

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

Durham, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



NCCADV

North Carolina Coalition Against Domestic Violence

CONTENTS

	<u>PAGES</u>
Independent Auditor's Report	2-3
Exhibits:	
"A" Statements of Financial Position	4
"B" Statements of Activities and Changes in Net Assets	5-6
"C" Statements of Functional Expenses	7-8
"D" Statements of Cash Flows	9
Notes to Financial Statements	10-19
Schedule of Expenditures of Federal and State Awards	20
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 <i>Government Auditing Standards</i>	21-22
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	23-25
Schedule of Findings and Questioned Costs	26-27

Carla G. Daniel, EA
Andrea W. Eason, CPA, CGMA
Ben Johnson, CPA, MBA
Robin H. McDuffie, CPA, CGMA
M. Neely McLaughlin, CPA, MBA, CGMA
Deetra B. Watson, CPA, CGMA



MEMBERS:
American Institute of
Certified Public Accountants

North Carolina Association of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Page 1 of 2

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, 2019 and 2018, 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.

BLACKMAN & SLOOP, CPAS, P.A.

Phone/919.942.8700 • Fax/919.968.4766 • Toll Free/877.854.7530

The Exchange West at Meadowmont • 1414 Raleigh Road, Suite 300 • Chapel Hill, North Carolina 27517

www.b-scpa.com • email:cpa@b-scpa.com

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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 October 19, 2020, 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
October 19, 2020

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ -	\$ 40,801
Grants and contracts receivable	423,269	541,259
Other receivables	7,276	2,005
Prepaid expenses	16,850	3,844
	<u>447,395</u>	<u>587,909</u>
PROPERTY AND EQUIPMENT:		
Office furniture and fixtures	136,111	136,111
Less accumulated depreciation	<u>(98,275)</u>	<u>(79,578)</u>
	<u>37,836</u>	<u>56,533</u>
OTHER ASSETS:		
Security deposits	<u>5,287</u>	<u>5,287</u>
	<u>\$ 490,518</u>	<u>\$ 649,729</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Bank overdraft	\$ 58,889	\$ -
Accounts payable	46,195	110,696
Accrued expenses	37,907	35,024
Line of credit	40,000	40,000
Current portion of capital lease obligation	<u>15,056</u>	<u>13,573</u>
	<u>198,047</u>	<u>199,293</u>
NONCURRENT LIABILITIES:		
Capital lease, net current maturity	<u>25,726</u>	<u>40,783</u>
	<u>223,773</u>	<u>240,076</u>
NET ASSETS:		
Without donor restrictions	30,799	58,832
With donor restrictions	<u>235,946</u>	<u>350,821</u>
	<u>266,745</u>	<u>409,653</u>
	<u>\$ 490,518</u>	<u>\$ 649,729</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

For the Years Ended December 31, 2019 and 2018

EXHIBIT B

Page 1 of 2

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
SUPPORT AND REVENUE:				
Federal and state awards	\$ 2,102,101	\$ 84,807	\$ 2,186,908	\$ 2,637,681
Grants and contributions	97,566	87,225	184,791	485,784
In-kind contributions	112,192	-	112,192	109,656
Membership dues	37,695	-	37,695	45,191
Program service fees	6,587	-	6,587	57,012
	2,356,141	172,032	2,528,173	3,335,324
Net assets released from restrictions	286,907	(286,907)	-	-
TOTAL SUPPORT AND REVENUE	2,643,048	(114,875)	2,528,173	3,335,324
EXPENSES:				
Program	2,164,597	-	2,164,597	2,536,337
Management and general	445,857	-	445,857	405,246
Fundraising	60,627	-	60,627	121,898
TOTAL EXPENSES	2,671,081	-	2,671,081	3,063,481
CHANGES IN NET ASSETS	(28,033)	(114,875)	(142,908)	271,843
NET ASSETS - BEGINNING OF YEAR	58,832	350,821	409,653	137,810
NET ASSETS - END OF YEAR	\$ 30,799	\$ 235,946	\$ 266,745	\$ 409,653

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, 2019 and 2018

Page 2 of 2

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

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, 2019 and 2018

Page 1 of 2

	2019				2018
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 992,967	\$ 254,068	\$ 37,858	\$ 1,284,893	\$ 1,265,328
Program expenses	266,953	-	-	266,953	363,195
Employee benefits	202,543	52,608	7,891	263,042	242,788
Subrecipient payments	246,674	-	-	246,674	598,181
Payroll taxes	77,696	19,876	2,966	100,538	97,319
Professional services	38,791	50,784	3,331	92,906	93,015
Occupancy	72,610	15,430	2,723	90,763	98,030
Travel	63,601	11,224	-	74,825	69,640
Supplies	48,222	7,731	1,892	57,845	30,538
Lobbying	34,656	-	-	34,656	32,304
Minor equipment & rentals	25,492	3,212	140	28,844	17,447
Dues & subscriptions	19,649	4,175	737	24,561	22,122
Staff development	18,407	3,912	690	23,009	23,440
Communications	17,202	3,655	645	21,502	22,444
Depreciation	14,449	3,696	552	18,697	22,166
Conference & meeting	14,576	1,795	-	16,371	34,073
Miscellaneous	1,169	6,302	221	7,692	8,408
Insurance	5,274	1,121	198	6,593	6,723
Interest	-	6,134	-	6,134	7,905
Printing & publications	3,038	-	759	3,797	7,046
Postage	628	134	24	786	1,369
Total expenses	<u>\$ 2,164,597</u>	<u>\$ 445,857</u>	<u>\$ 60,627</u>	<u>\$ 2,671,081</u>	<u>\$ 3,063,481</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, 2019 and 2018

Page 2 of 2

	2018			Total
	Program Services	Management and General	Fundraising	
Salaries and wages	\$ 961,266	\$ 226,393	\$ 77,669	\$ 1,265,328
Program expenses	347,234	13,088	2,873	363,195
Employee benefits	184,446	43,435	14,907	242,788
Subrecipient payments	598,181	-	-	598,181
Payroll taxes	73,934	17,410	5,975	97,319
Professional services	49,092	41,169	2,754	93,015
Occupancy	74,503	17,645	5,882	98,030
Travel	55,712	10,446	3,482	69,640
Supplies	25,605	3,031	1,902	30,538
Lobbying	32,304	-	-	32,304
Minor equipment & rentals	15,606	1,841	-	17,447
Dues & subscriptions	18,804	2,212	1,106	22,122
Staff development	19,924	3,047	469	23,440
Communications	16,833	4,489	1,122	22,444
Depreciation	16,840	3,965	1,361	22,166
Conference & meeting	33,988	85	-	34,073
Miscellaneous	428	7,533	447	8,408
Insurance	5,110	1,210	403	6,723
Interest	-	7,905	-	7,905
Printing & publications	5,637	-	1,409	7,046
Postage	890	342	137	1,369
Total expenses	\$ 2,536,337	\$ 405,246	\$ 121,898	\$ 3,063,481

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (142,908)	\$ 271,843
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	18,697	22,166
Changes in assets and liabilities:		
Grants and contracts receivable	117,990	(115,710)
Other receivables	(5,271)	(141)
Prepaid expenses	(13,006)	1,326
Bank overdraft	58,889	-
Accounts payable	(64,501)	(174,536)
Accrued expenses	2,883	(1,988)
Deferred revenue	-	(4,907)
	<u>(27,227)</u>	<u>(1,947)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	-	(906)
Repayment of capital lease obligation	(13,574)	(12,237)
	<u>(13,574)</u>	<u>(13,143)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(40,801)	(15,090)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>40,801</u>	<u>55,891</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 40,801</u>
Supplemental Information:		
In-kind contributions - annual software maintenance	<u>\$ 112,192</u>	<u>\$ 109,656</u>
Interest paid	<u>\$ 6,134</u>	<u>\$ 7,905</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**

Page 1 of 10

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 support with donor restrictions 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 support with donor restrictions within the same year, it is treated as revenue without donor restrictions.

B. Cash and Cash Equivalents.

Cash and cash 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, 2019 and 2018, 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

Page 2 of 10

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 is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

G. Net Assets.

Net assets, support and revenue, 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 10

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.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 - *Revenue from Contracts with Customers*. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding what revenue is recognized over time or a point in time, and expand disclosures about revenue. Management has reviewed the impact of the new guidance on the financial statements and has determined there is no impact to the 2019 presentation.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Management has implemented the provisions in the standard applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Coalition’s implementation of ASU 2018-08.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

Page 4 of 10

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 at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ -	\$ 40,801
Grants and contracts receivable	423,269	541,259
Other receivables	<u>7,276</u>	<u>2,005</u>
	430,545	584,065
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donor for purpose	<u>(235,946)</u>	<u>\$ (345,027)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 194,599</u>	<u>\$ 239,038</u>

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, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Governor's Crime Commission	\$ 248,338	\$ 135,324
U.S. Department of Justice	74,983	27,898
U.S. Department of Health and Human Services	57,526	38,552
University of North Carolina - Greensboro	17,385	23,467
NC Department of Administration	16,549	16,018
Futures Without Violence	8,488	-
Blue Cross and Blue Shield of North Carolina	<u>-</u>	<u>300,000</u>
	<u>\$ 423,269</u>	<u>\$ 541,259</u>

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

Page 5 of 10

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 February 2019 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 \$90,763 and \$98,030, for the years ended December 31, 2019 and 2018, respectively.

Minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2020	92,134
2021	23,086
Total minimum lease payments	<u>\$ 115,220</u>

LINE OF CREDIT

In September 2017, the Coalition entered into 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 at December 31, 2019 and 2018.

CAPITAL LEASE OBLIGATIONS

In February 2017, the Coalition entered into a 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, 2019 and 2018. Accumulated amortization of the asset under the capital lease totaled \$40,461 and \$26,181, for the years ended December 31, 2019 and 2018, respectively. Amortization expense on the capital lease is included in depreciation expense on the statements of functional expenses.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

Page 6 of 10

CAPITAL LEASE OBLIGATIONS (CONTINUED)

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

<u>Year Ending December 31,</u>	
2020	18,600
2021	18,600
2022	<u>9,300</u>
Total minimum obligation	46,500
Less: interest	<u>(5,717)</u>
Present value of net minimum obligation	40,783
Less: current portion	<u>(15,057)</u>
Long-term obligation	<u><u>\$ 25,726</u></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 \$34,210 and \$36,123, for the years ended December 31, 2019 and 2018, 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 \$112,192 and \$109,656, for the years ended December 31, 2019 and 2018.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2018 financial statements in order to conform to the 2019 presentation. Such reclassifications had no effect on net assets.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the new revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Coalition's revenue streams have contracts that contain a single performance obligation, as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. The Coalition also has revenue streams that have contracts that contain multiple performance obligations.

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

Page 7 of 10

REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)*Performance Obligations Satisfied over a Period of Time*

The Coalition enters into fixed-price contracts with customers to provide services and trainings. Revenue for these contracts is recognized based upon the proportion of performance which has been completed or delivered compared to the total contractual performance. Output measures used to determine revenue are specific to the services provided.

Performance Obligations Satisfied at a Point in Time

The Coalition enters into contracts on a cost reimbursement basis, milestone basis, and fixed fee for specific services done. For all of these contracts, the point in time, or various points in time if the contract specifies milestones, are identified and revenue is recognized when obligations are fulfilled at those identified points in time.

The Coalition receives membership dues for various benefits given by the Coalition throughout the year. No determinable market value is available for the member benefits. As such, the entire amount is recognized as a contribution when received.

The Coalition holds a biennial conference. Revenue is earned when the conference is held as the performance obligation is fulfilled.

Contract Balances

The timing of revenue recognition and cash collections has not resulted in deferred revenue, contract assets, or contract liabilities.

Transition

The Coalition applied ASU 2014-09 to contracts not completed as of the date of adoption, January 1, 2019, using the modified retrospective approach. However, no adjustments to opening net assets were required.

REVENUE FROM GOVERNMENT GRANT AND CONTRACT AGREEMENTS

The Coalition enters into federal and state cost reimbursement government grants and contracts. The agreements are considered nonreciprocal transactions and thus must be recognized in accordance with ASU 2018-08. Revenue received by federal and state cost reimbursement government grants and contracts is recognized when the Coalition incurs allowable expenses. Allowable expenses are based on hours worked multiplied by the applicable hourly rate or applicable monthly salary rate. Other direct expenses required to fulfill the grant or contract performance will be reimbursed by the awarding government agency.

NORTH CAROLINA COALITION AGAINST DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

Page 8 of 10

REVENUE FROM GOVERNMENT GRANT AND CONTRACT AGREEMENTS (CONTINUED)

The obligated total of federal and state cost reimbursement grants and contracts as of December 31, 2019, totaled \$2,002,478. The remaining portion is considered conditional and will be recognized as revenue as allowable expenditures are incurred.

Total revenue from government grant and contract agreements at December 31, 2019 totaled \$2,186,908. Grants and contract receivables at December 31, 2019, includes \$414,781 related to revenue from government and contract agreements.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended December 31, 2019 and 2018, consist of:

	<u>2019</u>	<u>2018</u>
Purpose restricted:		
Rural Healthcare and Domestic Violence	\$ 150,382	\$ 300,000
Economic Justice	51,663	34,546
Legal Assistance and Domestic Violence	10,521	2,888
Marriage License Fees	8,616	238
Domestic Violence	8,402	3,640
Divorce Filing Fees	6,362	3,715
Time restricted:		
Marriage License Fees	-	5,036
Divorce Filing Fees	-	758
	<u>\$ 235,946</u>	<u>\$ 350,821</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, 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**

Page 9 of 10

CONCENTRATIONS

Approximately 98% of outstanding grants and contracts receivables are from Federal and State sources for the year ending December 31, 2019. Approximately 80% of outstanding grants, contracts, and other receivables are from two sources for the year ending December 31, 2018.

Approximately 87% and 70% of total support and revenue are from Federal and State sources for the years ended December 31, 2019 and 2018, respectively. 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 is under contract with a vendor to provide database services through September 30, 2020. The total amount to be paid for 2020 is \$30,861. The Coalition is under contract with a vendor to provide IT services through December 31, 2021 billed monthly in arrears on an hourly basis. The Coalition is under contract with a vendor to provide lobbying services through December 31, 2020. The amount to be paid for 2020 is \$31,075.

The accompanying financial statements have been prepared assuming that the Coalition will continue as a going concern. As shown in the financial statements and discussed in Note Liquidity and Availability, the Coalition has declining net assets without donor restrictions and declining financial assets available for general expenditures within one year. At December 31, 2019, current liabilities exceed assets for general use in one year by \$3,448. These factors raise substantial doubt about the Coalition's ability to continue as a going concern. New program funding that includes funds for general expenditures have been secured for subsequent years. Additionally, management has developed a plan to raise additional funds without donor restrictions and reduce general expenditures. Because it is not possible at this time to predict the outcome of management's efforts, substantial doubt remains regarding the ability of the Coalition to continue as a going concern during the ensuing year.

SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency due to a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

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

Page 10 of 10

SUBSEQUENT EVENTS (CONTINUED)

The challenges of the pandemic affected victims of domestic violence more heavily than the general population as they were often stuck inside with their abuser. Shelter capacity was diminished by the social distancing requirements and hotel expenses greatly increased for domestic violence service providers. The federal and state governments allocated dollars from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to serving survivors of interpersonal violence. The Coalition was a recipient of \$600,000 of supplemental funds designated for responding to COVID-19 from Family Violence Prevention and Services Act (FVPSA), Center for Disease Control and Prevention (CDC), and the Department of Justice (DOJ) through the Governor's Crime Commission.

In April 2020, the Coalition was granted a loan (the "Loan") from a financial institution in the amount of \$338,793, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted in March 2020. The Loan, which was in the form of a Note, matures on April 2022 and bears interest at a rate of 1% per annum. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The Note and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for qualifying expenses over the 24-week period. The amount of loan forgiveness may be reduced under certain circumstances as described in the loan agreement. The Coalition intends to use the entire Loan amount for qualifying expenses.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Coalition's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Coalition is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity as of the date of this report.

Management has evaluated subsequent events for recognition or disclosure through October 19, 2020, the date the financial statements were available to be issued. Management did not identify any additional events 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, 2019

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	1901NCSDVC	\$ 273,750	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136	18NUS4CE002307	386,196	76,740
Advancing System Improvements for Key issues in Women's Health	93.088	ASTWH150030-01-02	50,062	22,152
Passed-through Futures Without Violence National Health Resource Center on Domestic Violence (HRC) Seeks to Improve Healthcare Responses to Domestic Violence	93.592	90EV0438-03-01	25,000	-
Passed-through N.C. Department of Administration - N.C. Council for Women, Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services eNOugh Campus Prevention Project	93.671 93.671	1801NCSDVC 61-1077481	99,075 24,586	- -
			123,661	-
U.S. Department of Justice:				
State Domestic Violence and Sexual Assault Coalitions	16.556	2019-DW-AX-0020	96,660	-
NCCADV Technical Assistance Program	16.582	2018-V3-GX-0075	164,205	-
Passed-through N.C. Department of Crime Control and Public Safety - Division of Governor's Crime Commission Crime Victim Assistance Statewide Data Collection System Direct Legal Services Training and Technical Assistance Latina Services	16.575 16.575 16.575 16.575	2017-VA-GX-0050 2017-VA-GX-0050 2016-VA-GX-0075 2017-VA-GX-0050	188,313 303,489 211,510 158,995	- 69,965 - 35,458
			862,307	105,423
Violence Against Women Nia Project	16.588	2019-WF-AX-0021	49,443	-
TOTAL FEDERAL EXPENDITURES			2,031,284	204,315
STATE EXPENDITURES:				
NC Council for Women				
Domestic Violence Program		#61-1077481	40,225	-
Divorce Filing Fees		#61-1077481	18,670	-
Marriage License Fees		#61-1077481	15,571	-
TOTAL STATE EXPENDITURES			74,466	-
TOTAL FEDERAL AND STATE EXPENDITURES			\$ 2,105,750	\$ 204,315

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, 2019. 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.

Carla G. Daniel, EA
Andrea W. Eason, CPA, CGMA
Ben Johnson, CPA, MBA
Robin H. McDuffie, CPA, CGMA
M. Neely McLaughlin, CPA, MBA, CGMA
Deetra B. Watson, CPA, CGMA



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, 2019, 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 October 19, 2020.

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.

BLACKMAN & SLOOP, CPAS, P.A.

Phone/919.942.8700 • Fax/919.968.4766 • Toll Free/877.854.7530

The Exchange West at Meadowmont • 1414 Raleigh Road, Suite 300 • Chapel Hill, North Carolina 27517

www.b-scpa.com • email:cpa@b-scpa.com

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, 2019-001 that we consider to be a significant deficiency.

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*.

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

North Carolina Coalition Against Domestic Violence, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. North Carolina Coalition Against Domestic Violence, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
October 19, 2020

Carla G. Daniel, EA
Andrea W. Eason, CPA, CGMA
Ben Johnson, CPA, MBA
Robin H. McDuffie, CPA, CGMA
M. Neely McLaughlin, CPA, MBA, CGMA
Deetra B. Watson, CPA, CGMA



MEMBERS:
American Institute of
Certified Public Accountants

North Carolina Association of
Certified Public Accountants

**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 North Carolina Coalition Against Domestic Violence, Inc.'s major federal program for the year ended December 31, 2019. North Carolina Coalition Against Domestic Violence, Inc.'s major federal program is 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 the North Carolina Coalition Against Domestic Violence, Inc.'s major federal program 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.

BLACKMAN & SLOOP, CPAS, P.A.

Phone/919.942.8700 • Fax/919.968.4766 • Toll Free/877.854.7530

The Exchange West at Meadowmont • 1414 Raleigh Road, Suite 300 • Chapel Hill, North Carolina 27517

www.b-scpa.com • email:cpa@b-scpa.com

We believe that our audit provides a reasonable basis for our opinion on compliance for the 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 its major federal program for the year ended December 31, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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
October 19, 2020

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

Year Ended December 31, 2019

Page 1 of 2

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. A significant deficiency 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) was tested as a major program.
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**2019-001 Negative Cash Balance.**

Condition and Criteria: The Coalition's total cash balance at year end was not sufficient to cover the donor restricted cash balance.

Prior year audit finding: N/A

Cause and Effect: The mistiming of a cash disbursement payment and reimbursement of grant funds resulted in the negative cash balance at year-end.

2019-001 Negative Cash Balance (continued).

Recommendation: The Coalition has been fortunate to be the recipient of grants and contributions from donors to support the mission of the Coalition. However, there has been less support received to fund the general operations of the Coalition. At December 31, 2019, there was a negative cash balance which is an indication that net assets with donor restrictions were potentially used to fund operations. We recommend recording cash with restrictions separately from cash without restrictions in the general ledger. We also recommend the Coalition implement procedures, where possible, to minimize the time between when costs are incurred and reimbursements requested. This will help ensure that restricted funds are not spent for inappropriate purposes. In addition, to ensure the Coalition's continued financial viability, we recommend the Coalition implement strategies to secure contributions without donor restrictions to support the Coalition's general operations.

Management's Response: The negative cash balance of \$58,889 can be reviewed in conjunction with the \$423,269 in grants and contracts receivable. Many of our state grants start October 1. There is often a four to six week delay in the distribution and processing of contracts. In November 2019, the Coalition hired a new Executive Director which caused an additional delay in the processing of contracts with the Governor's Crime Commission as the original award documents had to be returned and re-executed with the names of the new Executive Director and Board President. Although the funds had been secured, the reimbursement reports were not able to be submitted until the contract documentation had been updated, which did not occur until January 2020. The receivables more than cover the negative cash balance, and we believe this was simply a timing issue due to these reimbursement report delays.

The Coalition is working diligently to raise funds without donor restrictions. In 2020, we are on track to double the fundraising income from the prior year. As an organization that relies heavily on reimbursable funds from federal and state grants, we plan to focus on fundraising for funds without donor restrictions to begin to establish a reserve of operating funds to carry us between the timing of the expense and the reimbursement.

In addition, the Coalition will designate cash with donor restrictions separately from cash without restrictions and will include an update in the quarterly financials that the Board will monitor throughout the year.

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

None