

DOMESTIC VIOLENCE PROGRAM, INC.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2005

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Domestic Violence Program, Inc.  
Murfreesboro, Tennessee

We have audited the accompanying statement of financial position of the Domestic Violence Program, Inc. (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Domestic Violence Program, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Dempsey Vantrease & Follis PLLC*

Murfreesboro, Tennessee  
September 23, 2005

DOMESTIC VIOLENCE PROGRAM, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2005

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 25,501
Grants receivable	19,321
Unconditional promises to give	55,603
Prepaid insurance	2,486
Total Current Assets	<u>102,911</u>

Property, Plant and Equipment

Land	77,500
Building	1,567,452
Furniture, fixtures, and office equipment	132,672
	<u>1,777,624</u>
Less accumulated depreciation	(90,835)
	<u>1,686,789</u>

Total Assets

\$ 1,789,700

**LIABILITIES AND NET ASSETS**

Current Liabilities

Line of credit	\$ 65,074
Accounts payable	6,966
Accrued expenses	12,794
Payroll taxes and withholdings payable	1,216
Current portion capital lease	3,155
Total Current Liabilities	<u>89,205</u>

Non-Current Liabilities

Capital lease, less current portion	<u>5,811</u>
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Total Liabilities

95,016

Net Assets

Unrestricted	1,640,684
Temporarily restricted	<u>54,000</u>
Total Net Assets	<u>1,694,684</u>

Total Liabilities and Net Assets

\$ 1,789,700

See accompanying notes.

DOMESTIC VIOLENCE PROGRAM, INC.  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Public Support			
Governmental grants			
Victims of Crime (VOCA) Division	\$ 93,059	\$ -	\$ 93,059
State Shelter Service Division (Family Violence)	77,345	-	77,345
Tennessee Coalition Against Domestic and Sexual Violence	31,580	-	31,580
Emergency Shelter Program Division	29,954	-	29,954
STOP Violence Against Women	19,894	-	19,894
Emergency Food and Shelter Program	6,877	-	6,877
United Way of Rutherford County	4,330	54,000	58,330
Rutherford County	30,000	-	30,000
City of Murfreesboro	7,500	-	7,500
City of Smyrna	2,700	-	2,700
City of LaVergne	2,000	-	2,000
Donations	143,511	-	143,511
Miscellaneous income	7,102	-	7,102
	<u>455,852</u>	<u>54,000</u>	<u>509,852</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	<u>54,000</u>	<u>(54,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>509,852</u>	<u>-</u>	<u>509,852</u>
Expenses - unrestricted			
Program services			
Client services	461,140	-	461,140
Supporting services			
Administrative	<u>86,226</u>	<u>-</u>	<u>86,226</u>
TOTAL EXPENSES	<u>547,366</u>	<u>-</u>	<u>547,366</u>
DECREASE IN NET ASSETS	<u>(37,514)</u>	<u>-</u>	<u>(37,514)</u>
Net assets, beginning of year	<u>1,678,198</u>	<u>54,000</u>	<u>1,732,198</u>
Net assets, June 30, 2005	<u>\$ 1,640,684</u>	<u>\$ 54,000</u>	<u>\$ 1,694,684</u>

See accompanying notes.

DOMESTIC VIOLENCE PROGRAM, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2005

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Client Services</u>	<u>Administrative</u>	<u>Total</u>
Salaries and wages	\$ 220,874	\$ 44,093	\$ 264,967
Payroll taxes and employee benefits	29,207	7,283	36,490
Total Salaries and Related Expenses	250,081	51,376	301,457
Communications expense	15,486	1,439	16,925
Depreciation expense	53,802	5,978	59,780
Direct services expense	20,367	-	20,367
Postage and shipping	1,468	-	1,468
Equipment rental and maintenance	5,029	-	5,029
Occupancy expense	50,196	12,549	62,745
Insurance expense	13,469	-	13,469
Printing, publications and dues	-	2,079	2,079
Professional fees	8,151	2,299	10,450
Rent-in-kind	10,359	-	10,359
Supplies expense	15,247	-	15,247
Supplies-in-kind	13,485	-	13,485
Conferences and meetings	1,263	-	1,263
Travel expense	2,737	-	2,737
Interest expense	-	5,740	5,740
Loss on disposition of equipment	-	974	974
Miscellaneous expense	-	3,792	3,792
TOTAL EXPENSES	<u>\$ 461,140</u>	<u>\$ 86,226</u>	<u>\$ 547,366</u>

See accompanying notes.

DOMESTIC VIOLENCE PROGRAM, INC.  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2005

Cash Flows from Operating Activities-	
Decrease in net assets	\$ (37,514)
To reconcile decrease in net assets to net cash provided by operating activities-	
Depreciation	59,780
Loss on disposition of equipment	974
(Increase) decrease in	
Increase in grants receivable	(3,637)
Increase in unconditional promises to give	(1,603)
Decrease in other assets	1,042
Increase (decrease) in	
Increase in accounts payable	2,657
Increase in accrued expenses	1,225
Increase in payroll taxes and withholdings payable	127
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,051
Cash Flows from Investing Activities-	
Purchase of property, plant and equipment	(4,000)
NET CASH USED IN INVESTING ACTIVITIES	(4,000)
Cash Flows from Financing Activities-	
Net payments on line of credit	(35,470)
Payments on capital lease obligation	(1,735)
NET CASH USED IN FINANCING ACTIVITIES	(37,205)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,154)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	43,655
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 25,501

Supplemental Disclosure of Cash Flow Information-	
Interest paid	\$ 5,740
Supplemental Disclosure of Non-Cash Financing Activities-	
Equipment purchases financed through note payable	\$ 10,700

See accompanying notes.



DOMESTIC VIOLENCE PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2005

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Domestic Violence Program, Inc. (the Organization) provides services and assistance to victims of domestic violence in the Murfreesboro, Tennessee area. Services include counseling, education, legal assistance, temporary housing, clothing and food, when necessary. The Organization is supported primarily through grants, the United Way, and donor contributions.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets, which represents the expendable resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The Domestic Violence Program, Inc. has no permanently restricted net assets.

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. Expenditures for property and equipment in excess of \$500 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 year ended June 30, 2005 is \$59,780, with \$53,802 recorded as client services expense and \$5,978 recorded as administrative expense.



DOMESTIC VIOLENCE PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2005

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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, 2005.

Fair Values of Financial Instruments

The Organization estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expense

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

DOMESTIC VIOLENCE PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2005

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donated Services and Noncash Gifts

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles. Other noncash donations during 2005 consist of supplies of \$13,485 and rent forgiveness of \$10,359. The value of rent forgiveness is valued by local property managers. These noncash donations are included in donations in the statement of activities.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Cash and Cash Equivalents

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

**NOTE B - GRANTS RECEIVABLE**

Grants receivable at June 30, 2005 consisted of grants due in one year or less:

State Shelter Service Division (Family Violence)	\$ 8,973
Victims of Crime Division (VOCA)	6,932
Tennessee Coalition Against Domestic and Sexual Violence	3,416
	<u>\$ 19,321</u>

**NOTE C - LINE OF CREDIT**

The Organization maintains a \$200,000 secured bank line of credit dated October 1, 2004. Amounts outstanding under the line of credit totaled \$65,074 at June 30, 2005. The line has a one-year term, plus extensions, and includes a due on demand feature. The interest, which was at a rate of 7.5% as of June 30, 2005, is payable monthly. Real estate owned by the Organization is collateral for the note.

DOMESTIC VIOLENCE PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2005

**NOTE D - ACCRUED COMPENSATED ABSENCES**

The Organization's employees are granted sick and vacation leave in accordance with current administrative policies. Prior to July 1, 1995, sick day payments that were earned by the employees for the fiscal year were accrued and were allowed to be carried forward indefinitely. The amount of accrued sick leave payable for the years prior to June 30, 1995 is \$12,333 and is included in accrued expenses in the statement of financial position.

**NOTE E - OBLIGATIONS UNDER CAPITAL LEASE**

Domestic Violence Program, Inc. has entered into a capital lease agreement for a copier. An obligation under a capital lease has been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 7.5%. The capitalized cost and accumulated depreciation of this equipment at June 30, 2005 was \$9,726 and \$1,297, respectively.

Future minimum payments under the capital lease are as follows as of June 30, 2005:

Fiscal Year	
2006	\$ 3,720
2007	3,720
2008	<u>2,480</u>
Total	9,920
Less: Amount representing interest	<u>(954)</u>
Present Value of Minimum Lease Payments	8,966
Less: Current Portion	<u>(3,155)</u>
Deferred Portion	<u><u>\$ 5,811</u></u>

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted contributions contain donor-imposed restrictions that direct the use of the donation as specified and are satisfied either by the passage of time (time restrictions) or by fulfilling the donor-imposed purpose (purpose restriction).

A time restriction stipulates the time period for which the contribution is to be used and is released from the restriction with the passage of time. A purpose restriction specifies the purpose or specific program that the contribution is to support. The release from purpose restriction is by fulfillment of the purpose. As of June 30, 2005, the Organization had temporarily restricted net assets in the amount of \$54,000.

DOMESTIC VIOLENCE PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2005

**NOTE G - CLIENT SERVICES**

Client-services encompass the expense incurred from providing shelter for victims in protected houses, the operation and maintenance of a shelter, and furnishing other related services for clients of the program.

**NOTE H - LEASING ARRANGEMENTS**

The Organization leases its administrative office space. Rental expense for real estate property for the year ended June 30, 2005 was \$18,000 and included in occupancy expense with \$14,400 included in programs and \$3,600 in administrative and general expenses in the accompanying financial statements. The future minimum lease payments are as follows:

For the year ending June 30, 2005	<u>\$ 18,000</u>
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**NOTE I - RISKS AND CONCENTRATIONS**

Grants

During the year ended June 30, 2005, the Organization received \$258,709 in governmental grants. This represents 48.2% of unrestricted support received during the year. These grant funds were used to fund the Organization's programs under the terms of the grant agreements.

DOMESTIC VIOLENCE PROGRAM, INC.  
COMPARISON OF ACTUAL EXPENSES TO BUDGET  
Year Ended June 30, 2005

	Actual Expenditures	Budget (Unaudited)	Expenditures Over (Under) Budget
Salaries and wages	\$ 264,967	\$ 264,805	\$ 162
Payroll taxes and employee benefits	36,490	36,055	435
Total Salaries and Related Expenses	<u>301,457</u>	<u>300,860</u>	<u>597</u>
Communications expense	16,925	21,200	(4,275)
Direct services expense	20,367	18,685	1,682
Postage and shipping	1,468	1,200	268
Equipment rental and maintenance	5,029	6,500	(1,471)
Occupancy expense	62,745	52,074	10,671
Insurance expense	13,469	20,300	(6,831)
Printing, publications and dues	2,079	900	1,179
Professional fees	10,450	8,400	2,050
Supplies expense	15,247	11,220	4,027
Conferences and meetings	1,263	2,500	(1,237)
Travel expense	2,737	6,000	(3,263)
Interest expense	5,740	6,000	(260)
Miscellaneous expense	3,792	2,500	1,292
Depreciation expense	59,780	-	59,780
In-kind expenses	23,844	-	23,844
Loss on disposition of equipment	<u>974</u>	<u>-</u>	<u>974</u>
TOTAL EXPENSES	<u><u>\$ 547,366</u></u>	<u><u>\$ 458,339</u></u>	<u><u>\$ 89,027</u></u>

See accompanying notes.