrealized gain/(loss) on investments	-	(516,685)
Total investment return	\$ 58,851	\$ (389,478)
	2019	
	SAFE	Foundation
Interest and dividend income	\$ 49,748	\$ 116,208
Capital gains/(loss)	(5,289)	14,168
Unrealized gain/(loss) on investments	-	181,070
Total investment return	\$ 44,459	\$ 311,446

NOTE N - RETIREMENT CONTRIBUTION

On January 1, 2017, SAFE merged their 403(b) plan into a multi-employer 403(b) plan sponsored by One Voice Central Texas (OVCT). Participation in the OVCT Plan continues to be voluntary and matching contributions continue to be discretionary. The plan allows for contributions through payroll deductions and individual employee contributions vary. The cost of employer contributions to the plan was \$263,092 and \$250,637 for the years ended March 31, 2020 and 2019, respectively. No significant changes occurred in the plan components in 2020 or in 2019.

NOTE O - LIMITED PARTNERSHIP

In 2002, Grove Place Partners, Ltd. (the Project) was formed to build and operate a 184-unit low-income apartment complex. Grove Place Partners GP, Inc. (GP) was formed to act as the General Partner in the Project. SafePlace was the original parent organization of GP. SAFE became the parent organization of GP as a result of the merger January 1, 2017.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE O - LIMITED PARTNERSHIP - Continued

The developer of the Project, a third party, is expected to receive a development fee in an amount up to 15% of the eligible basis of the Project. The development fee will be paid out of loan and equity proceeds received by the GP and, if such proceeds are insufficient for payment of the development fee, from cash flow generated by the operation of the Project. To the extent a development fee is paid, the developer shall share 10% of the development fee with GP, and the developer shall retain the remainder of the development fee. GP is required to pass any fees it earns to the parent organization. In 2020 and 2019, SAFE opted to forego receiving the 10% of development fee payments so as to enable faster payment of the balance.

In 2012, the agreements related to the development fee were renegotiated. The developer agreed to a reduction of the remaining balance of the development fees. GP will receive 10% of paid fees, but will retain a portion for GP expenses. Thus, the amount of fees that will be passed through to the parent organization is uncertain. Consequently, the receivable recorded in a prior year for the expected receipt of developer fees was written off in 2012. When excess developer fees are forwarded to SAFE from GP, they will be recorded as revenue in the year received. For the years ended March 31, 2020 and 2019, GP collected development fees in the amounts of \$0 and \$0, respectively.

NOTE P - COMMITMENTS AND CONTINGENCIES

Grants and Contracts

SAFE is funded by grants and contracts that are subject to review and audit by the grantor agencies. These grants and contracts have certain compliance requirements and, should audits by the grantor agencies disclose any areas of substantial noncompliance, SAFE may be required to refund any disallowed costs. Management does not know of any noncompliance which would require refunds.

Partnership

As a general partner in a partnership, SAFE may be subject to other liabilities, should the partnership's assets become insufficient to meet obligations.

Other

In prior years, the Board of Directors approved the creation of an endowment fund to be maintained by the Foundation. Various restrictions are placed upon the use of these funds and the related earnings. However, it is the desire of the Board that, in the event of an emergency threatening the existence of SAFE or any of its vital services, all or any part of the funds may be distributed to SAFE to relieve the emergency. These funds are reflected as funds without donor restrictions in the Foundation's endowment fund.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE Q - CONCENTRATION OF RISK

SAFE maintains cash deposits in financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Investments are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 at March 31, 2020. At March 31, 2020, SAFE had cash equivalents and investments of \$2,599,154 that exceeded FDIC and SIPC coverage. SAFE reviews the financial positions of the financial institutions on a regular basis and believes any credit risk is mitigated because the financial institutions are well collateralized.

Cash used for expenditures under the U.S. Department of Housing and Urban Development Grant is maintained in a separate account as required by the terms of the grant.

NOTE R - SAFE (THE AUSTIN CHILDREN'S SHELTER) ENDOWMENT FUND

Under an agreement dated December 21, 2004, The Austin Community Foundation for the Capital Area (ACF) holds funds in The Austin Children's Shelter Endowment Fund (the Fund). The purpose of the Fund is to provide a stable and ongoing means of generating operating revenue which will be used to support the educational and charitable mission of the Shelter. The Fund has an Advisory Committee, appointed by ACS's Board of Directors, that advises ACF on grants from the Fund. Distributions of up to five percent of the value of the Fund may be made annually unless written advice of the Advisory Committee provides otherwise. The agreement conferred to SAFE as a result of the merger and ACF updated the name of the funds held.

Because ACF has variance powers to determine the ultimate disposition of the funds, the funds held by ACF are not recorded on the books of ACS or considered ACS assets. Distributions were made from the Fund to ACS during the years ended March 31, 2020 and 2019, for \$14,800 and \$0, respectively. The fair value of the investments in the Fund is \$147,940 and \$182,344 at March 31, 2020 and 2019, respectively.

NOTE S - DONATED FACILITIES

SAFE receives the use of donated facilities. The original donation was recorded as contributions with donor restrictions when received and will be released from restriction on a monthly basis as the facility is occupied. The donated facilities lease began on November 1, 2016 and expires on October 31, 2046. The lease requires SAFE to pay its share of operating costs which are recorded as facility costs on the combined statement of functional expenses.

THE SAFE ALLIANCE  
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

NOTE T - AVAILABLE RESOURCES AND LIQUIDITY

The following represents the Organizations' financial assets at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and equivalents	\$ 1,642,259	\$ 3,160,412
Current investments	1,309,082	1,094,737
Grants receivables	1,261,404	1,029,374
Contracts receivables, net	352,122	345,146
Pledges receivable - operating	198,461	31,185
Other receivables	105,884	320,091
Current portion of pledges receivable with donor restrictions	<u>210,822</u>	<u>168,731</u>
 Total financial assets at year-end	 5,080,034	 6,149,676
 Less assets with donor restrictions	 (528,442)	 (622,374)
 Financial assets available to meet cash needs for general expenditures over the next twelve months	 <u><u>\$ 4,551,592</u></u>	 <u><u>\$ 5,527,302</u></u>

In addition to financial assets available to meet general expenditures over the next twelve months, SAFE operates with a balanced budget and anticipates only incurring expenses if adequate funds are available to pay for them. SAFE regularly monitors liquidity required to meet their operating needs and other contractual commitments.

NOTE U - SUBSEQUENT EVENT

Effective April 2, 2020, Grove Place Partners (GPP) Limited LLC was formed as a disregarded entity for tax purposes, wholly owned by Grove Place General Partner, whose parent entity is The SAFE Alliance. GPP Limited LLC acquired the PNC limited partnership 99.99% interest in the Grove Place Apartment complex, a low income housing project, at a cost of \$252,396. The fair value of GPP Limited LLC at the time of purchase was \$3,830,000. This acquisition increases the Grove Place General Partner ownership in the apartment complex to 100%. In the years beginning April 1, 2020, SAFE will incorporate the audited financial statements of Grove Place General Partner and those of the GPP Limited LLC into its audited financial statements.

The emergence of the Covid-19 Coronavirus pandemic in early 2020 has led to significant volatility and declines in the global markets. The Organizations are monitoring the evolving situation closely and evaluating its potential exposure. The SAFE Alliance was granted funds under the Paycheck Protection Program in the amount of \$2,914,200 in April 2020 to cover certain costs as outlined by the Program. In May 2020, \$1,000,000 of this loan was repaid. The remaining principal balance of \$1,914,200 is expected to qualify for forgiveness by the SBA. As of the date of this report, it is uncertain how long this volatility will continue, and to what extent, if any, it may impact the operation of the Organizations.



SUPPLEMENTAL INFORMATION

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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***

To the Board of Directors of  
The SAFE Alliance  
Austin, Texas

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 combining and combined financial statements of The SAFE Alliance (SAFE), which comprise the combining statements of financial position as of March 31, 2020, and the related combining and combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, the combining and combined statements of functional expenses for the year then ended, and the related notes to the combining and combined financial statements, and have issued our report thereon dated July 10, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SAFE'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAFE's internal control. Accordingly, we do not express an opinion on the effectiveness of SAFE'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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SAFE's financial statements are free of 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 matter that is 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Atchley & Associates, LLP*

Austin, Texas

July 10, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULES OF  
EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE AND  
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

To the Board of Directors of  
The SAFE Alliance  
Austin, Texas

**Report on Compliance for Each Major Federal and State Program**

We have audited The SAFE Alliance's (SAFE) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* and in the State of Texas Single Audit Circular that could have a direct and material effect on each of SAFE's major federal and state programs for the year ended March 31, 2020. SAFE's major federal and state 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 requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the compliance for each of SAFE's major federal and state 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 are contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); the State of Texas Uniform Grant Management Standards (UGMS) issued by the Governor's Office of Budget and Planning; and *the State of Texas Single Audit Circular*. Those standards and Uniform Guidance and *the State of Texas Single Audit Circular*, 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 or state program occurred. An audit includes examining, on a test basis, evidence about SAFE'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 on SAFE's compliance with those requirements.

## Opinion on Each Major Federal and State Program

In our opinion, SAFE 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 and state programs for the year ended March 31, 2020.

## Report on Internal Control Over Compliance

Management of SAFE 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 SAFE's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance and *the State of Texas Single Audit Circular*, 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 SAFE'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 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.

## Purpose of this Report

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 Uniform Guidance and *the State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

*Atchley & Associates, LLP*

Austin, Texas

July 10, 2020

THE SAFE ALLIANCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2020

Federal Grantor/Pass-through Agency/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program -			
Continuum of Care Program	14.267	TX0039L6J031710	\$ 184,381
Continuum of Care Program	14.267	TX0039L6J031710	104,992
Continuum of Care Program	14.267	TX0039L6J031710	18,492
Continuum of Care Program	14.267	TX0039L6J031811	167,971
Continuum of Care Program	14.267	TX0039L6J031811	152,447
Continuum of Care Program	14.267	TX0039L6J031811	21,330
Continuum of Care Program	14.267	TX0514D6J031800	37,750
Continuum of Care Program	14.267	TX0514D6J031800	77,478
Pass-through Program from Salvation Army			
Continuum of Care Program - Passages II	14.267	TX0401L6J031702	19,489
Continuum of Care Program - Passages II	14.267	TX0401L6J031803	26,486
<i>SubTotal CFDA</i>	<i>14.267</i>		<u>810,816</u>
Pass-through Program from Texas Department of Housing and Community Affairs			
Emergency Solutions Grants Program	14.231	42185030006	85,624
Emergency Solutions Grants Program	14.231	42195030005	65,029
<i>SubTotal CFDA</i>	<i>14.231</i>		<u>150,653</u>
Pass-through Program from LifeWorks			
Youth Homelessness Demonstration Program RRH	14.276	TX0506Y6J031600	474,807
<i>SubTotal CFDA</i>	<i>14.276</i>		<u>474,807</u>
Total U.S. Department of Housing & Urban Development			<u>1,436,276</u>
<u>U.S. Department of Health &amp; Human Services</u>			
Direct Program -			
FVPSA - Safe and Nurturing Families	93.592	90EV045303	250,434
FVPSA - Safe and Nurturing Families	93.592	90EV045304	253,201
<i>SubTotal CFDA</i>	<i>93.952</i>		<u>503,635</u>
Pass-through Program from Texas Health and Human Services Commission			
Temporary Assistance for Needy Families Title XX	93.558	529-15-0032-00071A	134,490
Temporary Assistance for Needy Families Title XX	93.558	HHS000380000052	205,680
<i>SubTotal CFDA</i>	<i>93.558</i>		<u>340,170</u>
Social Services Block Grant	93.667	529-15-0032-00071A	14,007
Social Services Block Grant	93.667	HHS000380000052	21,809
<i>SubTotal CFDA</i>	<i>93.667</i>		<u>35,816</u>
Family Violence Prevention Services	93.671	529-15-0032-00071A	62,277
Family Violence Prevention Services	93.671	HHS000380000052	106,448
Family Violence Prevention Services	93.671	529-15-0006-00030A	30,404
Family Violence Prevention Services	93.671	HHS000365700013	57,464
<i>SubTotal CFDA</i>	<i>93.671</i>		<u>256,593</u>

THE SAFE ALLIANCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2020

Federal Grantor/Pass-through Agency/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Health &amp; Human Services - Continued</u>			
Pass-through Program from Texas Council for Developmental Disabilities			
Developmental Disabilities Basic Support and Advocacy	93.630	18277	\$ 51,703
Developmental Disabilities Basic Support and Advocacy	93.630	19377	72,103
<i>SubTotal CFDA</i>	<i>93.630</i>		<u>123,806</u>
Pass-through Program from Texas Center for the Judiciary			
Children's Justice Grants to States	93.643	CJA-19-07	73,253
<i>SubTotal CFDA</i>	<i>93.643</i>		<u>73,253</u>
Pass-through Program from University of North Carolina at Chapel Hill			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5105708	5,272
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5109710	10,173
<i>SubTotal CFDA</i>	<i>93.846</i>		<u>15,445</u>
Total U.S. Department of Health & Human Services			<u>1,348,718</u>
<u>U.S. Department of Justice</u>			
Direct Program -			
Justice Systems Response to Families	16.021	2016-FJ-AX-0010	198,945
<i>SubTotal CFDA</i>	<i>16.021</i>		<u>198,945</u>
Transitional Housing Grant Program	16.736	2015-WH-AX-0006	142,881
<i>SubTotal CFDA</i>	<i>16.736</i>		<u>142,881</u>
Crime Victim Assistance/Discretionary Grants	16.582	2019-V3-GX-K026	24,271
<i>SubTotal CFDA</i>	<i>16.582</i>		<u>24,271</u>
Consolidated Children & Youth Experiencing Domestic	16.888	2019-CY-AX-0018	17,024
<i>SubTotal CFDA</i>	<i>16.888</i>		<u>17,024</u>
Outreach and Services to Underserved Populations	16.889	2017-UD-AX-0008	163,886
<i>SubTotal CFDA</i>	<i>16.889</i>		<u>163,886</u>
Grants to Encourage Arrest (aka Improving Criminal Justice Response)	16.590	2015-WE-AX-0012	100,052
Pass-through Program from Travis County District Attorney			
Grants to Encourage Arrest (aka Improving Criminal Justice Response)	16.590	2016-WE-AX-0007	1,297
<i>SubTotal CFDA</i>	<i>16.590</i>		<u>101,349</u>
Pass-through Program from American Gateways via Office of the Governor, Criminal Justice Division			
Crime Victim Assistance (VOCA)	16.575	1511518	146,073
Crime Victim Assistance (VOCA)	16.575	1511519	118,950



THE SAFE ALLIANCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2020

<u>Federal Grantor/Pass-through Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Justice - Continued</u>			
Pass-through Program from Texas Council on Family Violence Crime Victim Assistance (VOCA)	16.575	2016-VA-GX-0033	\$ 20,000
Pass-through Program from Office of the Governor, Criminal Justice Division			
Crime Victim Assistance (VOCA) - Comprehensive Svcs	16.575	1400519	1,693,554
Crime Victim Assistance (VOCA) - Sexual Assault Svcs	16.575	3739301	59,139
Crime Victim Assistance (VOCA) - Transitional Housing	16.575	3424201	99,889
Crime Victim Assistance (VOCA) - Drop In	16.575	3300601	76,668
Crime Victim Assistance (VOCA) - Drop In	16.575	3300602	222,787
Crime Victim Assistance (VOCA) - Advocacy	16.575	3341701	134,112
Crime Victim Assistance (VOCA) - Advocacy	16.575	3341702	139,018
Crime Victim Assistance (VOCA) - Specialized Foster	16.575	3342501	131,390
<i>SubTotal CFDA</i>	<i>16.575</i>		<u>2,841,580</u>
Total U.S. Department of Justice			<u>3,489,936</u>
<u>Department of Homeland Security</u>			
Direct Program -			
Emergency Food and Shelter National Board Program	97.024	36-782400-027	28,146
<i>SubTotal CFDA</i>	<i>97.024</i>		<u>28,146</u>
Total Department of Homeland Security			<u>28,146</u>
<u>U.S. Department of Agriculture</u>			
Pass-through Program from Texas Department of Agriculture			
Child & Adult Care Food Program - Child Care Center	10.558	01398	21,865
<i>SubTotal CFDA</i>	<i>10.558</i>		<u>21,865</u>
National School Lunch Program	10.555	01398	43,585
<i>SubTotal CFDA</i>	<i>10.555</i>		<u>43,585</u>
Total U.S. Department of Agriculture			<u>65,450</u>
<u>Total Federal Expenditures</u>			<u>\$ 6,368,526</u>

THE SAFE ALLIANCE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED MARCH 31, 2020

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>Identification Number</u>	<u>Grant Expenditures</u>
<u>Texas Health and Human Services Commission</u>		
Social Services Family Violence	529-15-0032-00071A	\$ 131,733
Social Services Family Violence	HHS000380000052	<u>205,750</u>
Total Texas Health and Human Services Commission		<u>337,483</u>
<u>Office of the Attorney General</u>		
Other Victim Assistance Grant	1988328	16,794
Other Victim Assistance Grant	2098119	24,543
Sexual Assault Prevention and Crisis Services Funds	1989219	65,191
Sexual Assault Prevention and Crisis Services Funds	2099612	185,542
<u>Pass-through Program from Travis County District Attorney - VCLG</u>		
Professional Services for Crime Victims	1987247	12,923
Professional Services for Crime Victims	2098812	<u>7,390</u>
Total Office of the Attorney General		<u>312,383</u>
<u>Department of Family Protective Services</u>		
Project HIP	24772217	42,911
Project HOPES	24125747	734,745
Project HOPES	24767186	<u>889,614</u>
Total Department of Family Protective Services		<u>1,667,270</u>
<u>Texas Office of the Governor, Criminal Justice Division</u>		
Child Sex Trafficking - Prevention, Prosecution, and	3745901	<u>53,711</u>
Total Texas Office of the Governor, Criminal Justice Division		<u>53,711</u>
Total State Expenditures		<u><u>\$ 2,370,847</u></u>

THE SAFE ALLIANCE  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED MARCH 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards include the federal and state grant activity of the SAFE Alliance, and is presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the Uniform Guidance and *State of Texas Single Audit Circular*.

Note 2 - Revenue Recognition

Grant revenues from governmental agencies and other grantors are recognized when compliance with the various grant requirements is achieved. Usually this occurs at the time the expenditures are made and any grant matching requirements are met.

Total federal expenditures reported on the SEFA	\$ 6,368,526
Total state expenditures	2,370,847
	Total Federal and State Agencies grants and contracts
reported on the statement of activities and changes in net assets	\$ 8,739,373

Note 3 - Indirect Cost Rate

The SAFE Alliance has elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance for the following grants: Crime Victim Assistance (DOJ), Emergency Shelter Grants Program (HUD), Outreach and Services to Underserved Populations (DOJ), FVPSA - Safe and Nurturing Families (DHHS), Children's Justice Act Grant (DHHS), Youth Homelessness Demonstration Program (HUD) and Project HOPES (State).

Note 4 - Subrecipients

The SAFE Alliance provided federal and state awards to subrecipients:

Name	CFDA#	Year Ended March 31, 2020		
		Name	Federal	State
Mary Lee Foundation	16.889	DOJ OVW Underserved	\$ 913	\$ -
Austin Police Department	16.590	DOJ OVW GTEA	26,136	-
Travis County District	16.590	DOJ OVW GTEA	28,616	-
Foundation Communities	16.736	DOJ OVW THA2	8,625	-
AFSSA	93.592	DHHS FVPSA	78,032	-
Family Crisis Center-Bastrop	93.592	DHHS FVPSA	54,854	-
Hays-Caldwell Women's Center	93.592	DHHS FVPSA	47,785	-
Any Baby Can	N/A	DFPS -Project Hope	-	423,469
Easter Seals of Central Texas	N/A	DFPS -Project Hope	-	-
United Way Greater Austin	N/A	DFPS -Project Hope	-	33,172
Totals			\$ 244,961	\$ 456,641

THE SAFE ALLIANCE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED MARCH 31, 2020

I. Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) that are not considered to be material weaknesses? None Reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes   X   No

*Federal/State Awards*

Internal control over major programs:

- Material weakness(es) identified \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None Reported

Type of auditors' report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or the *State of Texas Single Audit Circular*? \_\_\_\_\_ Yes   X   No

Identification of Major Programs:

Federal  
 CFDA: 14.267 - Continuum of Care Program  
 CFDA: 14.276 - Youth Homelessness Demonstration Program RRH

State  
 Texas Department of Family Protective Services  
 Project HOPES - ID #24125747

Dollar threshold considered between Type A and Type B Programs (Federal and State): \$750,000

Auditee qualified as low risk?   X   Yes \_\_\_\_\_ No

II. Financial Statement Findings

None

III. Findings and Questioned Costs for Federal and State Awards

None

THE SAFE ALLIANCE  
CORRECTIVE ACTION PLAN  
YEAR ENDED MARCH 31, 2020

No current year findings. As such, no corrective action plan is needed.

THE SAFE ALLIANCE  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED MARCH 31, 2020

Finding: 2019-001 - Other Noncompliance and other deficiency  
Federal Program: American Gateways via Office of the Governor, Criminal  
Justice Division - Crime Victim Assistance (VOCA)  
CFDA #: 16.575  
Contract #: 1511518  
Contract Year: October 1, 2017 through September 30, 2019

*Criteria or specific requirements:* A client is considered eligible to receive services through the VOCA grant if the client has met the eligibility requirements of being a victim as defined by VOCA.

*Condition:* During our testing of eligibility reporting, one client was deemed ineligible by the SAFE Alliance and was still reported as an eligible client receiving services under VOCA for a grant match report.

*Cause:* Management did not have adequate procedures in place to ensure all clients who received services, and reported to the grantor, were also identified as eligible under VOCA requirements.

*Effect:* Reporting clients who receive services and are not eligible under VOCA could result in noncompliance with the grantor agency.

*Questioned Cost:* -0-

*Recommendation:* We recommend that management strengthen its procedures over reporting clients who received services under the VOCA grant by ensuring those lists are cross checked against eligibility listings generated by their client intake database.

*Corrective Action Taken:* The SAFE Alliance began utilizing a new client database in April, 2019 and is building out quality control data reports for VOCA and other grant performance reports. Program supervisors review these reports to ensure that clients are accurately reported.

*This finding has been considered resolved.*