

**NORTH CAROLINA COALITION AGAINST
DOMESTIC VIOLENCE, INC.**

Durham, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for the
Year Ended December 31, 2016)



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of North Carolina Coalition Against Domestic Violence, Inc. (a North Carolina nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 audit 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.

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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 North Carolina Coalition Against Domestic Violence, Inc., as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited North Carolina Coalition Against Domestic Violence, Inc.'s 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated July 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent in all material respects, with the audited financial statements from which it has been derived.

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 August 31, 2018, on our consideration of 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, 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 the 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 North Carolina Coalition Against Domestic Violence, Inc.'s internal control over financial reporting and compliance.

Blackman + Sloop

Chapel Hill, North Carolina
August 31, 2018

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 55,891	\$ 22,598
Grants and contracts receivable	425,549	303,032
Other receivables	1,864	1,310
Prepaid expenses	5,170	3,060
	<u>488,474</u>	<u>330,000</u>
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT:		
Office furniture and fixtures	136,111	99,843
Less accumulated depreciation	(57,412)	(51,489)
	<u>78,699</u>	<u>48,354</u>
NET PROPERTY AND EQUIPMENT		
OTHER ASSETS:		
Security deposits	5,287	5,287
	<u>5,287</u>	<u>5,287</u>
TOTAL ASSETS	<u>\$ 572,460</u>	<u>\$ 383,641</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 285,232	\$ 169,189
Accrued expenses	37,012	28,520
Deferred revenue	4,907	-
Line of credit	40,000	40,000
Current portion of capital lease obligation	12,236	7,414
Current portion of note payable	906	11,427
	<u>380,293</u>	<u>256,550</u>
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES:		
Capital lease, net current maturity	54,357	14,908
Note payable, net current maturity	-	892
	<u>54,357</u>	<u>15,800</u>
TOTAL NONCURRENT LIABILITIES		
TOTAL LIABILITIES	<u>434,650</u>	<u>272,350</u>
NET ASSETS:		
Unrestricted	54,914	66,341
Temporarily restricted	82,896	44,950
	<u>137,810</u>	<u>111,291</u>
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 572,460</u>	<u>\$ 383,641</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
SUPPORT AND REVENUE:				
Federal and state awards	\$ 3,399,114	\$ -	\$ 3,399,114	\$ 2,107,475
Grants and contributions	46,408	168,889	215,297	66,148
In-kind contributions	89,000	-	89,000	89,688
Membership dues	37,689	-	37,689	35,209
Program service fees	11,516	-	11,516	30,901
	<u>3,583,727</u>	<u>168,889</u>	<u>3,752,616</u>	<u>2,329,421</u>
Net assets released from restrictions	130,943	(130,943)	-	-
TOTAL SUPPORT AND REVENUE	<u>3,714,670</u>	<u>37,946</u>	<u>3,752,616</u>	<u>2,329,421</u>
EXPENSES:				
Program	3,219,927	-	3,219,927	2,079,510
Management and general	368,435	-	368,435	242,975
Fundraising	137,735	-	137,735	73,796
TOTAL EXPENSES	<u>3,726,097</u>	<u>-</u>	<u>3,726,097</u>	<u>2,396,281</u>
CHANGES IN NET ASSETS	(11,427)	37,946	26,519	(66,860)
NET ASSETS - BEGINNING OF YEAR	<u>66,341</u>	<u>44,950</u>	<u>111,291</u>	<u>178,151</u>
NET ASSETS - END OF YEAR	<u>\$ 54,914</u>	<u>\$ 82,896</u>	<u>\$ 137,810</u>	<u>\$ 111,291</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

EXHIBIT C

For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Program Services	Management and General	Fundraising	2017 Total	2016 Total
Salaries and wages	\$ 993,696	\$ 221,970	\$ 85,221	\$ 1,300,887	\$ 1,036,605
Subrecipient payments	982,521	-	-	982,521	444,310
Program expenses	606,995	4,548	-	611,543	216,400
Employee benefits	160,188	35,774	13,735	209,697	162,533
Payroll taxes	81,717	18,250	7,007	106,974	89,163
Travel	89,775	4,160	4,160	98,095	81,018
Occupancy & parking	66,522	13,305	8,870	88,697	78,786
Professional services	62,237	12,257	7,833	82,327	68,125
Supplies	27,743	3,773	2,548	34,064	33,360
Staff development	16,763	11,582	2,133	30,478	15,762
Lobbying	30,000	-	-	30,000	30,504
Dues & subscriptions	21,558	2,536	1,268	25,362	16,393
Depreciation	18,648	4,165	1,599	24,412	24,169
Miscellaneous	516	21,239	516	22,271	3,800
Communications	16,029	4,274	1,069	21,372	20,309
Training Institute	19,702	-	-	19,702	26,587
Minor equipment & rentals	11,005	1,266	-	12,271	18,759
Interest	-	7,706	-	7,706	2,767
Insurance	5,011	1,121	462	6,594	6,075
Printing & publications	4,186	-	1,047	5,233	4,216
Conference & meeting	3,793	-	64	3,857	15,378
Postage	1,322	509	203	2,034	1,262
	<u>\$ 3,219,927</u>	<u>\$ 368,435</u>	<u>\$ 137,735</u>	<u>\$ 3,726,097</u>	<u>\$ 2,396,281</u>
Total expenses	<u>\$ 3,219,927</u>	<u>\$ 368,435</u>	<u>\$ 137,735</u>	<u>\$ 3,726,097</u>	<u>\$ 2,396,281</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF CASH FLOWS

EXHIBIT D

For The Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 26,519	\$ (66,860)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,412	24,169
Changes in assets and liabilities:		
Grants and contracts receivable	(122,517)	40,375
Other receivables	(554)	(239)
Prepaid expenses	(2,110)	307
Accounts payable	116,043	53,643
Accrued expenses	8,492	4,897
Deferred revenue	4,907	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>55,192</u>	<u>56,292</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of office furniture and equipment	-	(9,502)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in bank overdraft	-	(26,131)
Proceeds from line of credit	80,000	190,000
Payments on line of credit	(80,000)	(170,000)
Payments on note payable	(11,413)	(10,887)
Repayment of capital lease obligation	(10,486)	(7,174)
NET CASH USED IN FINANCING ACTIVITIES	<u>(21,899)</u>	<u>(24,192)</u>
NET INCREASE IN CASH AND EQUIVALENTS	33,293	22,598
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>22,598</u>	<u>-</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>\$ 55,891</u>	<u>\$ 22,598</u>
Supplemental Information:		
In-kind contributions - annual software maintenance	<u>\$ 89,000</u>	<u>\$ 89,688</u>
Interest paid	<u>\$ 7,706</u>	<u>\$ 2,767</u>
Noncash acquisition of equipment through capital lease	<u>\$ 74,972</u>	<u>\$ -</u>
Early disposal of equipment from a capital lease	<u>\$ 20,215</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.**NOTES TO FINANCIAL STATEMENTS**

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NATURE OF ACTIVITIES

The North Carolina Coalition Against Domestic Violence, Inc. (the "Coalition") is a nonprofit organization incorporated in 1981. The Coalition leads the state's movement to end domestic violence and to enhance work with survivors through collaborations, innovative technical assistance, state policy development and legal advocacy.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Accounting.**

The Coalition's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the use of certain estimates made by the Coalition's management. Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

The Coalition reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and changes in net assets as net assets released from restrictions. If the Coalition receives and spends restricted monies within the same year, it is treated as unrestricted revenue.

B. Cash and Equivalents.

Cash and equivalents consist of monies on deposit at financial institutions, and other highly liquid investments with maturities of three months or less. At times, the Coalition places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Coalition has not experienced any financial loss related to such deposits.

C. Grants, Contracts, Other Receivables.

Grants, contracts, and other receivables are recorded at net realizable value. The Coalition provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical collection experience and a review by management of the current status of the existing receivables. As of December 31, 2017 and 2016, all receivables were deemed collectible by management.

D. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at fair value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds \$2,000. Depreciation is calculated using the straight-line method over estimated lives of 3 to 7 years.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property and Equipment (Continued).

The Coalition reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

E. 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 statements of financial position.

F. Revenue Recognition.

Revenue from grants and contracts which are deemed to be exchange transactions are recognized as unrestricted revenue at the time the reimbursable expenses are incurred. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized. Revenue from contracts and grants which are deemed to be unconditional contributions are recognized when the grantor makes a promise to give to the Coalition. Contributions that are restricted by the grantor are reported as increases in temporarily restricted net assets.

G. Net Assets.

Unrestricted - Resources of the Coalition that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and investments in property and equipment.

Temporarily Restricted - Resources that carry a donor-imposed restriction that permits the Coalition to use or expend the donated assets for a specific purpose. The restrictions can be satisfied by the passage of time or by actions of the Coalition.

Permanently Restricted - Resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Coalition to use or expend part or all of the income derived from the donated assets.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Income Taxes.

The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation by the Internal Revenue Service ("IRS").

If applicable, the Coalition reports interest and penalties related to unrecognized tax positions as miscellaneous expenses.

I. Estimates.

The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at December 31, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
U.S. Department of Health and Human Services	\$ 214,430	\$ 111,131
Governor's Crime Commission	124,632	128,794
Allstate Foundation	55,000	-
NC Department of Administration	17,862	20,588
U.S Department of Justice	<u>13,625</u>	<u>42,519</u>
	<u>\$ 425,549</u>	<u>\$ 303,032</u>

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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OPERATING LEASES

The Coalition entered into a noncancelable operating lease for 3,630 square feet of office space in March 2014. The lease has an initial monthly rental rate of \$4,538 and expires in March 2021. Under the terms of the agreement, the monthly rental rate increased to \$5,289 in April 2017.

In March 2016, the Coalition entered into a new agreement expiring in March 2019 for an additional 1,335 square feet of office space for a total monthly rate of \$2,177, escalating 3% on each annual anniversary of the lease.

Rent expense relating to the leases totaled \$88,697 and \$78,786, for the years ended December 31, 2017 and 2016, respectively.

Minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 90,182
2019	70,195
2020	63,468
2021	15,867
Total minimum lease payments	<u>\$ 239,712</u>

LINE OF CREDIT

At December 31, 2016, the Coalition had an unsecured line of credit totaling \$40,000 with a financial institution with a maturity date of September 2017. Interest was payable monthly at the prime rate plus 1% with a minimum rate of 4.25%. In September 2017, the terms of the line of credit were amended to extend the maturity date to September 2018 and the minimum interest rate was increased to 5.25%. The outstanding balance on the line of credit totaled \$40,000 at both December 31, 2017 and 2016.

CAPITAL LEASE OBLIGATIONS

The Coalition had an obligation under a capital lease for a copier expiring in 2019. In February 2017, the Coalition ended the agreement and entered into a new capital lease agreement for copier equipment expiring in 2022. Capital lease obligations reflect the present value of future rental payments, less an interest amount implicit in the lease. A corresponding amount is capitalized as equipment totaling \$74,972 and \$38,704, for the years ended December 31, 2017 and 2016, respectively. Accumulated amortization of the asset under the capital lease totaled \$11,900 and \$17,260, for the years ended December 31, 2017 and 2016, respectively. Amortization expense on the capital lease is included in depreciation expense on the statement of functional expenses.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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CAPITAL LEASE OBLIGATION (CONTINUED)

Future minimum lease payments under the capital lease are as follows:

<u>Year Ending December 31,</u>		
2018	\$	18,600
2019		18,600
2020		18,600
2021		18,600
2022		<u>9,300</u>
Total minimum obligation		83,700
Less: interest		<u>(17,107)</u>
Present value of net minimum obligation		66,593
Less: current portion		<u>(12,236)</u>
Long-term obligation	\$	<u><u>54,357</u></u>

NOTE PAYABLE

Note payable consists of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Note payable to a financial institution with monthly payments of \$980, including interest at 4.7%. The note is unsecured and matures January 2018.	\$ 906	\$ 12,319
Less current maturities	<u>(906)</u>	<u>(11,427)</u>
Long-term portion of debt	<u>\$ -</u>	<u>\$ 892</u>

Scheduled maturities of note payable are as follows:

<u>Year Ending December 31,</u>	
2018	<u>\$ 906</u>

DEFINED CONTRIBUTION PLAN

The Coalition participates in a 403(b) defined contribution plan for all employees meeting minimum age requirements. Employer contributions are currently 3% of eligible compensation to an employee's qualified retirement account. Total employer contributions were \$35,484 and \$27,550, for the years ended December 31, 2017 and 2016, respectively.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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DONATED SERVICES

The Coalition recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. The Coalition received donated services in the form of technical support for client management software licenses totaling \$89,000 and \$89,688, for the years ended December 31, 2017 and 2016.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the years ended December 31, 2017 and 2016, consist of:

	<u>2017</u>	<u>2016</u>
Purpose restricted:		
Economic Justice	\$ 55,000	\$ 44,950
Training and Technical Assistance	17,871	-
eNOugh Campaign	8,428	-
Domestic violence	1,015	-
Marriage license fees	582	-
	<u>\$ 82,896</u>	<u>\$ 44,950</u>

FUNCTIONAL ALLOCATION OF EXPENSES

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

CONCENTRATIONS

Approximately 87% and 100%, of outstanding grants, contracts, and other receivables are from the U.S. Department of Health and Human Services, the U.S. Department of Justice, and the North Carolina Council for Women for both the years ending December 31, 2017 and 2016, respectively. Approximately 91%, of total support and revenue are from the same sources for the years ended December 31, 2017 and 2016. A significant decline in support and revenue from these sources could have a detrimental effect on the operations of the Coalition.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2016 financial statements in order to conform to the 2017 presentation. Such reclassifications had no effect on net assets.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.**NOTES TO FINANCIAL STATEMENTS**

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COMMITMENTS AND CONTINGENCIES

The Coalition receives significant financial assistance from its grantors. These contracts and grants normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the applicable direct and indirect costs is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal or state regulations, including the expenditure of the resources for eligible purposes. Substantially all grants and the Coalition's costs are subject to financial and compliance reviews and audits by grantors. In management's opinion, the likelihood of an adverse material outcome upon its financial position from those reviews and audits is remote.

The Coalition received a final ruling from the U.S. Department of Health and Human Services related to a finding regarding an unallowable cost charged to a federal grant in 2012. After the appeal process, the U.S. Department of Health and Human Services determined that the Coalition must repay \$15,935. This amount is included in accrued expenses as of December 31, 2017. The Coalition submitted the repayment in March 2018.

The Coalition entered into contract agreements with two vendors to provide database and lobbying services through September 30, 2018 and December 31, 2018, respectively. The total minimum amounts to be paid under these contract agreements in 2018 total approximately \$30,258 and \$31,800, respectively.

PRIOR YEAR INFORMATION

The statement of activities and changes in net assets and functional expenses include certain prior year summarized comparative information in total but not by net asset class and functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through August 31, 2018, which was the date that the financial statements were available to be issued. Management did not identify any events other than noted above that occurred subsequent to year-end that require disclosure in the financial statements.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2017

Federal/State Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Total Expenditures	Expenditures to Subrecipients
FEDERAL EXPENDITURES:				
U.S. Department of Health and Human Services:				
Family Violence Prevention and Services/Statewide Domestic Violence Coalitions	93.591	2017G991540	\$ 257,963	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136	NUS4CE002300-05-03	521,941	89,223
Advancing System Improvements for Key issues in Women's Health	93.088	1ASTWH150030-01-00	1,051,612	642,978
Passed-through N.C. Department of Administration - N.C. Council for Women, Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	FVPSA	144,698	-
U.S. Department of Justice:				
State Domestic Violence and Sexual Assault Coalitions	16.556	2017-DW-AX-0019	91,012	-
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2014-WR-AX-0023	335,805	235,851
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	2016-VA-GX-0075	167,942	-
Direct Legal Services	16.575	2016-VA-GX-0075	266,184	-
Training and Technical Assistance	16.575	2016-VA-GX-0075	215,092	-
eNOugh Outreach Campaign	16.575	2016-VA-GX-0075	95,533	-
Latina Services	16.575	2016-VA-GX-0075	108,396	-
			853,147	-
Passed-through N.C. Department of Crime Control and Public Safety - Division of Governor's Crime Commission				
Crime Victim Assistance\Discretionary Grants				
VOCA Discretionary Training Grant	16.582	2015-VF-GX-0010	48,956	-
TOTAL FEDERAL EXPENDITURES			<u>3,305,134</u>	<u>968,052</u>
STATE EXPENDITURES:				
NC Council for Women				
Domestic Violence Program		#61-1077481	44,840	-
Divorce Filing Fees		#61-1077481	22,959	-
Marriage License Fees		#61-1077481	22,452	-
TOTAL STATE EXPENDITURES			<u>90,251</u>	<u>-</u>
TOTAL FEDERAL AND STATE EXPENDITURES			<u>\$ 3,395,385</u>	<u>\$ 968,052</u>

NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of North Carolina Coalition Against Domestic Violence, Inc., under programs of the federal and state governments for the year ended December 31, 2017. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operations of North Carolina Coalition Against Domestic Violence, Inc., it is not intended and does not present the financial position, changes in net assets, or cash flows of the North Carolina Coalition Against Domestic Violence, Inc.

North Carolina Coalition Against Domestic Violence, Inc., has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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MEMBERS:
American Institute of
Certified Public Accountants

North Carolina Association of
Certified Public Accountants

**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**

Page 1 of 2

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Carolina Coalition Against Domestic Violence, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Carolina Coalition Against Domestic Violence, Inc.'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

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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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Carolina Coalition Against Domestic Violence, Inc.'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*.

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

Blackman & Sloop

Chapel Hill, North Carolina
August 31, 2018

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

Page 1 of 3

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

Report on Compliance for Each Major Federal Program

We have audited North Carolina Coalition Against Domestic Violence, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Carolina Coalition Against Domestic Violence, Inc.'s major federal programs for the year ended December 31, 2017. North Carolina Coalition Against Domestic Violence, Inc.'s major federal programs are identified in the summary of auditor's 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 North Carolina Coalition Against Domestic Violence, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Carolina Coalition Against Domestic Violence, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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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 North Carolina Coalition Against Domestic Violence, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, North Carolina Coalition Against Domestic Violence, Inc., complied, in all material respects, with the 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, 2017.

Report on Internal Control Over Compliance

Management of North Carolina Coalition Against Domestic Violence, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered North Carolina Coalition Against Domestic Violence, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Carolina Coalition Against Domestic Violence, Inc.'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 a 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Blackman & Sloop".

Chapel Hill, North Carolina
August 31, 2018

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

Year Ended December 31, 2017

Page 1 of 1

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of North Carolina Coalition Against Domestic Violence, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the "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*."
3. No instances of noncompliance, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs is reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for North Carolina Coalition Against Domestic Violence, Inc., expresses an unmodified opinion on all major federal programs.
6. No findings that are required to be reported in accordance with 2 CFR Section 200.5516(a) are reported in this schedule.
7. The Crime Victim Assistance Program (CFDA 16.575) and the Advancing System Improvements for Key Issues in Women's Health (CFDA 93.088) were tested as major programs.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. North Carolina Coalition Against Domestic Violence, Inc., qualified as a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.**SUMMARY OF PRIOR AUDIT FINDINGS**

Year Ended December 31, 2016

Page 1 of 1

Prior Year Findings - Financial Statements Audit**2016-001** Cash Management.

Condition and Criteria: The Coalition's total cash balance at year end was not sufficient to cover the temporarily restricted cash balance from a foundation grant.

Prior Year Audit Finding: 2015-001

Cause and Effect: Delays in requesting reimbursement of grant funds are due to normal lag time between incurring expenses and requesting reimbursement, as well as some funder driven delays. This resulted in a cash balance not sufficient to cover the temporarily restricted cash balance at year end.

Recommendation: The Coalition has been fortunate to be the recipient of grants and contributions from donors to support the mission of the Coalition. However, due to multiple factors, there have been delays in requesting reimbursement of grant funds resulting in a significant unbilled grants receivable balance at December 31, 2016. The cash balance is not sufficient to cover purpose restricted cash which is an indication that temporarily restricted cash was potentially used to fund operations. We recommend the Coalition implement procedures, where possible, to minimize the time between when costs are incurred and reimbursements requested. This will ensure that restricted funds are not spent for inappropriate purposes. In addition, to ensure the Coalition's continued financial viability, we also recommend the Coalition implement strategies to secure unrestricted contributions to support the Coalition's general operations.

Current Year Status: Management improved procedures in the current year to allow for slightly faster reimbursement requests after the close of each month. Additionally, staff and management turnover at one of the Coalition's major funders allowed for a much faster turn-around time for reimbursements. This has alleviated some of the cash flow issues that contributed to the condition.

Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit

None noted.