

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

Durham, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017



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North Carolina Coalition Against Domestic Violence

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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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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 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 September 6, 2019, 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 solely 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 effectiveness of North Carolina Coalition Against Domestic Violence, Inc.'s 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
September 6, 2019

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 40,801	\$ 55,891
Grants and contracts receivable	541,259	425,549
Other receivables	2,005	1,864
Prepaid expenses	3,844	5,170
	<u>587,909</u>	<u>488,474</u>
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT:		
Office furniture and fixtures	136,111	136,111
Less accumulated depreciation	(79,578)	(57,412)
	<u>56,533</u>	<u>78,699</u>
NET PROPERTY AND EQUIPMENT		
OTHER ASSETS:		
Security deposits	5,287	5,287
	<u>5,287</u>	<u>5,287</u>
TOTAL ASSETS	<u>\$ 649,729</u>	<u>\$ 572,460</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 110,696	\$ 285,232
Accrued expenses	35,024	37,012
Deferred revenue	-	4,907
Line of credit	40,000	40,000
Current portion of capital lease obligation	13,573	12,236
Note payable	-	906
	<u>199,293</u>	<u>380,293</u>
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES:		
Capital lease, net current maturity	40,783	54,357
	<u>40,783</u>	<u>54,357</u>
TOTAL LIABILITIES	<u>240,076</u>	<u>434,650</u>
NET ASSETS:		
Without donor restrictions	58,832	54,914
With donor restrictions	350,821	82,896
	<u>409,653</u>	<u>137,810</u>
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 649,729</u>	<u>\$ 572,460</u>

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

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended December 31, 2018 and 2017

Page 1 of 2

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
SUPPORT AND REVENUE:				
Federal and state awards	\$ 2,550,511	\$ 87,170	\$ 2,637,681	\$ 3,399,114
Grants and contributions	107,534	378,250	485,784	215,297
In-kind contributions	109,656	-	109,656	89,000
Membership dues	45,191	-	45,191	37,689
Program service fees	57,012	-	57,012	11,516
	2,869,904	465,420	3,335,324	3,752,616
Net assets released from restrictions	197,495	(197,495)	-	-
TOTAL SUPPORT AND REVENUE	3,067,399	267,925	3,335,324	3,752,616
EXPENSES:				
Program	2,536,337	-	2,536,337	3,198,327
Management and general	405,246	-	405,246	392,735
Fundraising	121,898	-	121,898	135,035
TOTAL EXPENSES	3,063,481	-	3,063,481	3,726,097
CHANGES IN NET ASSETS	3,918	267,925	271,843	26,519
NET ASSETS - BEGINNING OF YEAR	54,914	82,896	137,810	111,291
NET ASSETS - END OF YEAR	\$ 58,832	\$ 350,821	\$ 409,653	\$ 137,810

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

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended December 31, 2018 and 2017

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	2017		
	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE:			
Federal and state awards	\$ 3,399,114	\$ -	\$ 3,399,114
Grants and contributions	46,408	168,889	215,297
In-kind contributions	89,000	-	89,000
Membership dues	37,689	-	37,689
Program service fees	11,516	-	11,516
	<u>3,583,727</u>	<u>168,889</u>	<u>3,752,616</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>
EXPENSES:			
Program	3,198,327	-	3,198,327
Management and general	392,735	-	392,735
Fundraising	135,035	-	135,035
TOTAL EXPENSES	<u>3,726,097</u>	<u>-</u>	<u>3,726,097</u>
CHANGES IN NET ASSETS	(11,427)	37,946	26,519
NET ASSETS - BEGINNING OF YEAR	<u>66,341</u>	<u>44,950</u>	<u>111,291</u>
NET ASSETS - END OF YEAR	<u>\$ 54,914</u>	<u>\$ 82,896</u>	<u>\$ 137,810</u>

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

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT C

For the Years Ended December 31, 2018 and 2017

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	2018				2017
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 961,266	\$ 226,393	\$ 77,669	\$ 1,265,328	\$ 1,300,887
Subrecipient payments	598,181	-	-	598,181	982,521
Program expenses	354,428	13,088	2,873	370,389	611,543
Employee benefits	184,446	43,435	14,907	242,788	209,697
Occupancy & parking	74,503	17,645	5,882	98,030	88,697
Payroll taxes	73,934	17,410	5,975	97,319	106,974
Professional services	33,131	41,169	2,754	77,054	82,327
Travel	55,712	10,446	3,482	69,640	98,095
Training institute	46,731	-	-	46,731	19,702
Lobbying	32,304	-	-	32,304	30,000
Supplies	20,028	3,031	1,902	24,961	34,064
Staff development	19,924	3,047	469	23,440	30,478
Communications	16,833	4,489	1,122	22,444	21,372
Depreciation	16,840	3,965	1,361	22,166	24,412
Dues & subscriptions	18,804	2,212	1,106	22,122	25,362
Minor equipment & rentals	15,606	1,841	-	17,447	12,271
Interest	-	10,073	-	10,073	7,706
Printing & publications	5,637	-	1,409	7,046	5,233
Insurance	5,110	1,210	403	6,723	6,594
Miscellaneous	-	5,365	447	5,812	22,271
Conference & meeting	2,029	85	-	2,114	3,857
Postage	890	342	137	1,369	2,034
Total expenses	<u>\$ 2,536,337</u>	<u>\$ 405,246</u>	<u>\$ 121,898</u>	<u>\$ 3,063,481</u>	<u>\$ 3,726,097</u>

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

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT C

For the Years Ended December 31, 2018 and 2017

Page 2 of 2

	2017			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 993,696	\$ 221,970	\$ 85,221	\$ 1,300,887
Subrecipient payments	982,521	-	-	982,521
Program expenses	606,995	4,548	-	611,543
Employee benefits	160,188	35,774	13,735	209,697
Occupancy & parking	66,522	13,305	8,870	88,697
Payroll taxes	81,717	18,250	7,007	106,974
Professional services	40,637	36,557	5,133	82,327
Travel	89,775	4,160	4,160	98,095
Training institute	19,702	-	-	19,702
Lobbying	30,000	-	-	30,000
Supplies	27,743	3,773	2,548	34,064
Staff development	16,763	11,582	2,133	30,478
Communications	16,029	4,274	1,069	21,372
Depreciation	18,648	4,165	1,599	24,412
Dues & subscriptions	21,558	2,536	1,268	25,362
Minor equipment & rentals	11,005	1,266	-	12,271
Interest	-	7,706	-	7,706
Printing & publications	4,186	-	1,047	5,233
Insurance	5,011	1,121	462	6,594
Miscellaneous	516	21,239	516	22,271
Conference & meeting	3,793	-	64	3,857
Postage	1,322	509	203	2,034
Total expenses	<u>\$ 3,198,327</u>	<u>\$ 392,735</u>	<u>\$ 135,035</u>	<u>\$ 3,726,097</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 271,843	\$ 26,519
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	22,166	24,412
Changes in assets and liabilities:		
Grants and contracts receivable	(115,710)	(122,517)
Other receivables	(141)	(554)
Prepaid expenses	1,326	(2,110)
Accounts payable	(174,536)	116,043
Accrued expenses	(1,988)	8,492
Deferred revenue	(4,907)	4,907
	<u>(1,947)</u>	<u>55,192</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(906)	(11,413)
Repayment of capital lease obligation	(12,237)	(10,486)
	<u>(13,143)</u>	<u>(21,899)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	(15,090)	33,293
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>55,891</u>	<u>22,598</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>\$ 40,801</u>	<u>\$ 55,891</u>
 Supplemental Information:		
In-kind contributions - annual software maintenance	<u>\$ 109,656</u>	<u>\$ 89,000</u>
Interest paid	<u>\$ 10,073</u>	<u>\$ 7,706</u>
Noncash acquisition of equipment through capital lease	<u>\$ -</u>	<u>\$ 74,972</u>
Early disposal of equipment from a capital lease	<u>\$ -</u>	<u>\$ 20,215</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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements 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 revenue without donor restrictions.

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, 2018 and 2017, 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 support and revenue without donor restrictions 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 support and revenue with donor restrictions.

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 recorded in accrued expenses on the statements of financial position.

F. Revenue Recognition.

Revenue from grants and contracts which are deemed to be exchange transactions are recognized as support and revenue without donor restrictions 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 net assets with donor restrictions.

G. Net Assets.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

Page 3 of 8

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.

J. Change in Accounting Principle.

On August 18, 2016, FASB issued Accounting Standards Update (“ASU 2016-14”), Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability about resources, and the lack of consistency in the type of information provided about expenses and investment return. The Coalition has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

LIQUIDITY AND AVAILABILITY

The Coalition’s financial assets available within one year of the statement of financial position date for general expenditure (i.e., without donor or other restrictions limiting their use) comprise the following:

Cash and cash equivalents	\$ 40,801
Grants and contracts receivable	541,259
Other receivables	<u>2,005</u>
	586,709
Less amounts unavailable for general expenditures within one year, due to:	
Restrictions by donor for purpose	<u>\$ (345,027)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 241,682</u></u>

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of the Coalition's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Membership revenue and program service revenue received by the Coalition are considered income for general expenditure use. Additionally, the Coalition has a revolving line of credit available for use. When available, the Coalition may choose to invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at December 31, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Blue Cross and Blue Shield of North Carolina	\$ 300,000	\$ -
Governor's Crime Commission	135,324	124,632
U.S. Department of Health and Human Services	38,552	214,430
U.S. Department of Justice	27,898	13,625
University of North Carolina - Greensboro	23,467	-
NC Department of Administration	16,018	17,862
Allstate Foundation	-	55,000
	<u>\$ 541,259</u>	<u>\$ 425,549</u>

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. The agreement was renewed subsequent to year end through March 2021. The monthly rate increases to \$2,336 on April 1, 2019 and to \$2,406 on April 1, 2020.

Rent expense relating to the leases totaled \$98,030 and \$88,697, for the years ended December 31, 2018 and 2017, respectively.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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OPERATING LEASES (CONTINUED)

Minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 70,195
2020	63,468
2021	15,867
Total minimum lease payments	<u>\$ 149,530</u>

LINE OF CREDIT

At December 31, 2017, the Coalition had an unsecured line of credit totaling \$40,000 with a financial institution with a maturity date of September 2018. Interest was payable monthly at the prime rate plus 1% with a minimum rate of 5.25%. In September 2018, the terms of the line of credit were amended to extend the maturity date to September 2020. There was a balance of \$40,000 on the line of credit December 31, 2018 and 2017.

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 for the years ended December 31, 2018 and 2017. Accumulated amortization of the asset under the capital lease totaled \$26,181 and \$11,900, for the years ended December 31, 2018 and 2017, respectively. Amortization expense on the capital lease is included in depreciation expense on the statements of functional expenses.

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

<u>Year Ending December 31,</u>	
2019	18,600
2020	18,600
2021	18,600
2022	9,300
Total minimum obligation	<u>65,100</u>
Less: interest	<u>(10,744)</u>
Present value of net minimum obligation	54,356
Less: current portion	<u>(13,573)</u>
Long-term obligation	<u>\$ 40,783</u>

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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NOTE PAYABLE

Note payable consists of the following at December 31, 2018 and 2017:

	2018	2017
Note payable to a financial institution with monthly payments of \$980, including interest at 4.7%. The note was unsecured and matured January 2018.	\$ -	\$ 906
Less current maturities	-	(906)
Long-term portion of debt	\$ -	\$ -

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 \$36,123 and \$35,484, for the years ended December 31, 2018 and 2017, respectively.

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 \$109,656 and \$89,000, for the years ended December 31, 2018 and 2017.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2017 financial statements in order to conform to the 2018 presentation. Such reclassifications had no effect on net assets.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

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NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended December 31, 2018 and 2017, consist of:

	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Rural Healthcare and Domestic Violence	\$ 300,000	\$ -
Economic Justice	34,546	55,000
Divorce Filing Fees	3,715	-
Domestic Violence	3,640	1,015
Legal Assistance and Domestic Violence	2,888	-
Marriage License Fees	238	582
Training and Technical Assistance	-	17,871
eNOugh Campaign	-	8,428
Time restricted:		
Marriage License Fees	5,036	-
Divorce Filing Fees	758	-
	<u>\$ 350,821</u>	<u>\$ 82,896</u>

FUNCTIONAL ALLOCATION OF EXPENSES

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

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, occupancy and parking, insurance, depreciation, IT support (part of professional services), and communications which are allocated on the basis of estimates of time and effort. Other expense categories including minor equipment and rentals, dues and subscriptions, and supplies, are allocated on the basis of estimates of usage.

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

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CONCENTRATIONS

Approximately 80% of outstanding grants, contracts, and other receivables are from two sources for the year ending December 31, 2018. Approximately 87% of outstanding grants, contracts, and other receivables are from Federal and State sources for the year ending December 31, 2017.

Approximately 70% of total support and revenue are from two sources for the year ended December 31, 2018. Approximately 91% of total support and revenue are from Federal and State sources for the year ended December 31, 2017. A significant decline in support and revenue from these sources could have a detrimental effect on the operations of the Coalition.

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 a contract agreement with a vendor to provide database services through September 30, 2019. The total minimum amount to be paid under this contract agreement in 2019 totals approximately \$30,258. Subsequent to year end, the Coalition entered into an agreement with a vendor to provide lobbying services through December 2020. The amount to be paid under this agreement totals \$67,800.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through September 6, 2019, which was the date that the financial statements were available to be issued. Management did not identify any events 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, 2018

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	\$ 243,452	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136	NUS4CE002307-01-00	395,567	87,817
Advancing System Improvements for Key issues in Women's Health	93.088	1ASTWH150030-01-00	732,280	375,488
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	1801NCSDVC	101,555	-
U.S. Department of Justice:				
State Domestic Violence and Sexual Assault Coalitions	16.556	2017-DW-AX-0019	89,391	-
Crime Victim Assistance/Discretionary Grants	16.582	2018-V3-GX-0075	20,081	-
Crime Victim Assistance/Discretionary Grants	16.582	2015-VF-GX-0010	39,785	-
VOCA Discretionary Training Grant	16.582	2015-VF-GX-0010	39,785	-
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	2017-VA-GX-0050	170,578	-
Direct Legal Services	16.575	2017-VA-GX-0050	269,501	66,525
Training and Technical Assistance	16.575	2016-VA-GX-0075	197,251	-
eNOugh Outreach Campaign	16.575	2016-VA-GX-0075	78,633	-
Latina Services	16.575	2017-VA-GX-0050	107,067	17,182
			<u>823,030</u>	<u>83,707</u>
TOTAL FEDERAL EXPENDITURES			<u>2,445,141</u>	<u>547,012</u>
STATE EXPENDITURES:				
NC Council for Women				
Domestic Violence Program		#61-1077481	46,955	-
Divorce Filing Fees		#61-1077481	20,009	-
Marriage License Fees		#61-1077481	20,207	-
TOTAL STATE EXPENDITURES			<u>87,171</u>	<u>-</u>
TOTAL FEDERAL AND STATE EXPENDITURES			<u>\$ 2,532,312</u>	<u>\$ 547,012</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, 2018. 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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**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, 2018, 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 September 6, 2019.

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 North Carolina Coalition Against Domestic Violence, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of North Carolina Coalition Against Domestic Violence, Inc.’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

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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 Coalition'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
September 6, 2019

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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, 2018. 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 federal statutes, regulations, and the terms and conditions of its awards 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, 2018.

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 types of compliance requirements referred to above. 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.

Blackman & Sloop

Chapel Hill, North Carolina
September 6, 2019

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

Year Ended December 31, 2018

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*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are 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 audit 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 Injury Prevention and Control Research and State and Community Based Programs (CFDA 93.136) 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