

DOMESTIC VIOLENCE PROGRAM, INC.
(A NONPROFIT ORGANIZATION)

MURFREESBORO, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2004

CONTENTS

	Page
Independent Auditor's Report	3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11
Comparison of Actual Expenses to Budget	12

JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

Joel H. Jobe, CPA, CMPE

Donna K. Hastings, CPA

James R. Jobe, CPA

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
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, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of the Domestic Violence Program, Inc. 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 the Domestic Violence Program, Inc. as of June 30, 2004, 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 12 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.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
November 8, 2004



DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Statement of Financial Position

June 30, 2004

ASSETS

Current Assets-		
Cash and cash equivalents	\$	43,654.89
Grants receivable		15,684.08
Unconditional promises to give		54,000.00
Accrued interest receivable		400.85
Prepaid insurance		2,486.41
Due from others		640.00
	TOTAL CURRENT ASSETS	\$ 116,866.23
Fixed Assets-		
Building	\$	1,567,451.66
Furniture, fixtures, office equipment		142,255.24
Leasehold improvements		837.00
	\$	1,710,543.90
Less accumulated depreciation		49,068.60
	\$	1,661,475.30
Land		77,500.00
	\$	1,738,975.30
	TOTAL ASSETS	\$ 1,855,841.53

LIABILITIES AND NET ASSETS

Current Liabilities-		
Note payable	\$	100,544.02
Accounts payable		4,308.80
Payroll taxes and withholdings payable		1,088.97
Accrued interest payable		460.82
Accrued compensated absences		11,108.00
Current portion capital lease		3,200.00
	TOTAL CURRENT LIABILITIES	\$ 120,710.61
Non-Current Liabilities-		
Capital lease, less current portion	\$	2,933.33
	TOTAL LIABILITIES	\$ 123,643.94
Net Assets-		
Unrestricted	\$	1,678,197.59
Temporarily restricted		54,000.00
	TOTAL NET ASSETS	\$ 1,732,197.59
	TOTAL LIABILITIES AND NET ASSETS	\$ 1,855,841.53

See notes to financial statements.

DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Statement of Activities

For the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Public support -			
Governmental grants:			
State Shelter Service Division (Family Violence)	\$ 57,345.00		\$ 57,345.00
Emergency Shelter Program Division	11,500.00		11,500.00
Victims of Crime (VOCA) Division	93,059.01		93,059.01
Tennessee Coalition Against Domestic and Sexual Violence	24,085.00		24,085.00
STOP Violence Against Women	23,303.25		23,303.25
Tennessee Task Force Against Domestic Violence	4,262.00		4,262.00
United Way of Rutherford County	335.41	\$ 54,000.00	54,335.41
Attorney General settlement	42,500.00		42,500.00
Rutherford County	30,000.00		30,000.00
City of Murfreesboro	7,500.00		7,500.00
City of Smyrna	2,700.00		2,700.00
Donations	88,515.61		88,515.61
In-kind donations - rent	10,359.05		10,359.05
In-kind donations - services	23,100.00		23,100.00
In-kind donations - supplies	13,386.09		13,386.09
	<u>\$ 431,950.42</u>	<u>\$ 54,000.00</u>	<u>\$ 485,950.42</u>
Revenues -			
Miscellaneous income	\$ 200.00		\$ 200.00
Interest earned	2,807.13		2,807.13
	<u>\$ 3,007.13</u>		<u>\$ 3,007.13</u>
Net Assets Released from Restrictions -			
Satisfaction of program restrictions	<u>\$ 1,019,083.15</u>	<u>\$ (1,019,083.15)</u>	
TOTAL SUPPORT AND REVENUES	<u>\$ 1,454,040.70</u>	<u>\$ (965,083.15)</u>	<u>\$ 488,957.55</u>
Expenses - Unrestricted			
Program Services -			
Client services	\$ 418,448.34		\$ 418,448.34
Supporting Services -			
Administrative	80,901.64		80,901.64
TOTAL EXPENSES	<u>\$ 499,349.98</u>		<u>\$ 499,349.98</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 954,690.72</u>	<u>\$ (965,083.15)</u>	<u>\$ (10,392.43)</u>
Net Assets, Beginning of year	723,506.87	1,019,083.15	1,742,590.02
NET ASSETS, JUNE 30, 2004	<u><u>\$ 1,678,197.59</u></u>	<u><u>\$ 54,000.00</u></u>	<u><u>\$ 1,732,197.59</u></u>

See notes to financial statements.

DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Statement of Functional Expenses

For the Year Ended June 30, 2004

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Client Services</u>	<u>Administrative</u>	<u>Total</u>
Salaries and wages	\$ 194,712.13	\$ 42,845.18	\$ 237,557.31
Salaries-in-kind	23,100.00		23,100.00
Payroll taxes and employee benefits	24,743.96	8,542.24	33,286.20
Total Salaries and Related Expense	\$ 242,556.09	\$ 51,387.42	\$ 293,943.51
Communications expense	13,274.74	1,205.24	14,479.98
Depreciation expense	28,645.96	3,160.41	31,806.37
Direct services expense	15,715.89		15,715.89
Postage and shipping	1,199.90		1,199.90
Equipment rental and maintenance	3,288.13		3,288.13
Occupancy expense	34,659.93	8,130.11	42,790.04
Insurance expense	8,263.39		8,263.39
Printing, publications and dues		2,312.92	2,312.92
Professional fees	29,440.47	8,325.48	37,765.95
Rent-in-kind	10,359.05		10,359.05
Supplies expense	13,502.88		13,502.88
Supplies-in-kind	13,386.09		13,386.09
Conferences and meetings	2,572.47		2,572.47
Travel expense	1,583.35		1,583.35
Interest expense		3,322.80	3,322.80
Loss on disposal of fixed assets		525.88	525.88
Miscellaneous expense		2,531.38	2,531.38
TOTAL EXPENSES	\$ 418,448.34	\$ 80,901.64	\$ 499,349.98

See notes to financial statements.

DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Statement of Cash Flows

For the Year Ended June 30, 2004

Cash Flows from Operating Activities-	
Decrease in net assets	\$ (10,392.43)
To reconcile decrease in net assets to net cash provided by operating activities-	
Add: Depreciation	31,806.37
Net loss on disposal of fixed assets	525.88
Decrease in grants receivable	22,818.37
Decrease in contracted service fees receivable	8,393.98
Decrease in prepaid payroll expense	894.33
Decrease in deposits	33,524.55
Increase in accounts payable	240.13
Increase in payroll taxes and withholdings payable	488.22
Increase in accrued interest payable	460.82
Deduct: Increase in accrued interest receivable	(123.40)
Increase in prepaid insurance	(879.06)
Increase in due from others	(640.00)
Decrease in refundable advances	(42,500.00)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 44,617.76
Cash Flows from Investing Activities-	
Payments for construction of building	\$ (1,194,608.68)
Payments for furniture, fixtures, and office equipment	(106,595.88)
NET CASH USED BY INVESTING ACTIVITIES	\$ (1,301,204.56)
Cash Flows from Financing Activities-	
Proceeds from short-term debt	\$ 100,544.02
Payment of obligation under capital lease	(3,200.00)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 97,344.02
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (1,159,242.78)
Cash and cash equivalents, July 1, 2003	1,202,897.67
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 43,654.89
Supplemental Disclosure of Cash Flow Information-	
Interest expense-	
Imputed interest on capital lease	\$ 160.00
Interest paid on line of credit	2,701.98
Total interest paid	\$ 2,861.98

See notes to financial statements.

DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Notes to Financial Statements

June 30, 2004

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, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents 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 \$500.00 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, 2004 is \$31,806.37, with \$28,645.96 recorded as client services expense and \$3,160.41 recorded as administrative expense.

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

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, 2004.

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.

DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

June 30, 2004

Note A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Expenses - 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.

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified to conform with the presentation of the statement of cash flows in the current-year financial statements.

Note B - GRANTS RECEIVABLE

Grants receivable at June 30, 2004 consisted of grants due in one year or less as follows:

Family Violence Shelter	\$ 4,803.58
Victims of Crime Act	1,360.00
Emergency Shelter Grant Programs	1,075.51
TN Task Force Against Domestic Violence	5,933.30
STOP Violence Against Women	<u>2,511.69</u>
	\$ <u>15,684.08</u>

Note C - LEASING ARRANGEMENTS

The Organization leases office space and until January, 2004 shelter homes. Rental expense for real estate property for the year ended June 30, 2004 was \$26,625.00 and is included in occupancy expense with \$21,566.25 included in program expenses and \$5,058.75 included 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>\$18,000.00</u>
-----------------------------------	--------------------

DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

June 30, 2004

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 \$11,108.00.

Note E – IN-KIND DONATIONS

Rent – The value of donated rent is \$10,359.05 as valued by local property managers.

Labor – Volunteer hours totaled \$23,100.00 in value. A log is maintained of volunteer hours for all locations where services are provided. Services are provided for various programs. For the year ended June 30, 2004 volunteers contributed approximately 4,620 hours valued at \$5.00 per hour.

Supplies – The Organization maintains a log of supplies donated to the client program. The value of donated supplies is \$13,386.09.

Note F – 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. The Organization rented protected houses until they constructed a shelter that was opened December 22, 2003.

Note G – 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, 2004, the Organization had temporarily restricted net assets in the amount of \$54,000.00.

Note H – RISKS AND CONCENTRATIONS

Credit Risk - At June 30, 2004 the Organization had on deposit with financial institutions, cash and cash equivalents in the amount of \$61,864.15. These deposits are fully insured by the Federal Deposit Insurance Corporation.

Grants - During the year ended June 30, 2004, the Organization received \$213,554.26 in governmental grants. This represents 14.69% 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.

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

June 30, 2004

Note I – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

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 J – REFUNDABLE ADVANCES

The Organization has been awarded financial assistance from the Attorney General of the state of Tennessee to aid in funding women's health, educational, vocational, and safety programs. The award is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Activity for the year ended June 30, 2004 was as follows:

Refundable advances, beginning of year	\$ 42,500.00
Grant expenditures	<u>(42,500.00)</u>
Refundable advances, end of year	\$ <u>0.00</u>

Note K – NOTE PAYABLE

The note payable consists of a \$200,000.00 line of credit with a balance at June 30, 2004 in the amount of \$100,544.02, with interest at 1.00% above the prime lending rate, payable monthly. The principal is due and payable December 30, 2004. Real estate owned by the Organization is collateral for the note.

Note L – OBLIGATIONS UNDER CAPITAL LEASE

Domestic Violence Program, Inc. has entered into a capital lease 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 5%. The capitalized cost and accumulated depreciation of this equipment at June 30, 2004 was \$10,400.00 and \$3,293.33, respectively.

Future minimum payments under the capital lease are as follows as of June 30, 2004:

2005	\$ 3,360.00
2006	<u>3,080.00</u>
Total future payments	\$ 6,440.00
Less amount representing interest	<u>(306.67)</u>
Present value of future payments	\$ 6,133.33
Less current portion	<u>(3,200.00)</u>
Non-current portion	\$ <u>2,933.33</u>

DOMESTIC VIOLENCE PROGRAM, INC.

Murfreesboro, Tennessee

Comparison of Actual Expenses to Budget

For the Year Ended June 30, 2004

	Actual Expenditures	Budget (Unaudited)	Expenditures Over (Under) Budget
Salaries and wages	\$ 237,557.31	\$ 233,522.00	\$ 4,035.31
Payroll taxes and employee benefits	33,286.20	35,001.00	(1,714.80)
Total Salaries and Related Expenses	\$ 270,843.51	\$ 268,523.00	\$ 2,320.51
Communications expense	14,479.98	14,500.00	(20.02)
Direct services expense	15,715.89	18,790.00	(3,074.11)
Equipment rental and maintenance	3,288.13	4,000.00	(711.87)
Insurance expense	8,263.39	14,300.00	(6,036.61)
Miscellaneous expense	2,531.38	1,100.00	1,431.38
Occupancy expense	42,790.04	52,000.00	(9,209.96)
Postage and shipping	1,199.90	2,200.00	(1,000.10)
Printing, publications and dues	2,312.92	600.00	1,712.92
Professional fees	37,765.95	49,030.00	(11,264.05)
Supplies expense	13,502.88	23,000.00	(9,497.12)
Conferences and meetings	2,572.47	3,354.00	(781.53)
Travel expense	1,583.35	3,000.00	(1,416.65)
Interest expense	3,322.80		3,322.80
TOTAL EXPENSES	\$ 420,172.59	\$ 454,397.00	\$ (34,224.41)

See notes to financial statements.