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THE NORTH CAROLINA COALITION
AGAINST DOMESTIC VIOLENCE, INC.

Financial Statements

December 31, 2014 and 2013

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The Board of Directors
The North Carolina Coalition Against Domestic Violence, Inc.
Durham, North Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of The North Carolina Coalition Against Domestic Violence, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Carolina Coalition Against Domestic Violence, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2015, on our consideration of The North Carolina Coalition Against Domestic Violence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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 North Carolina Coalition Against Domestic Violence, Inc.'s internal control over financial reporting and compliance.

Koonce, Wooten + Haywood, LLP

Pittsboro, North Carolina
July 17, 2015

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Statements of Financial Position
December 31, 2014 and 2013

	ASSETS					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS:						
Cash	\$	\$ 4,789	\$ 4,789	\$	\$ 736	\$ 736
Receivable:						
Grants and Contracts	153,525		153,525	197,063		197,063
Interfund	(8,288)	8,288		(15,908)	15,908	
Prepaid Expenses	16,269		16,269	12,631		12,631
Security Deposits	5,287		5,287			
Total Current Assets	<u>166,793</u>	<u>13,077</u>	<u>179,870</u>	<u>193,786</u>	<u>16,644</u>	<u>210,430</u>
PROPERTY AND EQUIPMENT:						
Office Furniture and Equipment	321,647		321,647	306,756		306,756
Less Accumulated Depreciation	<u>243,848</u>		<u>243,848</u>	<u>227,718</u>		<u>227,718</u>
Net Property and Equipment	<u>77,799</u>		<u>77,799</u>	<u>79,038</u>		<u>79,038</u>
Total Assets	<u>\$ 244,592</u>	<u>\$ 13,077</u>	<u>\$ 257,669</u>	<u>\$ 272,824</u>	<u>\$ 16,644</u>	<u>\$ 289,468</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts Payable	\$ 48,474	\$	\$ 48,474	\$ 131,022	\$	\$ 131,022
Accrued Expenses	19,866		19,866	40,126		40,126
Line of Credit				30,174		30,174
Current Maturities of Note Payable	10,403		10,403			
Current Maturities of Obligation Under Capital Lease	6,943		6,943	6,465		6,465
Total Current Liabilities	<u>85,686</u>		<u>85,686</u>	<u>207,787</u>		<u>207,787</u>
LONG-TERM DEBT:						
Note Payable	23,188		23,188			
Obligation Under Capital Lease	29,496		29,496	14,256		14,256
Total Long-Term Liabilities	<u>52,684</u>		<u>52,684</u>	<u>14,256</u>		<u>14,256</u>
Total Liabilities	138,370		138,370	222,043		222,043
NET ASSETS	<u>106,222</u>	<u>13,077</u>	<u>119,299</u>	<u>50,781</u>	<u>16,644</u>	<u>67,425</u>
Total Liabilities and Net Assets	<u>\$ 244,592</u>	<u>\$ 13,077</u>	<u>\$ 257,669</u>	<u>\$ 272,824</u>	<u>\$ 16,644</u>	<u>\$ 289,468</u>

The accompanying notes are an integral part of the financial statements

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Statements of Activities
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CHANGE IN NET ASSETS:						
SUPPORT AND REVENUE:						
Support:						
Grants--Federal and State Awards	\$ 1,794,260	\$ 13,077	\$ 1,807,337	\$ 1,537,494	\$ 16,644	\$ 1,554,138
Grants and Contributions--Private	129,717		129,717	108,377		108,377
In-Kind Contributions	47,496		47,496	33,750		33,750
Total Support	<u>1,971,473</u>	<u>13,077</u>	<u>1,984,550</u>	<u>1,679,621</u>	<u>16,644</u>	<u>1,696,265</u>
Revenue:						
Membership Dues	28,455		28,455	24,210		24,210
Program Service Fees	22,844		22,844	8,498		8,498
Other Income				154		154
Total Revenue	<u>51,299</u>		<u>51,299</u>	<u>32,862</u>		<u>32,862</u>
Net Assets Released from Restrictions						
Satisfaction of Program and Timing Restrictions	16,644	(16,644)		18,653	(18,653)	
Total Support and Revenue	<u>2,039,416</u>	<u>(3,567)</u>	<u>2,035,849</u>	<u>1,731,136</u>	<u>(2,009)</u>	<u>1,729,127</u>
EXPENSES:						
Program Services	1,726,581		1,726,581	1,520,992		1,520,992
Support Services:						
General and Administrative	164,691		164,691	182,390		182,390
Fundraising	92,703		92,703	67,333		67,333
Total Support Services	<u>257,394</u>		<u>257,394</u>	<u>249,723</u>		<u>249,723</u>
Total Expenses	<u>1,983,975</u>		<u>1,983,975</u>	<u>1,770,715</u>		<u>1,770,715</u>
CHANGES IN NET ASSETS	55,441	(3,567)	51,874	(39,579)	(2,009)	(41,588)
NET ASSETS--Beginning of Year	<u>50,781</u>	<u>16,644</u>	<u>67,425</u>	<u>90,360</u>	<u>18,653</u>	<u>109,013</u>
NET ASSETS--End of Year	<u>\$ 106,222</u>	<u>\$ 13,077</u>	<u>\$ 119,299</u>	<u>\$ 50,781</u>	<u>\$ 16,644</u>	<u>\$ 67,425</u>

The accompanying notes are an integral part of the financial statements.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
 Statements of Functional Expenses
 For the Years Ended December 31, 2014 and 2013

	2014				2013			
	Support Services				Support Services			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries and Wages	\$ 496,630	\$ 92,849	\$ 56,804	\$ 646,283	\$ 464,580	\$ 96,536	\$ 42,235	\$ 603,351
Sub-Contracts and Sub-Awards	484,393			484,393	458,341			458,341
Program Expenses	289,391			289,391	80,624			80,624
Professional Services	93,690	15,583	10,211	119,484	84,985	9,607	2,205	96,797
Employee Benefits	67,137	12,448	8,003	87,588	112,438	23,357	9,576	145,371
Occupancy and Parking	54,740	11,359	6,832	72,931	72,887	17,292	6,752	96,931
Payroll Taxes	48,377	8,796	5,654	62,827	45,066	9,362	3,838	58,266
Travel	47,000	2,021	2,021	51,042	44,297	2,669	667	47,633
Depreciation	29,699	7,831		37,530	64,639	9,816		74,455
Lobbying	27,504			27,504	27,200			27,200
Communications	14,985	3,996	999	19,980	13,627	3,270	1,272	18,169
Dues and Subscriptions	16,720	1,938	969	19,627	11,548			11,548
Supplies	14,341	2,286	847	17,474	6,761	1,231	410	8,402
Training Institute	17,380			17,380	6,066			6,066
Minor Equipment and Rentals	7,030	910		7,940	8,536	1,507		10,043
Staff Development	7,501			7,501	3,382			3,382
Insurance	4,434	831	277	5,542	3,048	731	284	4,063
Biennial Conference and Meetings	3,640			3,640	6,292			6,292
Miscellaneous	574	1,690	36	2,300	385	5,303	24	5,712
Interest Expense		1,949		1,949	1,046	1,498		2,544
Postage	793	149	50	992	1,124	211	70	1,405
Printing and Publications	497	55		552	1,769			1,769
Caucus Development	125			125	2,351			2,351
	<u>\$ 1,726,581</u>	<u>\$ 164,691</u>	<u>\$ 92,703</u>	<u>\$ 1,983,975</u>	<u>\$ 1,520,992</u>	<u>\$ 182,390</u>	<u>\$ 67,333</u>	<u>\$ 1,770,715</u>

The accompanying notes are an integral part of the financial statements.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 51,874	\$ (41,588)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	37,530	74,455
Changes in Current Assets and Liabilities:		
Grants and Contracts Receivable	43,538	(25,108)
Prepaid Expenses and Other Assets	(3,638)	(2,578)
Security Deposit	(5,287)	
Bank Overdraft		(24,633)
Accounts Payable	(82,548)	19,436
Accrued Expenses	(20,260)	11,891
Net Cash Provided by Operating Activities	<u>21,209</u>	<u>11,875</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Office Furniture and Equipment	<u>(52,874)</u>	
Net Cash Used by Investing Activities	<u>(52,874)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Short-Term Borrowing Activity	(30,174)	(5,079)
Proceeds from Long-Term Debt	42,700	
Payments on Long-Term Debt	(9,109)	
Investment in Capital Lease	38,704	
Repayment of Capital Lease Obligation	(6,403)	(6,060)
Net Cash Provided (Used) by Financing Activities	<u>35,718</u>	<u>(11,139)</u>
NET INCREASE IN CASH	4,053	736
CASH--Beginning of Year	<u>736</u>	
CASH--End of Year	<u>\$ 4,789</u>	<u>\$ 736</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Non-Cash Activity:		
In-Kind Contributions--Annual Software Maintenance	\$ 47,496	\$ 33,750

The accompanying notes are an integral part of the financial statements.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Notes to Financial Statements
December 31, 2014 and 2013

1. Summary of Significant Accounting Policies

A. Organization and Purpose:

The North Carolina Coalition Against Domestic Violence, Inc. (the "Coalition") is a nonprofit organization incorporated in 1981. The Coalition provides community education, technical assistance and other services to organizations in North Carolina which promote the welfare of victims of domestic violence.

B. Basis of Accounting:

The accompanying financial statements have, in all material respects, been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms with U.S. generally accepted accounting principles.

C. Basis of Presentation:

Net assets and support, revenues, expenses, gains, and losses are classified based on the existence or absence of externally-imposed restrictions. Accordingly, net assets of the Coalition and changes therein may be classified and reported as follows:

Unrestricted Net Assets--Net assets that are not subject to externally-imposed restrictions. Certain net assets classified as unrestricted may, from time to time, be designated for specific purposes or uses under various internal operating budgets or for board designated purposes.

Temporarily Restricted Net Assets--Net assets subject to externally-imposed restrictions that may or will be met either by actions of the Coalition and/or the passage of time.

Permanently Restricted Net Assets--Net assets subject to externally-imposed restrictions that they be maintained permanently by the Coalition. The Coalition currently has no permanently restricted net assets.

D. Restricted and Unrestricted Revenue:

Contributions of cash and other assets, as well as grants, are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

E. Recognition of Donor-Restricted Contributions:

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

F. Functional Allocation of Expenses:

The cost of providing the various program and supporting services of the Coalition has been summarized on the functional basis in the statements of functional expenses. Certain costs have been allocated among the program and support services benefited on the basis of estimates made by the Coalition's management. Support services include expenses which are not directly identifiable with any specific program but provide support for the Coalition's overall operations.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Notes to Financial Statements
December 31, 2014 and 2013

1. Summary of Significant Accounting Policies (Continued)

G. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Significant estimates and assumptions are used for, but not limited to, in-kind contributions, depreciable lives of property and equipment and functional allocation of expenses.

H. Property and Equipment:

The Agency capitalizes all property and equipment with a cost of \$2,000 or greater if purchased, and a fair value of \$2,000 or greater at the date of donation, if received by contribution. Purchased property and equipment are carried at cost, and donated property and equipment are carried at fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended December 31, 2014 and 2013 totaled \$37,530 and \$74,455, respectively.

I. In-Kind Contributions:

The Coalition records in-kind contributions of rent and property and equipment at fair market value at the date of the donation. The Coalition is also the recipient of services donated by volunteers. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Coalition. No amounts have been reflected in the financial statements for volunteer hours since these services do not meet the requirements for recognition in the financial statements. In addition, the Coalition's officers and board of directors serve without compensation.

J. Income Taxes:

The Coalition is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code and is classified under Section 501(c)(3) as a public charity. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions provided in Section 170 of the Code. Accordingly, the accompanying financial statements do not include a provision for income taxes.

The Coalition files information returns in the U.S. Federal jurisdiction. These returns are subject to examination by the Internal Revenue Service for a period of three years after the respective filing deadlines.

K. Compensated Absences:

Employees of the Coalition vest in vacation pay earned but unused with a maximum of 80 hours that can be carried over to the next fiscal year. The aggregate amount of vacation pay due has been accrued on the Statement of Financial Position of the Coalition.

L. Subsequent Events:

Subsequent events have been evaluated through July 17, 2015, the date the financial statements were available to be issued. The Coalition is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Notes to Financial Statements
December 31, 2014 and 2013

2. Grants and Contracts Receivable

The following represents grants and contracts receivable at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Governor's Crime Commission	\$ 51,364	\$ 91,241
U.S. Department of Health and Human Services	53,341	42,172
U.S. Department of Justice	26,108	43,842
N.C. Department of Administration	22,712	
N.C. Department of Health and Human Services		19,808
	<u>\$ 153,525</u>	<u>\$ 197,063</u>

3. In-Kind Contributions

During 2014 and 2013, the Coalition received in-kind donations in the form of technical support for the client management software licenses. These donations are valued at \$47,496 and \$33,750, respectively, and recorded as an in-kind contribution and offsetting expense in Program Expenses in both 2014 and 2013.

4. Lease Commitments

The Coalition leases office space under non-cancellable operating lease agreements that expired in March 2014. The Coalition entered into a lease for office space in March 2014 under a non-cancellable operating lease agreement expiring in March 2021 with an initial monthly rental rate of \$4,538. On April 1, 2017, the monthly rental rate increases to \$5,289. Rent expense relating to these leases was \$62,054 and \$88,875 for the years ended December 31, 2014 and 2013, respectively.

Future minimum lease payments under these operating leases at December 31, 2014 are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2015	\$ 54,450
2016	54,450
2017	61,213
2018	63,468
Thereafter	<u>142,803</u>
	<u>\$ 376,384</u>

The Coalition leases equipment under a capital lease agreement expiring in 2019. This replaced equipment under a prior equipment lease originally set to expire in 2016. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over the lesser of its related lease term or its estimated productive life. Amortization of the asset under the capital lease was \$2,457 and \$6,527 for the years ended December 31, 2014 and 2013, respectively. Equipment held under the capital lease and the related accumulated amortization at December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 38,704	\$ 32,637
Accumulated Amortization	<u>2,457</u>	<u>13,054</u>
	<u>\$ 36,247</u>	<u>\$ 19,583</u>

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Notes to Financial Statements
December 31, 2014 and 2013

4. Lease Commitments (Continued)

Future minimum capital lease payments relating to equipment at December 31, 2014 are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2015	\$ 8,036
2016	8,036
2017	8,036
2018	8,036
2019	<u>7,369</u>
Total Minimum Lease Payments	39,513
Less Amount Representing Interest	<u>3,074</u>
Fair Value of Net Minimum Capital Lease Payments	36,439
Less Current Maturities	<u>6,943</u>
	<u>\$ 29,496</u>

5. Line of Credit

At December 31, 2013, the Coalition had available a revolving line of credit in the amount of \$35,300. Principal and interest payments at 1.5% were payable monthly on all outstanding balances at a rate of prime plus 3/4%. All outstanding principal and accrued interest was due on demand. The line was unsecured and the outstanding balance was \$30,174 at December 31, 2013. In January 2014, the Coalition consolidated this line of credit and credit card debt for a term loan in the amount of \$42,700 referenced in Footnote 6. At the time of the consolidation, the Coalition set up a new unsecured line of credit up to \$25,000 at an interest rate of prime plus 1%. At December 31, 2014, there was no outstanding draws on the new line of credit.

6. Note Payable

The note payable relates to the consolidation of the line of credit and credit card debt and consists of the following at December 31 2014:

Note payable, BB&T, unsecured and due in monthly installments of \$980 including interest at 4.7%, matures January 15, 2018.	\$ 33,591
Less Amount Classified as Current Liability	<u>10,403</u>
Amount Due After One Year	<u>\$ 23,188</u>

Scheduled maturities of long-term debt are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2015	\$ 10,403
2016	10,903
2017	11,427
2018	<u>858</u>
	<u>\$ 33,591</u>

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

Notes to Financial Statements

December 31, 2014 and 2013

7. Retirement Plan

The Coalition maintains a 403(b) thrift plan, covering all eligible employees, under which it contributed three percent (3%) of an employee's compensation during both the years ended December 31, 2014 and 2013. The plan is available to all employees meeting minimum age requirements. Employer contributions amounted to \$17,215 and \$20,369 in 2014 and 2013, respectively. Also recorded in 2014 expense is an adjustment of \$18,309 to reduce the 2013 liability based on the most recent interpretation of the plan document as reviewed by legal counsel. Expense for 2013 included \$21,881 connected to a previous interpretation of the plan document.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
North Carolina Council for Women--Domestic Violence	\$ 12,165	\$ 14,731
North Carolina Council for Women--Marriage License Fees	294	1,913
North Carolina Council for Women--Divorce Filing Fee	<u>618</u>	<u> </u>
	<u>\$ 13,077</u>	<u>\$ 16,444</u>

9. Concentration

The Coalition receives a significant portion of its funding from the U.S. Department of Health and Human Services, U.S. Department of Justice and North Carolina Department of Crime Control and Public Safety. A significant reduction in the level of funding from federal or state resources could have a significant effect on the Coalition's programs.

10. Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform with the 2014 financial statement presentation. Such reclassifications had no effect on changes in net assets or cash flows.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
 Schedule of Expenditures of Federal and State Awards
 For The Year Ended December 31, 2014

Federal/State Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures	Total Expenditures
<u>U.S. Department of Health and Human Services</u>				
Family Violence Prevention and Services/Statewide Domestic Violence Coalitions	93.591	\$ 198,348	\$	\$ 198,348
Injury Prevention and Control Research and State and Community Based Programs	93.136	386,674		386,674
Passed-through N.C. Department of Health and Human Services, Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	125,348		125,348
Passed-through N.C. Department of Administration, Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	34,894		34,894
<u>U.S. Department of Justice</u>				
State Domestic Violence and Sexual Assault Coalitions	16.556	82,222		82,222
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	463,210		463,210
Passed-through N.C. Department of Crime Control and Public Safety - Division of Governor's Crime Commission Crime Victim Assistance				
Statewide Data Collection System	16.575	115,764		115,764
Violence Against Women Formula Grants				
eNOugh Outreach Program	16.588	218,114		218,114
Training and Technical Assistance	16.588	65,211		65,211
Law Enforcement Training and Technical Assistance	16.588	32,550		32,550
Biennial Conference	16.588	6,949		6,949
<u>N.C. Department of Administration</u>				
NC Council for Women				
Domestic Violence Program			33,691	33,691
Marriage License Fees			26,628	26,628
Divorce Filing Fees			4,657	4,657
Total Federal and State Awards		\$ 1,729,284	\$ 64,976	\$ 1,794,260

The accompanying notes are an integral part of the financial statements.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
 Schedule of Expenditures of Federal and State Awards
 For The Year Ended December 31, 2013

Federal/State Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures	Total Expenditures
<u>U.S. Department of Health and Human Services</u>				
Family Violence Prevention and Services/Statewide Domestic Violence Coalitions	93.591	\$ 274,610	\$	\$ 274,610
Injury Prevention and Control Research and State and Community Based Programs	93.136	269,316		269,316
Passed-through N.C. Department of Health and Human Services, Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	154,245		154,245
<u>U.S. Department of Justice</u>				
State Domestic Violence and Sexual Assault Coalitions	16.556	85,242		85,242
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	373,052		373,052
Passed-through N.C. Department of Crime Control and Public Safety - Division of Governor's Crime Commission				
Crime Victim Assistance				
Statewide Data Collection System	16.575	125,995		125,995
Violence Against Women Formula Grants				
Training and Technical Assistance	16.588	101,220		101,220
Reaching Rural Communities with Training and Technical Assistance	16.588	86,358		86,358
Law Enforcement Training and Technical Assistance	16.588	15,170		15,170
<u>N.C. Department of Administration</u>				
NC Council for Women				
Domestic Violence Program			29,847	29,847
Marriage License Fees			22,439	22,439
		<u>1,485,208</u>	<u>52,286</u>	<u>1,537,494</u>
Total Federal and State Awards		\$ 1,485,208	\$ 52,286	\$ 1,537,494

The accompanying notes are an integral part of the financial statements.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2014 and 2013

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award/expenditure activity of The North Carolina Coalition Against Domestic Violence, Inc. (the "Coalition") under programs of the federal and state government for the year ended December 31, 2014 and 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Coalition.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

COMPLIANCE AND INTERNAL CONTROL REPORTS



The Board of Directors
The North Carolina Coalition Against Domestic Violence, Inc.
Durham, North Carolina

INDEPENDENT AUDITOR'S 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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The North Carolina Coalition Against Domestic Violence, Inc. (the "Coalition") which comprise the statement of financial position as of December 31, 2014 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-1, 2014-2, and 2014-3, that we consider to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition'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 matters that are required to be reported under *Government Auditing Standards*.

North Carolina Coalition Against Domestic Violence, Inc.'s Response to Findings

The Coalition's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Coalition's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Koonce, Wooten + Haywood, LLP

Pittsboro, North Carolina
July 17, 2015



The Board of Directors
The North Carolina Coalition Against Domestic Violence, Inc.
Durham, North Carolina

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR 1-133

Report on Compliance for Each Major Federal Program

We have audited The North Carolina Coalition Against Domestic Violence, Inc.'s (the "Coalition's"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Coalition's major federal programs for the year ended December 31, 2014. The Coalition's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Coalition's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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Report on Internal Control Over Compliance

Management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Coalition's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-1, 2014-2 and 2014-3, that we consider to be significant deficiencies.

The Coalition's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Coalition's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Koonce, Wooten + Haywood, LLP

Pittsboro, North Carolina
July 17, 2015

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Schedule of Findings and Questioned Costs
December 31, 2014

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial report:

- Material weakness identified? Yes No
 - Significant deficiency identified that is not considered to be material weakness? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiency identified that is not considered to be material weakness? Yes None Reported

Type of auditor’s report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

Yes No

Identification of major programs:

CFDA Number

16.589

Name of Federal Program or Cluster

Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program

16.588

Violence Against Women Formula Grants

93.136

Injury Prevention and Control Research and State and Community Based Programs

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes No

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
 Schedule of Findings and Questioned Costs
 December 31, 2014

Section II – Financial Statement Findings

2014-1. Reconciliation and Cash Management of Drawdown Funds

Condition: During our auditing procedures, we noted ineffective internal controls over the drawdown of grant funds and cash management for a significant portion of the year.

Criteria: Effective internal controls include the Coalition's controls over the drawdown of grant funds and cash management.

Effect: Drawdowns did not reconcile to allowable expenses for each respective grant and the amount of cash on hand for some grants could not be determined.

Cause: The internal control structure is inadequate related to the drawdowns of grants funds and cash management.

Auditor's Recommendation: At the hiring of a new finance director in August 2014, management designed and implemented controls over the drawdown process to reconcile to underlying records, general ledger accounts, and allowable expenditures. A system was also implemented to track and review grant progress and unexpended balances for applicable grants. Management should continue utilizing these controls and monitor them to determine if improvements and adjustments are necessary.

Views of Responsible Officials and Planned Corrective Action: Management understands the need for improved internal controls over grant drawdowns and cash management. Beginning in the 4th quarter of 2014, management checks funds received against expenses recorded on the books prior to each new drawdown to ensure no changes from the prior period. Additionally, management tracks and reviews actual expenditures against budget to ensure that expenditures are allowable.

2014-2. Lack of Segregation of Duties

Condition and Criteria: An imperative part of any internal control system is the proper segregation of duties. During our auditing procedures, we noted the Coalition had a limited number of employees and the segregation of conflicting duties was not always possible for a portion of the year.

Effect: A deficiency in the design of internal control.

Cause: For a portion of the year when staff was limited, segregation of duties was not always possible.

Auditor's Recommendation: As staff changes occurred during the year and a new finance director was hired in August 2014, the Coalition was able to segregate conflicting duties. Management should continue monitoring the segregation of duties and the Board should continue its involvement for oversight and independent review.

Views of Responsible Officials and Planned Corrective Action: Management understands the need for the proper segregation of duties. In the 4th quarter of 2014, management reviewed procedures and made changes to properly segregate conflicting duties. Management will continue to review assignment of duties for appropriate segregation.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Schedule of Findings and Questioned Costs
December 31, 2014

Section II – Financial Statement Findings

2014-3. Accounting Cutoff Procedures and Monthly Close Feature

Condition: During our auditing procedures, we noted ineffective internal controls over the recording of cash disbursements in the proper accounting period and inconsistent month-end close procedures for a significant portion of the year.

Criteria: Effective internal controls include the Coalition's controls over matching revenue and expense in the proper accounting period and a system that would require a "close" of each month.

Effect: Certain sub-award payments were posted to a prior or subsequent period and were not initially identified by the Coalition's internal control. Therefore, current reports from the accounting system did not agree to previously reported information which was used to prepare drawdowns and required grant reporting.

Cause: For a significant portion of the year, the internal control structure of the Coalition was inadequate to detect posting errors and allowed adjustments to prior periods which negate the validity of previous information.

Auditor's Recommendation: At the hiring of a new finance director in August 2014, management reviewed procedures regarding the recording of accounts payable invoices and designed and implemented procedures necessary to properly record underlying transactions in the appropriate accounting period. Management also implemented a monthly close feature at that time. Management should continue utilizing these controls and monitor them to determine if improves and adjustment are necessary.

Views of Responsible Officials and Planned Corrective Action: Management understands the need for improved internal controls over annual and grant period cutoff procedures. Beginning in the 4th quarter of 2014, management implemented new procedures to record accounts payable consistently in the appropriate accounting period. Additionally, management implemented a monthly review and close process to ensure that proper cutoff is maintained.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Schedule of Findings and Questioned Costs
December 31, 2014

Section III - Federal Award Findings and Questioned Costs

- 2014-1. Department of Health and Human Services – CFDA No. 93.136
Department of Justice – CFDA No. 16.589, 16.588

The condition also applies to the federal award (refer to Section II). No questioned costs were identified.

- 2014-2. Department of Health and Human Services – CFDA No. 93.136
Department of Justice – CFDA No. 16.589, 16.588

The condition also applies to the federal award (refer to Section II). No questioned costs were identified.

- 2014-3. Department of Health and Human Services – CFDA No. 93.136
Department of Justice – CFDA No. 16.589, 16.588

The condition also applies to the federal award (refer to Section II). No questioned costs were identified.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Summary Schedule of Prior Audit Findings
December 31, 2014

2013-1. Year-End Closing Entries

Condition: This finding was a material weakness stating that management had not adjusted certain account balances to reflect appropriate year-end balances.

Recommendation: The auditor recommended that the Coalition's accounting personnel post closing journal entries within a reasonable period of time to properly reflect general ledger accounts on an accrual basis of accounting.

Current Status: In 2014, a certified public accountant (CPA) joined the Coalition staff who posted year-end closing entries to reflect general ledger balances on the accrual basis of accounting and was responsible for the annual closing process. The recommendations were adopted in 2014 and no similar findings were noted in the 2014 audit.

2013-2. Reconciliation and Cash Management of Drawdown Funds

Condition: This finding was a material weakness stating that the Coalition had ineffective internal controls over the drawdown of grant funds and cash management.

Recommendation: The auditor recommended that the Coalition design and implement controls over the drawdown process to reconcile to underlying records, general ledger accounts and allowable expenditures. The auditor also recommended a system be developed to track cash on hand for applicable grants.

Current Status: During the 2014 audit, reconciliation of drawdown requests to underlying records and reported expenditures were noted for most of the sample tested. However, a process to track and review each active grant progress was not implemented until the new finance director was hired in August 2014. Consequently, grants that ended prior to this implementation did not receive that same review process. Therefore, this finding is considered a significant deficiency in the current year.

2013-3. Lack of Segregation of Duties

Condition and Criteria: This finding was a material weakness stating that an imperative part of any internal control system is the proper segregation of duties. Because the Coalition has a limited number of employees, segregation of conflicting duties may not always be possible, giving rise to this deficiency in internal control.

Recommendation: The auditor recommended the Coalition segregate duties as more staff become available and have greater Board involvement for oversight and independent review.

Current Status: Personnel changes and restructuring during 2014 allowed additional segregation of conflicting duties with staff and management. Also, additional board involvement was evident from the minutes and this finding has been corrected. Even though the recommendations were adopted in 2014, the lack of segregation of duties was not in place the entire year and this finding is considered a significant deficiency in the current year.

THE NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.
Summary Schedule of Prior Audit Findings
December 31, 2014

2013-4. Preparation of Financial Statements

Condition: This finding was a significant deficiency stating that the Coalition does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with U.S. generally accepted accounting principles.

Recommendation: The auditor recommended management identify adjustments prior to the start of the audit and assess its internal control system and continue to design appropriate controls to review, approve, and accept responsibility for the financial statements prior to their issuance.

Current Status: In 2014, the finance director, who is a CPA with audit and not-for-profit experience, posted year-end adjustments prior to the start of the audit and prepared the applicable sections of the 2014 financial statements and related footnote disclosures. The Finance Committee reviews, approves, and accepts responsibility for the financial statements prior to their issuance. The recommendations were adopted in 2014 and no similar findings were noted in the 2014 audit.

2013-5. Accounting Cutoff Procedures and Monthly Close Feature

Condition: This finding was a material weakness stating that the Coalition had ineffective internal controls over the recording of cash receipts and disbursements in the proper accounting period and inconsistent month-end close procedures.

Recommendation: The auditor recommended that the Coalition review current procedures regarding the recording of deposits, on-line payments and accounts payable invoices and design and implement the procedures necessary to properly record underlying transactions in the appropriate accounting period. The auditor also recommended that management implement QuickBooks' close feature monthly, including restricting access to prior-period data which would provide more consistent and accurate accounting information.

Current Status: When the new finance director was hired in August 2014, management implemented a monthly closing procedure to ensure proper cutoff throughout the year and at the end of the year. However, monthly closings and procedures ensuring proper cutoff were not in place prior to August and this finding is considered a significant deficiency in the current year.

2013-6. Grant Reporting Process

Department of Health and Human Services – CFDA No. 93.591, 93.136
Department of Justice – CFDA No. 16.589

Condition: This compliance finding was a material weakness noting that the Coalition had inadequate design of controls over grant reporting which included insufficient documentation of reconciling reports to financial records.

Recommendation: The auditor recommended that reconciliation procedures be implemented to reconcile grant reports to underlying financial records that would help to ensure accurate grant reporting.

Current Status: The recommendations were adopted in 2014 report reconciliations processes being implemented and no similar findings were noted in the 2014 audit.