THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

FINANCIAL STATEMENTS

for the year ended June 30, 2019

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

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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, 2019, 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.

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, 2019, 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.

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Change in Accounting Principle

As described in Note 1 to the financial statements, the Agency adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

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 2018 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 December 9, 2019, 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
December 9, 2019

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF FINANCIAL POSITION

June 30, 2019
with comparative totals as of June 30, 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	$ 2,089,181	$ 129,683
Grants and contracts receivable	624,277	726,706
Contributions receivable (less allowance for doubtful accounts of $44,073 and $34,278 at June 30, 2019 and 2018, respectively)	248,557	2,243,974
Inventory	21,542	26,172
Prepaid and other assets	59,584	41,180
Total current assets	3,043,141	3,167,715
Property and equipment:		
Land	1,741,736	1,741,736
Building and building improvements	7,685,749	7,685,749
Furniture and equipment	1,017,842	860,077
Software	131,437	131,437
Vehicles	45,048	45,048
	10,621,812	10,464,047
Less accumulated depreciation	2,866,560	2,617,954
	7,755,252	7,846,093
Other assets:		
Contributions receivable in one to five years	383,955	162,581
Total other assets	383,955	162,581
Total assets	$ 11,182,348	$ 11,176,389

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities:		
Accounts payable and accrued liabilities	$ 344,783	$ 259,254
Security deposits	12,668	12,668
Deferred revenue	13,739	11,739
Current maturities of obligation under capital lease	20,261	18,437
Current maturities of long term debt	260,003	247,255
Total current liabilities	651,454	549,353
Long-term liabilities:		
Obligation under capital lease, less current maturities	57,627	77,888
Long-term debt, less current maturities and unamortized debt issuance costs	3,161,264	3,407,528
Total long-term liabilities	3,218,891	3,485,416
Total liabilities	3,870,345	4,034,769
Net assets:		
Without donor restrictions:		
Undesignated	4,206,216	6,328,944
Designated by the board for operating reserve	2,000,000	-
	6,206,216	6,328,944
With donor restrictions:		
Purpose restricted	371,249	337,655
Time restricted	734,538	475,021
	1,105,787	812,676
Total net assets	7,312,003	7,141,620
Total liabilities and net assets	$ 11,182,348	$ 11,176,389

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, 2019
with comparative totals for June 30, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenue:				
Public support:				
Grants	$ 165,639	$ 2,077,754	$ 2,243,393	$ 1,575,581
Contributions	799,252	418,790	1,218,042	2,828,703
Fund raising event:				
Fund raising event revenue	9,850	89,780	99,630	212,060
Less: direct expenses	(6,485)	-	(6,485)	(9,120)
In-kind contributions	205,129	-	205,129	259,603
Total public support	1,173,385	2,586,324	3,759,709	4,866,827
Revenue:				
Program services income	200,909	-	200,909	223,057
Pass It On	294,799	-	294,799	248,812
Rental income	177,312	-	177,312	197,520
Total revenue	673,020	-	673,020	669,389
Net assets released from restrictions	2,293,213	(2,293,213)	-	-
Total public support and revenue	4,139,618	293,111	4,432,729	5,536,216
Expenses:				
Program services:				
Shelter	788,329	-	788,329	693,487
Crisis intervention	776,539	-	776,539	863,213
Solace center	377,886	-	377,886	350,875
Community education	379,064	-	379,064	250,813
Personal and economic empowerment	1,368,568	-	1,368,568	1,001,915
Total program services	3,690,386	-	3,690,386	3,160,303
Supporting services:				
Collaborative partners	29,765	-	29,765	23,585
Development	230,350	-	230,350	111,526
Pass It On	11,973	-	11,973	10,257
Management and general	299,872	-	299,872	180,972
Total supporting services	571,960	-	571,960	326,340
Total expenses	4,262,346	-	4,262,346	3,486,643
Change in net assets	(122,728)	293,111	170,383	2,049,573
Net assets at the beginning of the year	6,328,944	812,676	7,141,620	5,092,047
Net assets at the end of the year	$ 6,206,216	$ 1,105,787	$ 7,312,003	$ 7,141,620

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, 2019
with comparative totals for 2018

	2019												2018
	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	$ 385,798	$ 317,411	$ 154,759	$ 194,128	$ 654,567	$ 1,706,663	$ -	$ 82,412	$ 5,772	$ 123,618	$ 211,802	$ 1,918,465	$ 1,462,591
Employee benefits	41,357	39,184	17,258	19,695	72,183	189,677	-	10,028	675	15,042	25,745	215,422	161,355
Payroll taxes	28,712	23,710	11,991	14,117	47,365	125,895	-	5,899	426	8,848	15,173	141,068	107,218
Professional fees	47,710	38,316	27,142	24,527	51,288	188,983	-	59,853	1,156	53,780	114,789	303,772	242,668
Contracted client services	-	72,158	-	-	209,381	281,539	-	-	-	-	-	281,539	323,397
Supplies	3,079	4,577	3,677	1,017	5,532	17,882	40	315	69	472	896	18,778	20,026
Communications	5,703	17,087	2,192	2,589	20,345	47,916	167	920	135	1,380	2,602	50,518	50,738
Insurance	17,348	2,462	1,183	1,492	5,112	27,597	-	717	44	1,075	1,836	29,433	24,716
Occupancy	90,309	94,885	39,339	30,345	85,764	340,642	8,241	4,034	1,732	6,051	20,058	360,700	312,248
Maintenance, equipment rental and minor equipment	23,274	35,706	5,103	6,422	37,237	107,742	36	3,054	189	4,580	7,859	115,601	72,896
Printing and publications	5,090	7,269	3,094	3,088	8,320	26,861	-	12,679	173	9,366	22,218	49,079	36,061
Travel	1,944	3,983	396	2,790	1,758	10,871	-	3,893	67	5,839	9,799	20,670	21,322
In-kind expense	23,796	19,695	9,926	12,290	39,941	105,648	-	5,477	524	8,216	14,217	119,865	113,893
Specific assistance to clients	24,393	19,665	41,711	27	3,346	89,142	-	13	1	19	33	89,175	93,233
Interest	26,049	23,615	17,027	18,465	36,570	121,726	6,131	3,593	224	5,389	15,337	137,063	113,910
Miscellaneous	6,386	4,880	3,944	5,817	11,254	32,281	-	30,237	331	45,357	75,925	108,206	39,132
Depreciation and amortization expense	57,381	51,936	39,144	42,255	78,605	269,321	15,150	7,226	455	10,840	33,671	302,992	291,239
Total expenses	$ 788,329	$ 776,539	$ 377,886	$ 379,064	$ 1,368,568	$ 3,690,386	$ 29,765	$ 230,350	$ 11,973	$ 299,872	$ 571,960	$ 4,262,346	$ 3,486,643

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, 2019
with comparative totals for June 30, 2018

	2019	2018
Cash flows from operating activities:		
Cash received from grantors and contributors	$ 5,426,500	$ 2,665,409
Cash received from program services and other operations	711,557	652,672
Cash paid to suppliers and employees	(3,623,682)	(2,871,569)
Interest paid	(124,180)	(101,107)
Net cash provided by operating activities	2,390,195	345,405
Cash flows from investing activities:		
Purchase of property and equipment	(165,861)	(54,860)
Net cash used in investing activities	(165,861)	(54,860)
Cash flows from financing activities:		
Principal payments of capital lease obligation	(18,437)	(13,803)
Principal payments of long-term debt	(246,399)	(239,032)
Net cash used in financing activities	(264,836)	(252,835)
Net increase in cash	1,959,498	37,710
Cash at beginning of year	129,683	91,973
Cash at end of year	$ 2,089,181	$ 129,683

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.

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

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.

Pledges, Contributions and Grants Receivable

Pledges, contributions and grants receivable consist of unconditional promises to give and are stated at their unpaid balances, less an allowance for doubtful accounts. The allowance is based on prior experience, donor history and management's best estimate, which may affect the ability to collect. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

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

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

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions, grants and Federal and State awards received by the Agency are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor/grantor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 $205,128 and $259,603 for the years ended June 30, 2019 and June 30, 2018, respectively. The Agency recognizes the fair value of contributed services received if such services a) create or enhance a nonfinancial asset or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

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)*

Functional Classification of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Most expenses are directly coded to programs using specific identification. Allocated expenses include professional fees, insurance, occupancy, printing and publications, in-kind and interest, which are allocated on time spent 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, 2019 and 2018.

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, 2019 or 2018.

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.

Schedule of Expenditures of Federal and State Awards

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of the Agency and is presented on the cash 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 Agency has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

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

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, 2018, from which the summarized information was derived.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

Reclassifications

Certain items included in the 2018 financial statements have been reclassified to conform to the 2019 presentation. Change in net assets of the Agency previously reported for 2018 was not affected by those reclassifications.

2. LIQUIDITY AND AVAILABILITY

The Agency's working capital and cash flows vary throughout the year due to timing of cash receipts for fees for services provided and grants. The Agency is supported by significant restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The board designates a portion of any operating surplus to its operating reserve, which was $2,000,000 as of June 30, 2019. This is a fund established by the governing board that may be drawn upon in the event of an immediate liquidity need.

The Agency manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In addition, to help manage unanticipated liquidity needs and as discussed in more detail in Note 5, the Agency maintains a $175,000 line of credit, of which $175,000 remained available on June 30, 2019.

The following reflects the Agency's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts with donor restrictions for time or purpose as well as the board designated operating reserve that could be drawn upon if the governing board approves that action.

2. LIQUIDITY AND AVAILABILITY *(Continued)*

	2019
Financial assets at year-end:	
Cash and cash equivalents	$2,089,181
Grants and contracts receivable	624,277
Contributions receivable	248,557
	2,962,015
Less amounts not available to be used within one year:	
Donor-restricted for time	(350,583)
Donor-restricted for purpose	(371,249)
Designated by the Board for the operating reserve	(2,000,000)
	(2,721,832)
Financial assets available to meet general expenditures within one year	$ 240,183

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants, contracts and contributions receivable at June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Receivables in less than one year:		
Grants and contracts receivable in less than one year	$ 624,277	$ 726,706
Contributions receivable in less than one year	248,557	2,243,974
Total receivables in less than one year	$ 872,834	$2,970,680
Receivables in one to five years:		
Contributions receivable in greater than one year	$ 393,752	$ 171,611
Less discounts to net present value (average discount rate of 2.53% and 2.72% for the years ended June 30, 2019 and 2018, respectively)	9,797	9,030
Total receivables in one to five years	$ 383,955	$ 162,581

Approximately 47% and 51% of grants and contracts receivable was due from one grantor for the years ended June 30, 2019 and 2018, respectively. Additionally, included in contributions receivable at June 30, 2018 is $2,000,000 from one contributor.

4. 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 $22,026 and $18,355 for the years ended June 30, 2019 and 2018, respectively. Equipment held under the capital leases and the related accumulated amortization at June 30, 2019 and 2018 is as follows:

	2019	2018
Equipment	$ 110,129	$ 110,129
Less accumulated amortization	40,381	18,355
	$ 69,748	$ 91,774

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, 2019 and 2018.

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

Year ending June 30,	
2020	$ 26,772
2021	26,772
2022	26,772
2023	11,154
Total minimum lease payments	91,470
Less amount representing interest	13,582
Present value of net minimum capital lease payments	77,888
Less current maturities	20,261
Obligation under capital lease less current maturities	$ 57,627

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, 2019, minimum future rentals to be received are as follows:

Year ending June 30,	
2020	$ 128,843
2021	122,543
2022	30,711
	$ 282,097

4. 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:

	2019	2018
Land	$ 1,741,736	$ 1,741,736
Building and improvements	7,754,754	7,678,481
	9,496,490	9,420,217
Less accumulated depreciation	2,112,634	1,928,593
	$ 7,383,856	$ 7,491,624

5. LINE OF CREDIT

At June 30, 2019, 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% (4.93% and 4.50% at June 30, 2019 and 2018, respectively). Principal and accrued interest is due on October 21, 2020. There was no outstanding balance at June 30, 2019 and 2018, respectively.

6. LONG-TERM DEBT

Long-term debt is summarized as follows:

	2019	2018
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%	(143,281)	(149,332)
	406,719	400,668
Note payable in monthly installments of $2,538 including interest at a variable rate of LIBOR plus 2.5%, adjusted monthly (5.01% and 4.50% at June 30, 2019 and 2018, respectively), with a final payment due August 28, 2020. Collateralized by all deposit and investment accounts held by the bank.	33,335	61,403

6. LONG-TERM DEBT *(Continued)*

	2019	2018
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%. (3.61% and 3.26% at June 30, 2019 and 2018, respectively)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, 2020, 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.	3,046,328	3,264,660
Total maturities	3,486,382	3,726,731
Less current maturities	260,003	247,255
Less unamortized debt issuance costs	65,115	71,948
	$ 3,161,264	$ 3,407,528

6. LONG-TERM DEBT *(Continued)*

Future maturities of long-term debt at June 30, 2019 are summarized as follows:

Year ending June 30,	
2020	$ 260,003
2021	2,819,660
Thereafter	406,719
	$ 3,486,382

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.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the following purposes or the following periods:

	2019	2018
Restricted for time	$ 734,538	$ 475,021
Restricted for purpose:		
Direct services	166,930	183,596
Shelter	61,038	4,737
NCHFA Supporting Housing Program	143,281	149,322
	371,249	337,655
	$1,105,787	$ 812,676

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Subject to the passage of time	$ 359,710	$ 475,917
Subject to expenditure for specified purpose:		
Direct services	1,902,039	1,422,565
Shelter	25,424	15,253
NCHFA Supporting Housing Program	6,040	5,952
	1,933,503	1,443,770
	$2,293,213	$1,919,687

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 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 2019 and 2018.

9. GOVERNING BOARD DESIGNATIONS

The Agency's governing board has designated, from net assets without donor restrictions, $2,000,000 for an operating reserve as June 30, 2019.

10. SUBSEQUENT EVENTS

On October 9, 2019, the Agency entered into a loan modification with North Carolina Housing Finance Agency to receive an additional $50,000, increasing the existing note's face amount from $550,000 to $600,000.

Management has evaluated subsequent events through December 9, 2019, 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, 2019

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	PROJ013026	$ 127,595
Governor's Crime Commission - Underserved	16.575	PROJ013110	165,921
Governor's Crime Commission - Basic Services	16.575	PROJ012315	289,527
Governor's Crime Commission - Family Justice Center	16.575	PROJ013043	371,593
Governor's Crime Commission - Court Navigator	16.575	PROJ012316	144,839
			1,099,475
Sexual Assault Services Formula Program			
Passed through N.C. Department of Public Safety			
Governor's Crime Commission - Sexual Assault Services Program	16.017	PROJ012314	8,530
Sexual Assault Services Formula Program			
Passed through N.C. Coalition Against Sexual Assault			
Governor's Crime Commission - Sexual Assault Service Provider	16.017	PROJ013026	17,686
Improving Criminal Justice Responses Program			
Office of Violence Against Women - Family Justice Center	16.590	2018-WE-AX-0026	118,700
U.S. Department of Homeland Security			
Emergency Food and Shelter Program	97.024	N/A	12,655
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	56,746
Family Violence Prevention Grant	93.671	FVPSA-MOVE	67,978
			124,724
Passed through N.C. Coalition Against Domestic Violence			
Advancing System Improvements for Key Issues in Women's Health	93.088	968465088	5,128
U.S. Department of Housing and Urban Development			
Passed through N.C. Department of Health and Human Services			
Emergency Solutions Grant	14.231	#00036755	37,749
Emergency Solutions Grant	14.231	#00038465	30,983
			68,732
TOTAL FEDERAL AWARDS			1,455,630
State Awards:			
N.C. Department of Administration			
Passed through N.C. Council for Women			
Domestic Violence Grant	N/A	#58-1320613	84,920
Sexual Assault Grant	N/A	#58-1320613	45,340
Marriage License Fees Grant	N/A	#58-1320613	26,563
Displaced Housewives/Divorced Filing Fees Grant	N/A	#58-1320613	35,914
TOTAL STATE AWARDS			192,737
TOTAL AWARDS			$ 1,648,367

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, 2019, 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 December 9, 2019.

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
December 9, 2019

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, 2019. 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, 2019.

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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
December 9, 2019

THE FAMILY VIOLENCE PREVENTION CENTER, INC
dba INTERACT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2019

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