THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

FINANCIAL STATEMENTS

for the year ended June 30, 2018

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

INDEX TO FINANCIAL STATEMENTS

Langdon & Company LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Family Violence Prevention Center, Inc. dba Interact (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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, 2018, 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.

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.

Report on Summarized Comparative Information

We have previously audited The Family Violence Prevention Center, Inc. dba Interact's 2017 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of The Family Violence Prevention Center, Inc. dba Interact's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 The Family Violence Prevention Center, Inc. dba Interact's internal control over financial reporting and compliance.

Langdon & Company LLP

Garner, North Carolina
November 30, 2018

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF FINANCIAL POSITION

June 30, 2018
with comparative totals as of June 30, 2017

ASSETS

	2018	2017
Current assets:		
Cash and cash equivalents	$ 129,683	$ 91,973
Grants and contracts receivable (less allowance for doubtful accounts of $32,705 at June 30, 2017)	726,706	635,095
Contributions receivable (less allowance for doubtful accounts of $34,278 and $31,431 at June 30, 2018 and 2017, respectively)	2,243,974	210,412
Inventory	26,172	21,691
Prepaid and other assets	91,180	51,316
Total current assets	3,217,715	1,010,487
Property and equipment:		
Land	1,741,736	1,741,736
Building and building improvements	7,685,749	7,678,481
Furniture and equipment	810,077	611,794
Software	131,437	131,437
Vehicles	45,048	45,048
	10,414,047	10,208,496
Less accumulated depreciation	2,617,954	2,327,264
	7,796,093	7,881,232
Other assets:		
Contributions receivable in one to five years	162,581	325,169
Total other assets	162,581	325,169
Total assets	$ 11,176,389	$ 9,216,888

LIABILITIES AND NET ASSETS

	2018	2017
Current liabilities:		
Accounts payable and accrued liabilities	$ 259,254	$ 168,942
Security deposits	12,668	12,668
Deferred revenue	11,739	11,739
Current maturities of obligation under capital lease	18,437	21,213
Current maturities of long term debt	247,255	239,938
Total current liabilities	549,353	454,500
Long-term liabilities:		
Obligation under capital lease, less current maturities	77,888	29,267
Long-term debt, less current maturities and unamortized debt issuance costs	3,407,528	3,641,074
Total long-term liabilities	3,485,416	3,670,341
Total liabilities	4,034,769	4,124,841
Net assets:		
Unrestricted	6,328,944	4,055,585
Temporarily restricted	812,676	1,036,462
Total net assets	7,141,620	5,092,047
Total liabilities and net assets	$ 11,176,389	$ 9,216,888

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, 2018
with comparative totals for June 30, 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
Public support and revenue:				
Public support:				
Grants	$ 37,312	$ 1,538,269	$ 1,575,581	$ 1,320,626
Contributions	2,787,825	40,878	2,828,703	1,014,372
Fund raising event:				
Fund raising event revenue	95,306	116,754	212,060	177,663
Less: direct expenses	(9,120)	-	(9,120)	(9,342)
In-kind contributions	259,603	-	259,603	120,514
Total public support	3,170,926	1,695,901	4,866,827	2,623,833
Revenue:				
Program services income	223,057	-	223,057	165,698
Pass It On	248,812	-	248,812	217,783
Rental income	197,520	-	197,520	300,676
Total revenue	669,389	-	669,389	684,157
Net assets released from restrictions	1,919,687	(1,919,687)	-	-
Total public support and revenue	5,760,002	(223,786)	5,536,216	3,307,990
Expenses:				
Program services:				
Shelter	693,487	-	693,487	650,207
Crisis intervention	863,213	-	863,213	720,367
Solace center	350,875	-	350,875	175,120
Community education	250,813	-	250,813	487,383
Personal and economic empowerment	1,001,915	-	1,001,915	907,542
Total program services	3,160,303	-	3,160,303	2,940,619
Supporting services:				
Collaborative partners	23,585	-	23,585	23,115
Development	111,526	-	111,526	134,540
Pass It On	10,257	-	10,257	10,666
Management and general	180,972	-	180,972	123,899
Total supporting services	326,340	-	326,340	292,220
Total expenses	3,486,643	-	3,486,643	3,232,839
Change in net assets	2,273,359	(223,786)	2,049,573	75,151
Net assets at the beginning of the year	4,055,585	1,036,462	5,092,047	5,016,896
Net assets at the end of the year	$ 6,328,944	$ 812,676	$ 7,141,620	$ 5,092,047

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

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
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STATEMENT OF FUNCTIONAL EXPENSES

for the year ended June 30, 2018
with comparative totals for 2017

	2018												2017
	Program Services						Supporting Services						
	Shelter	Crisis Intervention	Solace Center	Community Education	Personal & Economic Empowerment	Total	Collaborative Partners	Development	Pass It On	Management and General	Total	Grand Total	Grand Total
Salaries	$ 275,145	$ 334,776	$ 140,235	$ 120,446	$ 440,584	$ 1,311,186	$ -	$ 58,555	$ 5,018	$ 87,832	$ 151,405	$ 1,462,591	$ 1,382,301
Employee benefits	33,204	34,132	17,875	14,038	43,344	142,593	-	7,268	591	10,903	18,762	161,355	164,148
Payroll taxes	20,450	24,308	10,383	9,096	32,123	96,360	-	4,195	371	6,292	10,858	107,218	107,573
Professional fees	63,466	57,734	19,074	15,321	64,723	220,318	-	8,682	645	13,023	22,350	242,668	245,619
Contracted client services	-	130,181	-	-	193,216	323,397	-	-	-	-	-	323,397	241,535
Supplies	9,184	3,132	2,879	700	2,808	18,703	74	474	64	711	1,323	20,026	13,558
Communications	6,361	21,373	2,843	2,505	14,616	47,698	90	1,116	161	1,673	3,040	50,738	51,924
Insurance	20,712	1,113	459	392	1,468	24,144		222	17	333	572	24,716	23,187
Occupancy	127,638	86,222	25,711	16,983	45,776	302,330	3,786	1,819	1,585	2,728	9,918	312,248	302,788
Maintenance, equipment rental and minor equipment	15,030	25,515	5,211	4,516	16,260	66,532	100	2,433	181	3,650	6,364	72,896	73,361
Printing and publications	1,672	7,602	1,544	1,097	3,798	15,713	-	2,607	150	17,591	20,348	36,061	36,106
Travel	1,696	3,593	502	1,658	2,690	10,139	-	4,446	68	6,669	11,183	21,322	16,293
In-kind expense	21,128	25,788	10,639	9,082	34,007	100,644	-	5,147	382	7,720	13,249	113,893	122,455
Specific assistance to clients	17,994	18,351	55,653	199	746	92,943	-	113	8	169	290	93,233	43,174
Interest	20,858	23,484	14,947	14,069	28,116	101,474	4,973	2,899	215	4,349	12,436	113,910	87,046
Miscellaneous	5,724	6,725	3,105	2,888	7,949	26,391	-	4,970	312	7,459	12,741	39,132	52,323
Depreciation and amortization expense	53,225	59,184	39,815	37,823	69,691	259,738	14,562	6,580	489	9,870	31,501	291,239	269,448
Total expenses	$ 693,487	$ 863,213	$ 350,875	$ 250,813	$ 1,001,915	$ 3,160,303	$ 23,585	$ 111,526	$ 10,257	$ 180,972	$ 326,340	$ 3,486,643	$ 3,232,839

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

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
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STATEMENT OF CASH FLOWS

for the year ended June 30, 2018
with comparative totals for June 30, 2017

	2018	2017
Cash flows from operating activities:		
Cash received from grantors and contributors	$ 2,665,409	$ 2,231,011
Cash received from program services and other operations	652,672	650,901
Cash paid to suppliers and employees	(2,921,569)	(2,712,990)
Interest paid	(101,107)	(74,265)
Net cash provided by operating activities	295,405	94,657
Cash flows from investing activities:		
Purchase of property and equipment	(4,860)	(14,532)
Net cash used in investing activities	(4,860)	(14,532)
Cash flows from financing activities:		
Principal payments of capital lease obligation	(13,803)	(19,433)
Principal payments of long-term debt	(239,032)	(230,409)
Net cash used in financing activities	(252,835)	(249,842)
Net increase (decrease) in cash	37,710	(169,717)
Cash at beginning of year	91,973	261,690
Cash at end of year	$ 129,683	$ 91,973

(Continued)

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
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STATEMENT OF CASH FLOWS *(Continued)*

for the year ended June 30, 2018
with comparative totals for June 30, 2017

	2018	2017
Reconciliation of change in net assets		
to net cash provided by operating activities:		
Change in net assets	$ 2,049,573	$ 75,151
Adjustments to reconcile change in net assets to		
net cash provided by operating activities:		
Depreciation	290,639	268,848
In-kind donations of equipment	(91,111)	-
Amortization	600	600
Amortization of debt issuance cost	6,851	6,843
Amortization of loan discount	5,952	5,863
Bad debt	8,802	29,388
Loss on disposal of asset	-	474
Forgiveness of capital lease obligation	(50,480)	-
Change in assets and liabilities:		
Grants and contracts receivable	(91,611)	(174,117)
Contributions receivable	(1,879,776)	(172,148)
Inventory	(4,481)	1,496
Prepaid and other assets	(39,864)	339
Accounts payable and accrued liabilities	90,311	51,920
Net cash provided by operating activities	$ 295,405	$ 94,657
Supplemental disclosure of noncash investing		
and financing activities:		
Acquisition of equipment under capital leases	$ 110,129	$ -
Forgiveness of capital lease obligation	50,480	-
In-kind donations of equipment	91,111	-
	$ 251,720	$ -

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

NOTES TO 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. 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
Vehicle	7 years
Software	3 years

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 $259,603 and $120,514 for the years ended June 30, 2018 and June 30, 2017, 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.

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

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.

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 tax liability for the years ended June 30, 2018 and 2017.

The Agency evaluates any uncertain tax positions. 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, 2018 or 2017.

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.

Debt Issuance Costs

Deferred loan costs are amortized over the terms of the related financing using the effective interest method and are presented as a reduction of the carrying amount of the debt. Amortization of the debt issuance costs is reported in the statement of functional expenses as interest expense.

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

Schedule of Expenditures of Federal and State Awards

The accompanying Schedule of Expenditures of Federal and State Awards include the federal and State grant activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Organization has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

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, 2017, from which the summarized information was derived.

Reclassifications

Certain amounts included in the 2017 financial statements have been reclassified to conform to the 2018 presentation. Change in net assets of the Agency previously reported for 2017 was not affected by these reclassifications.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants, contracts and contributions receivable at June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Receivables in less than one year:		
Grants and contracts receivable in less than one year	$ 726,706	$ 635,095
Contributions receivable in less than one year	2,243,974	210,412
Total receivables in less than one year	$2,970,680	$ 845,507
Receivables in one to five years:		
Contributions receivable in greater than one year	$ 171,611	$ 336,617
Less discounts to net present value (average discount rate of 2.72%)	9,030	11,448
Total receivables in one to five years	$ 162,581	$ 325,169

Included in grants and contracts receivable at June 30, 2017 and 2018 is $557,561 and $598,970, respectively from two grantors. Included in contributions receivable at June 30, 2018 is $2,000,000 from one contributor.

3. LEASING TRANSACTIONS

As Lessee:

The Agency leases equipment under a capital lease agreement with payments extending through 2023. 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 $20,883 for each of the years ended June 30, 2018 and 2017. Equipment held under the capital leases and the related accumulated amortization at June 30, 2018 and 2017 is as follows:

	2018	2017
Equipment	$ 110,129	$ 104,414
Less accumulated amortization	18,355	62,649
	$ 91,774	$ 41,765

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 each of the years ended June 30, 2018 and 2017.

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

Year ending June 30,	
2019	$ 26,772
2020	26,772
2021	26,772
2022	26,772
2023	11,155
Total minimum lease payments	118,243
Less amount representing interest	21,918
Present value of net minimum capital lease payments	96,325
Less current maturities	18,437
Obligation under capital lease less current maturities	$ 77,888

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, 2018, minimum future rentals to be received are as follows:

Year ending June 30,	
2019	$ 112,643
2020	96,443
2021	24,111
	$ 233,197

3. LEASING TRANSACTIONS *(Continued)*

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

	2018	2017
Land	$ 1,741,736	$ 1,741,736
Building and improvements	7,685,749	7,678,481
	9,427,485	9,420,217
Less accumulated depreciation	1,928,593	1,721,342
	$ 7,498,892	$ 7,698,875

4. LINE OF CREDIT

At June 30, 2018, the Agency has available a working capital line of credit in the amount of $175,000. The line 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 2.5% (4.5% and 3.56% at June 30, 2018 and 2017, respectively). Principal and accrued interest is due on October 21, 2018. There was no outstanding balance at June 30, 2018 and 2017, respectively.

5. LONG-TERM DEBT

Long-term debt is summarized as follows:

	2018	2017
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	$ 550,000	$ 550,000
Less unamortized discount based on imputed interest rate of 1.498%	(149,332)	(155,273)
	400,668	383,088
Note payable in monthly installments of $2,538 including interest at a variable rate of LIBOR plus 2.5%, adjusted monthly (3.56% and 3.56% at June 30, 2018 and 2017, respectively), with a final payment due August 28, 2020. Collateralized by all deposit and investment accounts held by the bank.	61,403	88,758

5. LONG-TERM DEBT *(Continued)*

	2018	2017
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 bore interest at 68% of the One-Month LIBOR Rate plus 1.3% through December 31, 2017. Effective January 1, 2018, the interest rate was adjusted to 83% of the One-Month LIBOR Rate plus 1.5935%. The Note 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. On August 28, 2015, the Agency entered into an amended Guarantee and Loan Agreement. Under the Agreement, the minimum hold period was extended to October 21, 2020. 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 and 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.	3,264,660	3,476,328
Total maturities	3,726,731	3,959,813
Less current maturities	247,255	239,938
Less unamortized debt issuance costs	71,948	78,801
	$ 3,407,528	$ 3,641,074

5. LONG-TERM DEBT *(Continued)*

Future maturities of long-term debt at June 30, 2018 are summarized as follows:

Year ending June 30,	
2019	$ 247,389
2020	256,534
2021	2,822,140
2022	-
Thereafter	400,678
	$ 3,726,741

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. As of June 30, 2018, the Agency met all restrictive covenants.

6. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2018	2017
Direct services	$ 183,500	$ 158,215
Shelter	4,737	2,990
NCHFA Supporting Housing Program	149,322	155,273
Program services in subsequent years	475,117	719,984
	$ 812,676	$ 1,036,462

Net assets released from donor restrictions by accomplishing purpose restrictions were $1,919,687 and $1,515,842 in 2018 and 2017, respectively.

7. 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 pre-tax 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 2018 and 2017.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2018, the date which the financial statements are available for issue.

THE FAMILY VIOLENCE AND PREVENTION CENTER, INC.
dba INTERACT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

for the year ended June 30, 2018

Federal/State Grantor/Pass Through Grantor/Program	Federal CFDA Number	Project/ Contract #	Expenditures
Federal Awards:			
U.S. Department of Justice			
Crime Victim Assistance			
Passed through N.C. Department of Public Safety			
Governor's Crime Commission - SANE	16.575	PROJ010323	$ 81,782
Governor's Crime Commission - Underserved	16.575	PROJ010321	149,184
Governor's Crime Commission - Basic Services	16.575	PROJ011162	206,602
Governor's Crime Commission - Family Justice Center	16.575	PROJ011518	225,200
Governor's Crime Commission - Court Navigator	16.575	PROJ012316	33,746
Sexual Assault Services Formula Program			
Passed through N.C. Department of Public Safety			
Governor's Crime Commission - Sexual Assault Service Provider	16.017	PROJ011151	31,242
U.S. Department of Homeland Security			
Emergency Food and Shelter Program	97.024	N/A	11,159
U.S. Department of Health and Human Services			
Passed through N.C. Department of Health and Human Services			
Family Violence Prevention Grant	93.671	FVPSA	49,511
Family Violence Prevention Grant	93.671	FVPSA-MOVE	82,067
Passed through North Carolina Coalition Against Domestic Violence			
Advancing System Improvements for Key Issues in Women's Health	93.088	968465088	11,472
U.S. Department of Housing and Urban Development			
Passed through N.C. Department of Health and Human Services			
Emergency Solutions Grant	14.231	#00033350	100,064
Emergency Solutions Grant	14.231	#00035019	38,251
TOTAL FEDERAL AWARDS			1,020,280
State Awards:			
N.C. Department of Administration			
Passed through N.C. Council for Women			
Domestic Violence Grant	N/A	#58-1320613	46,922
Sexual Assault Grant	N/A	#58-1320613	23,444
Marriage License Fees Grant	N/A	#58-1320613	20,701
Displaced Housewives/Divorced Filing Fees Grant	N/A	#58-1320613	20,364
TOTAL STATE AWARDS			111,431
TOTAL AWARDS			$ 1,131,711

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

Langdon & Company LLP
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*

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

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 The Family Prevention Center, Inc. dba Interact (the "Agency"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, 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 November 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 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.

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. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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*.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Langdon & Company LLP

Garner, North Carolina
November 30, 2018

Langdon & Company LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for the Major Federal Program

We have audited The Family Violence Prevention Center, Inc. dba Interact's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2018. The Family Violence Prevention Center, Inc. dba Interact'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 federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for The Family Violence Prevention Center, Inc. dba Interact's major federal programs 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Family Violence Prevention Center, Inc. dba Interact complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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Report on Internal Control Over Compliance

Management of the Family Violence Prevention Center, Inc. dba Interact 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 of compliance, we considered the Organization'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 each 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 the Organization'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 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 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 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.

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.

Langdon & Company LLP

Garner, North Carolina
November 30, 2018

THE FAMILY VIOLENCE PREVENTION CENTER, INC
dba INTERACT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of the Family Violence Prevention Center, Inc. dba Interact (the "Organization") were prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

2. No significant deficiencies disclosed during the audit of the consolidated 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 material to the consolidated financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over 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 program expresses an unmodified opinion on the major federal program.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.

7. The program tested as a major program is:

   U.S. Department of Justice Crime Victim Assistance – CFDA #16.575

8. The threshold used for distinguishing Type A and B programs was $750,000.

9. The Organization did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None