THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

FINANCIAL STATEMENTS

for the year ended June 30, 2011

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

INDEX TO FINANCIAL STATEMENTS

Langdon & Company LLP

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
The Family Violence Prevention Center, Inc. dba Interact

We have audited the accompanying statement of financial position of The Family Violence Prevention Center, Inc. dba Interact (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Agency's 2010 financial statements and, in our report dated November 12, 2010, we expressed an unqualified opinion on those financial statements.

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 Family Violence Prevention Center, Inc. dba Interact as of June 30, 2011, 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.

Langdon & Company LLP

Garner, North Carolina
November 15, 2011

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF FINANCIAL POSITION

June 30, 2011
with comparative totals as of June 30, 2010

ASSETS

	2011	2010
Current assets:		
Cash and cash equivalents	$ 280,174	$ 326,724
Grants and contracts receivable	388,278	601,311
Contributions receivable (less allowance for doubtful accounts of $20,000)	88,541	82,192
Inventory	37,657	33,889
Prepaid and other assets	30,809	16,077
Total current assets	825,459	1,060,193
Property and equipment:		
Land	1,741,736	1,741,736
Building and building improvements	7,420,554	7,420,554
Furniture and equipment	388,120	380,652
Software	102,506	102,506
Vehicles	15,007	15,007
	9,667,923	9,660,455
Less accumulated depreciation	770,743	468,478
	8,897,180	9,191,977
Other assets:		
Grants and contracts receivable in one to five years	-	73,212
Contributions receivable in one to five years	35,674	74,593
Deferred financing costs, net of accumulated amortization of $4,250	109,070	6,220
Total other assets	144,744	154,025
Total assets	$ 9,867,383	$ 10,406,195

LIABILITIES AND NET ASSETS

	2011	2010
Current liabilities:		
Line of credit	$ 242,308	$ 149,759
Accounts payable and accrued liabilities	159,317	103,862
Security deposits	11,789	12,612
Deferred revenue	28,226	24,915
Current maturities of obligation under capital lease	23,818	56,796
Current maturities of long-term debt	173,332	245,000
Total current liabilities	638,790	592,944
Long term liabilities:		
Obligation under capital lease less current maturities	10,728	34,546
Long-term debt less current maturities	4,759,730	4,774,352
Total long term liabilities	4,770,458	4,808,898
Total liabilities	5,409,248	5,401,842
Net assets:		
Unrestricted	3,965,066	4,114,699
Temporarily restricted	493,069	889,654
Total net assets	4,458,135	5,004,353
Total liabilities and net assets	$ 9,867,383	$ 10,406,195

The accompanying notes are an integral part of the financial statements.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF ACTIVITIES

for the year ended June 30, 2011
with comparative totals for 2010

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
Public support and revenue:				
Public support:				
Grants	$ 110,180	$ 1,018,788	$ 1,128,968	$ 1,860,650
Contributions	687,086	136,902	823,988	901,041
In-kind contributions	130,636	-	130,636	112,438
Total public support	927,902	1,155,690	2,083,592	2,874,129
Revenue:				
Program services income	193,551	-	193,551	157,735
Pass It On	193,861	-	193,861	179,734
Rental income	354,264	-	354,264	321,096
Other	4,705	-	4,705	3,733
Total revenue	746,381	-	746,381	662,298
Net assets released from restrictions	1,552,275	(1,552,275)	-	-
Total public support and revenue	3,226,558	(396,585)	2,829,973	3,536,427
Expenses:				
Program services:				
Shelter	803,215	-	803,215	740,087
Crisis intervention	705,459	-	705,459	650,321
Community education and training	516,939	-	516,939	556,277
Child and family services	639,539	-	639,539	519,860
Total program services	2,665,152	-	2,665,152	2,466,545
Supporting services:				
Collaborative Partners	125,537	-	125,537	118,978
Development	177,551	-	177,551	206,841
Pass It On	123,833	-	123,833	142,233
Management and general	284,118	-	284,118	293,334
Total supporting services	711,039	-	711,039	761,386
Total expenses	3,376,191	-	3,376,191	3,227,931
Change in net assets	(149,633)	(396,585)	(546,218)	308,496
Net assets at the beginning of year	4,114,699	889,654	5,004,353	4,695,857
Net assets at the end of year	$ 3,965,066	$ 493,069	$ 4,458,135	$ 5,004,353

The accompanying notes are an integral part of the financial statements.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended June 30, 2011
with comparative totals for 2010

	2011											2010
	Program Services					Supporting Services						
	Shelter	Crisis Intervention	Community Education	Child & Family Services	Total	Collaborative Partners	Development	Pass It On	Management and General	Total	Grand Total	Grand Total
Salaries	$ 346,929	$ 316,972	$ 263,843	$ 336,701	$1,264,445	$ -	$ 64,913	$ 45,959	$ 97,369	$ 208,241	$1,472,686	$1,438,745
Employee benefits	48,164	32,815	27,709	41,796	150,484	-	7,403	3,475	11,039	21,917	172,401	172,969
Payroll taxes	29,422	24,612	20,659	26,309	101,002	-	5,302	4,618	7,953	17,873	118,875	122,538
Professional fees	40,754	34,775	29,521	31,992	137,042	9,099	7,764	6,062	38,133	61,058	198,100	90,093
Contracted client services	78,634	76,483	42,603	47,028	244,748	-	-	-	-	-	244,748	219,183
Supplies	21,790	13,716	3,477	2,761	41,744	679	1,718	415	6,189	9,001	50,745	37,429
Telephone	9,507	10,477	6,028	6,778	32,790	8,449	2,523	930	3,784	15,686	48,476	44,359
Insurance	6,051	4,593	3,875	4,158	18,677	-	1,703	539	2,799	5,041	23,718	25,255
Postage	685	606	440	467	2,198	-	926	86	1,389	2,401	4,599	4,068
Occupancy	54,038	69,935	34,203	38,411	196,587	44,356	14,124	41,861	21,186	121,527	318,114	290,464
Maintenance, equipment rental and minor equipment	8,087	6,672	4,010	5,210	23,979	661	7,726	646	8,708	17,741	41,720	50,957
Printing and publications	4,875	7,167	9,124	6,518	27,684	-	32,593	71	2,967	35,631	63,315	59,578
Travel	4,747	5,365	4,380	1,314	15,806	-	755	834	1,539	3,128	18,934	28,086
Conferences, conventions, meetings	446	1,445	2,982	600	5,473	-	-	-	454	454	5,927	7,926
In-Kind expense	51,117	15,406	5,173	15,396	87,092	-	1,197	2,587	3,144	6,928	94,020	91,897
Specific assistance to clients	2,423	13,443	-	7,353	23,219	-	-	-	-	-	23,219	16,942
Memberships	201	187	431	186	1,005	-	-	210	1,340	1,550	2,555	1,660
Interest	23,339	17,296	14,331	16,286	71,252	20,827	7,032	2,977	10,548	41,384	112,636	193,540
Miscellaneous	2,019	1,682	1,290	1,447	6,438	-	2,341	3,611	36,280	42,232	48,670	41,161
Depreciation and amortization	69,987	51,812	42,860	48,828	213,487	41,466	19,531	8,952	29,297	99,246	312,733	291,081
Total expenses	$ 803,215	$ 705,459	$ 516,939	$ 639,539	$2,665,152	$ 125,537	$ 177,551	$ 123,833	$ 284,118	$ 711,039	$3,376,191	$3,227,931

The accompanying notes are an integral part of the financial statements.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF CASH FLOWS

for the year ended June 30, 2011
with comparative totals for 2010

	2011	2010
Cash flows from operating activities:		
Cash received from grantors, contributors and service recipients	$ 2,469,748	$ 2,331,146
Cash received from collaborative partners	356,752	320,613
Cash received from thrift shop sales	190,093	177,397
Cash paid to suppliers and employees	(2,779,461)	(2,653,458)
Interest and dividends received	279	248
Interest paid	(112,636)	(189,079)
Net cash provided by (used in) operating activities	124,775	(13,133)
Cash flows used in investing activities:		
Purchase of property and equipment	(7,468)	(71,959)
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	-	1,059,745
Proceeds from issuance of long-term debt	4,862,988	319,054
Principal payments of capital lease obligation	(56,796)	(74,358)
Principal payments of long-term debt	(4,970,049)	(1,204,166)
Net cash (used in) provided by financing activities	(163,857)	100,275
Net (decrease) increase in cash	(46,550)	15,183
Cash and cash equivalents at beginning of year	326,724	311,541
Cash and cash equivalents at end of year	$ 280,174	$ 326,724

(Continued)

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF CASH FLOWS (*Continued*)

for the year ended June 30, 2011
with comparative totals for 2010

	2011	2010
Reconciliation of change in net assets		
to net cash provided by (used in) operating activities:		
Change in net assets	$ (546,218)	$ 308,496
Adjustments to reconcile change in net		
assets to net cash provided by operating activities:		
Depreciation	302,265	291,081
Bad debt	20,000	-
In-kind donations of equipment	-	(14,994)
Amortization	10,470	4,461
Changes in assets and liabilities:		
Grants and contracts receivable	266,245	(143,633)
Contributions receivable	32,570	(151,960)
Inventory	(3,768)	(2,337)
Prepaid expenses	(14,732)	(3,916)
Accounts payable and accrued liabilities	55,455	(10,793)
Deferred revenue	3,311	(483)
Security deposits	(823)	-
Contributions restricted for capital campaign:		
Contributions	-	(289,055)
Net cash provided by (used in) operating activities	$ 124,775	$ (13,133)
Supplemental disclosure of noncash investing activities:		
In-kind donations of equipment	$ -	$ 14,711

The accompanying notes are an integral part of the financial statements.

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Family Violence Prevention Center, Inc. dba Interact (the "Agency") is a charitable organization located in and serving Wake County, Raleigh, North Carolina. It was incorporated in 1978. The Agency provides safety, support, and awareness to survivors, victims, and families of domestic violence and sexual assault/rape by providing services including residential shelter, counseling, crisis responders, court advocacy, 24-hour crisis hot lines, youth education, and training. The Agency also operates two thrift shops, Pass It On and Pass It On Too, which generate income to support the Agency.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers cash in the bank and all cash held on hand and highly liquid short-term investments with an original maturity of three months or less to be cash and cash equivalents. The Agency maintains its cash accounts with various financial institutions, which at times, exceed federally insured limits of $250,000. The Agency has not experienced any losses in such accounts.

Inventory

The Agency values its inventory at fair market value, using the first-in, first-out method. Inventory consists primarily of used clothing.

Property and Equipment

Purchased and donated property and equipment are stated at cost and estimated fair market value, respectively, and are depreciated on the straight-line basis over the estimated useful lives and/or lease term of the various assets. The estimated useful lives of the building and building improvements and furniture and equipment, vehicles and software are summarized as follows:

Building and building improvements	10 to 40 years
Furniture and equipment	4 to 15 years
Vehicles	7 years
Software	3 years

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

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1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Donated Assets and Services

Donated materials and equipment are recorded at their estimated fair market values at date of receipt and are reflected as contributions in the accompanying financial statements. The Agency does not imply time restrictions on gifts of long-lived assets. The Agency received various donated services and assets of $130,636 and $112,438 for the years ended June 30, 2011 and June 30, 2010, respectively. These amounts are included in the accompanying statement of functional expenses and statement of activities as in-kind expense and in-kind contribution revenue, respectively. Numerous other contributed services are performed for the Agency by volunteers. These services are significant and form an integral part of the efforts of the Agency but do not meet the criteria for recognition as contributed services.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, when a stipulated time restriction ends or a 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

Functional Classification of Expenses

Expenditures not directly attributable to specific programs or support services are allocated to program or support services by the Agency's management based on what it considers to be the best available objective criteria, such as hours worked or relative benefit.

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Agency is exempt from income taxes under Internal Revenue Code Section 501(c)(3) on its exempt function income and is classified by the IRS as a publicly supported organization. There was no unrelated business income for the years ended June 30, 2011 and 2010.

The Agency evaluates its uncertain tax positions using provisions of Financial Accounting Standards Board Accounting Standards Codification (ASC) 740-10-25, Recognition of a Tax Position. Accordingly, the Agency's policy is to record a liability for any tax position taken that is beneficial to the Agency, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2011 or 2010. Tax years subsequent to 2006 remain subject to examination by major tax jurisdictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Deferred Financing Costs

Deferred loan costs are amortized over the terms of the related financing using the effective interest method.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Reclassifications

Certain expenses included in the 2010 financial statements have been reclassified to conform to the 2011 presentation. Change in net assets of the Agency previously reported for 2010 was not affected by these reclassifications.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

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2. GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE

Grants, contracts and pledges receivable are summarized as follows:

	2011	2010
Receivable in less than one year:		
Current:		
Grants and contracts receivable in less than one year	$ 388,278	$ 601,311
Contributions receivable in less than one year, net of allowance for doubtful accounts of $20,000	88,541	82,192
Total receivables in less than one year	$ 476,819	$ 683,503
Receivable in one to five years:		
Grants and contracts receivable in one to five years	$ -	$ 79,567
Less present value using a risk adjusted rate	-	(6,355)
	-	73,212
Contributions receivable	35,674	83,366
Less present value using a risk adjusted rate	-	(8,773)
	35,674	74,593
Total receivables in one to five years	$ 35,674	$ 147,805

3. LEASING TRANSACTIONS

As Lessee:

The Agency leases equipment and software under capital lease agreements with payments extending through 2013. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lesser of the related lease term or the estimated useful life. Amortization of the assets under capital lease was $57,443 and $58,277 for the years ended June 30, 2011 and 2010, respectively. Equipment held under the capital leases and the related accumulated amortization at June 30, 2011 and 2010 is as follows:

	2011	2010
Equipment	$ 219,773	$ 219,773
Less accumulated amortization	145,400	87,957
	$ 74,373	$ 131,816

The Agency leases space for one of its thrift stores on a month to month basis. In addition to the monthly rental payment, the Agency is responsible for certain utilities. Lease payments amounted to $30,000 for the year ended December 31, 2011 and 2010.

3. LEASING TRANSACTIONS *(Continued)*

As Lessee:

The present value of future minimum capital lease payments relating to the equipment are as follows:

Year ending June 30,	
2012	$ 26,472
2013	11,176
Total minimum lease payments	37,648
Less amount representing interest	3,102
Present value of net minimum capital lease payments	34,546
Less current maturities	23,818
Obligation under capital lease less current maturities	$ 10,728

As Lessor:

The Agency leases space to collaborative partners. Terms of the lease agreement include base rental plus a proportionate share of certain other expenses, including utilities, taxes and certain maintenance expenses.

At June 30, 2011, minimum future rentals to be received are as follows:

Year ending June 30,	
2012	$ 269,400
2013	241,894
2014	244,342
2015	133,947
	$ 889,583

The rental property assets, which are included in property and equipment in the accompanying statement of financial position, are summarized as follows:

	2011	2010
Land	$1,741,736	$1,741,736
Building and improvements	7,420,554	7,420,554
	9,162,290	9,162,290
Less accumulated depreciation	308,485	298,361
	$8,853,805	$8,863,929

4. LONG-TERM DEBT

Long-term debt is summarized as follows:

	2011	2010
Noninterest bearing note payable with all unpaid principal due August 1, 2039; collateralized by a deed of trust on the shelter and land.		
Face amount	$ 500,000	$ 500,000
Less unamortized discount based on imputed interest rate of 1.498%	(171,602)	(176,482)
	328,398	323,518
Construction note payable for an amount up to $2,950,000; accrues interest at LIBOR plus 3%; payments of accrued interest only were required through August 15, 2009, at which time a payment for any principal amount outstanding in excess of $2,450,000 was due, thereafter monthly principal payments of $10,208 plus accrued interest are due; all principal plus accrued interest is due September 1, 2012; collateralized by deed of trust on property, security agreement and assignment of rents.	-	2,347,917
Construction note payable for an amount up to $2,950,000; accrues interest at LIBOR plus 3%; payments of accrued interest only were required through August 15, 2009, at which time a payment for any principal amount outstanding in excess of $2,450,000 was due, thereafter monthly principal payments of $10,208 plus accrued interest are due; all principal plus accrued interest is due September 1, 2012;collateralized by deed of trust on property, security agreement and assignment of rents.	-	2,347,917

4. LONG-TERM DEBT *(Continued)*)

On October 21, 2010, the Wake County Industrial Facilities and Pollution Control Financing Authority ("Authority") issued a tax-exempt Special Purpose Project Revenue Bond (Interact Project) Series 2010 (the Bond), in the aggregate principal of $4,718,000. The Bond was issued pursuant to a Bond Purchase and Loan Agreement (Agreement), dated October 1, 2010, between the Authority, the Purchaser of the bond, and the Agency. The proceeds thereof were simultaneously loaned under a promissory note to the Agency to refinance existing long term debt.

The Promissory Note is pledged and assigned to the Purchaser as security for the bond. The Promissory Note bears interest at 68% of the One-Month LIBOR Rate plus 1.3% and is payable in varying monthly installments of interest and principal through October, 2030.

The Bond may be redeemed in whole with 180 day written notice occurring on or after October 21, 2015, on which date the Bond and promissory note shall be due and payable in full. Should the Bond be redeemed and the Agency does not provide sufficient funds to redeem the Bond in full, the holder of the bond is required to lend the Agency an amount equal to the outstanding principal amount under a Reimbursement Note. The Reimbursement Note will bear interest of Prime, plus 2%, with a minimum rate of 6% and will be due on demand.

All obligations payable under the Promissory Note and Reimbursement Note are secured by a deed of trust on land and real property, security agreement and assignment of rents and leases.

	4,604,664	-
Total maturities	4,933,062	5,019,352
Less current maturities	173,332	245,000
	$4,759,730	$4,774,352

4. LONG-TERM DEBT*(Continued)*)

Future maturities of long-term debt at June 30, 2011 are summarized as follows:

Year ending June 30,	Amount
2012	$ 173,332
2013	178,332
2014	183,336
2015	191,668
2016	3,877,996
Thereafter	328,398
	$ 4,933,062

There are numerous restrictive covenants related to the obligations. Among other covenants, there are requirements regarding Cash Flow Coverage Ratio and Indebtedness to Tangible Net Worth Ratio. Also, certain financial information must be supplied to the Authority and the Purchaser of the bond on a timely basis.

5. LINE OF CREDIT

At June 30, 2010 the Agency had available a line of credit in the amount of $400,000. The line was collateralized by a deed of trust on property and assignment of rents. The outstanding balance as June 30, 2010 was $149,759. The line was paid in full during 2011.

At June 30, 2011, the Agency has available a working capital line of credit in the amount of $400,000. The line was is secured by a deed of trust on land and real property, security agreement and assignment of rents and leases. Interest is payable monthly on all outstanding balances at a rate of One-Month LIBOR plus 2.50% (2.69% at June 30, 2011). All outstanding principal and accrued interest is due on demand. The outstanding balance at June 30, 2011 was $242,308.

6. RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	2011	2010
Immigrants Seeking Safety	$ 89,659	$ 236,047
Shelter	-	77,376
Building capacity	20,000	38,500
Direct services	20,000	50,000
NCHFA Supporting Housing Program	171,602	176,481
Program services in subsequent year	191,808	311,250
	$ 493,069	$ 889,654

Net assets released from donor restrictions by accomplishing purpose restrictions was $1,552,275 and $2,600,798 in 2011 and 2010, respectively.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

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7. CONDITIONAL GRANT

In fiscal year 2010, the Agency received a $500,000 conditional grant from Robert Wood Johnson Foundation for providing safety and support to South Asian and Hispanic immigrant families affected by intimate partner violence in Wake County, North Carolina. The grant is conditioned on the Agency's progress towards satisfactory achievement of the goals of the grant. At June 30, 2011, $170,581 remains conditional, and is collectible through 2012. Subsequent to year end, the conditions related to this grant were met.

8. DEFINED CONTRIBUTION PLAN

The Agency sponsors a defined contribution plan, covering all eligible employees. The Agency may choose to match a certain percentage, determined annually, of employee pretax contributions not to exceed four percent of compensation. The plan is available to all employees meeting minimum age and service requirements. The Agency did not make any employer contributions during 2011 and 2010.

9. SUBSEQUENT EVENTS

On September 23, 2011, the Agency entered into a note modification agreement increasing the maximum loan amount of the noninteresting bearing note payable to $550,000.

Management has evaluated subsequent events through November 15, 2011, the date which the financial statements are available for issue.