

**DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.
- Net Assets With Donor Restriction – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the matter specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise.

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Trust

The Organization is the irrevocable beneficiary of a perpetual charitable trust held by the Community Foundation of Middle Tennessee. The beneficial interest in the trust is reported at its fair value, which is estimated as the fair value of the underlying trust assets. Distributions of income from the trust assets are not restricted as to use and are reported as investment return increasing net assets without donor restrictions. The value of the beneficial interests in the trust is adjusted annually for the change in its estimated fair value. Those changes in value are also reported as increases in net assets with donor restrictions, because the trust assets will never be distributed to the organization.

Property and Equipment

Fixed assets are stated at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is computed using the straight-line method based on the estimated useful life of the asset, ranging from 3 to 40 years. Expenditures for property and equipment in excess of \$1,000 are capitalized and maintenance and repairs are charged to operations when incurred. Major renewals and betterments are capitalized. When items of property and equipment are sold or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Depreciation expense for the years ended June 30, 2021 and 2020 is \$80,197 and \$84,738, respectively.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contributions were received.

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifts-in-Kind Contributions

The Organization receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy.

The Organization benefits from personal services provided by 75 volunteers providing approximately 12,000 hours of volunteer service. Those volunteers have donated their time and services in the Organization's program operations and in its fund-raising campaigns. However, these contributed services do not meet the criteria for recognition in financial statements. Generally accepted accounting principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support services are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

**DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Recognition and Allocation (continued)

- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee costs for each program and supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Income Taxes

The Organization was officially chartered as a Tennessee tax-exempt, nonprofit corporation on April 22, 1986. On the federal level, the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2021.

NOTE 3 - GRANTS RECEIVABLE

Grants receivable consist of the following grants due in one year or less:

| | 2021 | 2020 |
|---|------------------|------------------|
| Victims of Crime (VOCA) | \$ 33,517 | \$ 59,386 |
| Emergency Solutions Grant Program (ESG) | 67,972 | 28,015 |
| Family Violence Prevention & Services Program (FVPSA) | 51,564 | - |
| Office on Violence Against Women (OWV) | 25,568 | 16,743 |
| DVDCS | 7,252 | - |
| Other receivables | 6,462 | 11,007 |
| | <u>\$192,335</u> | <u>\$115,151</u> |

NOTE 4 - COMPENSATED ABSENCES

The Organization's employees are granted sick and vacation leave in accordance with current administrative policies. Compensated absences for vacation and sick leave do not accumulate beyond the Organization's fiscal year. As such, amounts incurred for these non-accumulating compensated absences are recognized as expenses when the absences occur.

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 - LEASING ARRANGEMENTS

The Organization leases temporary locations used in its transitional housing program. Leases are short term in nature and are provided to clients who are in need of transitional housing as a result of domestic violence. Program expenses are included as direct service expenses on the Statements of Functional Expenses.

NOTE 6 - ENDOWMENT

The Organization's endowment consists of a fund established for the purpose of ensuring the future of their work and their mission. This endowment is held by the Community Foundation of Middle Tennessee. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Tennessee enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2007. UPMIFA established law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the Organization. In addition, most donor restricted endowment funds are subject to restrictions on the use of the appropriated amounts. As a result, donor-restricted endowment funds are classified as net assets with donor restrictions.

UPMIFA permits the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the Organization must act in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

- The duration and preservation of the endowment fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

**DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 - ENDOWMENT (CONTINUED)

Return Objectives, Risk Parameter and Spending Policy

The endowment fund, originally funded with \$50,000 in 2007, is held in a perpetual trust, the investment of which is determined by the trustee rather than the Organization. Under the terms of the endowment, approximately 5% of the balance of the fund is available annually for the Organization's use.

The net asset composition of the endowment as of each June 30 is as follows:

| | 2021 | 2020 |
|--|------------------|------------------|
| Type of endowment fund - with donor restrictions | | |
| Beneficial interest in charitable trust | <u>\$ 62,822</u> | <u>\$ 51,019</u> |

Changes in endowment net assets for as of each June 30 were as follows:

| <u>Endowment net assets with donor restrictions</u> | 2021 | 2020 |
|---|------------------|------------------|
| Endowment net assets as of beginning of year | \$ 51,019 | \$ 49,682 |
| Endowment investment return: | | |
| Investment income, net of fees | 11,803 | 1,337 |
| Contributions | - | - |
| Distributions | - | - |
| Endowment net assets as of end of year | <u>\$ 62,822</u> | <u>\$ 51,019</u> |

NOTE 7 - FAIR VALUE MEASUREMENTS

The Organization utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 consists of quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 includes inputs other than quoted prices in Level 1 directly or indirectly observable for the assets or liabilities.

Level 3 are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety is classified depends on the lowest level input that is significant to the fair value measurement. The significance of the unobservable inputs to the overall fair value measurement determines the classification of a financial instrument within level 3.

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

Roll forwards of amounts for the beneficial interest in the Community Foundation of Middle Tennessee, a level 3 financial instrument for each year ended June 30 follow:

| | 2021 | 2020 |
|-------------------------------|------------------|------------------|
| Fair value, beginning of year | \$ 51,019 | \$ 49,682 |
| Realized gains | 4,593 | 2,777 |
| Unrealized gains/(losses) | 7,560 | (1,116) |
| Contributions | - | - |
| Distributions and fees | (350) | (324) |
| Fair value, end of year | <u>\$ 62,822</u> | <u>\$ 51,019</u> |

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of each June 30:

| | 2021 | 2020 |
|--|------------------|------------------|
| Time restrictions: | | |
| United Way | \$ 10,000 | \$ 20,461 |
| Beneficial interest in charitable trust | 62,822 | 51,019 |
| Total net assets with donor restrictions | <u>\$ 72,822</u> | <u>\$ 71,480</u> |

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets are available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

| | |
|--|------------------|
| Financial assets: | |
| Cash and cash equivalents | \$433,465 |
| Accounts receivable, net | 192,335 |
| Contributions receivable, net | 10,000 |
| Beneficial interest in trust | 62,822 |
| Total financial assets | <u>698,622</u> |
| Less financial assets held to meet donor-imposed restrictions: | |
| Time-restricted net assets | (10,000) |
| Beneficial interest in trust | <u>(62,822)</u> |
| Amount available for general expenditures within one year | <u>\$625,800</u> |

**DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The above table reflects donor-restricted funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization. Notes 6 and 7 provide more information about those funds and about the spending policies for all endowment funds.

NOTE 10 - NOTE PAYABLE

The Organization's note payable at each June 30 is as follows:

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| Note payable to bank in the original principal amount of \$674,000. Fixed interest rate of 4.25%, payable in monthly principal and interest payments of \$3,553, maturing January 2039. The note is secured by a building. | \$335,183 | \$542,235 |
| Less current portion | <u>28,946</u> | <u>17,402</u> |
| Long-term debt | <u>\$306,237</u> | <u>\$524,833</u> |

Current maturities of the note payable are as follows:

| | |
|----------------------|------------------|
| Year ending June 30, | |
| 2022 | \$ 28,946 |
| 2023 | 30,200 |
| 2024 | 31,509 |
| 2025 | 32,875 |
| 2026 | 34,299 |
| Thereafter | <u>177,354</u> |
| | <u>\$335,183</u> |

NOTE 11 - RISKS AND CONCENTRATIONS

Grants

The Organization received \$1,139,024 and \$725,581 in governmental grants for the years ending June 30, 2021 and 2020, respectively. These grants represent approximately 60% of support received during each year. These grant funds were used to fund the Organization's programs under the terms of the grant agreements.

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 11 - RISKS AND CONCENTRATIONS (CONTINUED)

Cash

The Organization maintains deposits at two local banks. Deposits are insured by U.S. Federal Deposit Insurance Coverage (FDIC) up to \$250,000 at each bank. The Organization's deposits are within FDIC coverage limits at each bank.

NOTE 12 - INCOME TAX FILINGS

The Organization files Federal Form 990 in the United States. Federal Forms 990 filed before June 30, 2018 are no longer subject to examination.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 31, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Donated real estate held for resale was sold for \$234,000 in August 2021.

DOMESTIC VIOLENCE PROGRAM, INC.
COMPARISON OF ACTUAL EXPENSES TO BUDGET
YEAR ENDED JUNE 30, 2021

| | <u>Actual Expenditures</u> | <u>Budget (Unaudited)</u> | <u>Expenditures Over (Under) Budget</u> |
|----------------------------------|--------------------------------|-------------------------------|---|
| Budgeted line items: | | | |
| Salaries and related expenses | \$ 770,169 | \$ 809,291 | \$ (39,122) |
| Direct services expense | 206,504 | 182,904 | 23,600 |
| Occupancy and depreciation | 132,608 | 119,829 | 12,779 |
| Professional fees | 107,189 | 112,444 | (5,255) |
| In-kind expenses | 64,581 | 51,000 | 13,581 |
| Supplies expense | 57,617 | 30,719 | 26,898 |
| Insurance | 26,685 | 24,704 | 1,981 |
| Communications expense | 25,589 | 28,833 | (3,244) |
| Interest expense | 18,266 | 23,076 | (4,810) |
| Fundraising expense | 10,820 | - | 10,820 |
| Equipment rental and maintenance | 6,665 | 6,448 | 217 |
| Travel and training expense | 5,102 | 13,376 | (8,274) |
| Miscellaneous expense | 2,389 | 2,190 | 199 |
| Printing, publications and dues | 1,570 | 1,971 | (401) |
| Background checks | 1,337 | 175 | 1,162 |
| Postage and shipping | 1,204 | 880 | 324 |
| | <u>\$ 1,438,295</u> | <u>\$ 1,407,840</u> | <u>\$ 30,455</u> |