BT & Co. P.A.

Certified Public Accountants

THE WILLOW DOMESTIC VIOLENCE CENTER, INC.

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

THE WILLOW DOMESTIC VIOLENCE CENTER, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2019

TABLE OF CONTENTS

BT&Co. P.A.
Certified Public Accountants

4301 SW Huntoon Street, Topeka, KS 66604 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1758 | w: btandcocpa.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Willow Domestic Violence Center, Inc.

We have audited the accompanying financial statements of The Willow Domestic Violence Center, Inc. (the Center), 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.

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.

Auditors' 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 auditors' 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 Center as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 1, 2018, the Center adopted ASU No. 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 this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020 on our consideration of the Center'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 solely 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 effectiveness of the Center's 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 Center's internal control over financial reporting and compliance.

BT & Co., P.A.

June 16, 2020
Topeka, Kansas

THE WILLOW DOMESTIC VIOLENCE CENTER, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

Current assets:		
Cash and cash equivalents	$	123,116
Grant receivables		387,557
Unconditional promises to give		32,500
Prepaid expenses		15,468
Total current assets		558,641
Noncurrent assets:		
Property and equipment, net		104,621
Investments		90,244
Total noncurrent assets		194,865
Total assets	$	753,506

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	$	17,903
Accrued payroll		77,713
Accrued vacation		34,085
Other liabilities		166
Total current liabilities		129,867
Net assets:		
Without donor restrictions		591,139
With donor restrictions		32,500
Total net assets		623,639
Total liabilities and net assets	$	753,506

See accompanying notes to financial statements.

THE WILLOW DOMESTIC VIOLENCE CENTER, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Grant income	$ 1,161,627	$ 10,000	$ 1,171,627
Contributions and other	184,768	-	184,768
Fundraising events income	66,961	-	66,961
Program revenue	29,529	22,500	52,029
Net assets released from restrictions	36,000	(36,000)	-
Investment income (loss)	(3,855)	-	(3,855)
Total revenues	1,475,030	(3,500)	1,471,530
Expenses:			
Program services	1,131,765	-	1,131,765
Management and general	218,681	-	218,681
Fundraising	117,295	-	117,295
Total expenses	1,467,741	-	1,467,741
Change in net assets	7,289	(3,500)	3,789
Net assets, beginning of year	583,850	36,000	619,850
Net assets, end of year	$ 591,139	$ 32,500	623,639

See accompanying notes to financial statements.

THE WILLOW DOMESTIC VIOLENCE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries and wages	$ 771,674	$ 130,102	$ 72,774	$ 974,550
Employee benefits	70,942	17,398	6,438	94,778
Payroll taxes	66,305	11,179	6,253	83,737
Meetings/trainings	42,888	-	102	42,990
Outside services	28,208	12,733	-	40,941
Rent	11,268	26,676	-	37,944
Client expense	21,921	-	6,094	28,015
Fundraising expenses	-	-	24,758	24,758
Facility repair/maintenance	19,367	-	-	19,367
Mileage	17,488	-	9	17,497
Utilities	17,000	-	-	17,000
Phone/communications	16,272	-	-	16,272
Depreciation	-	14,032	-	14,032
Food and household	14,013	-	-	14,013
Office and program expenses	10,931	8	134	11,073
Insurance	9,720	-	-	9,720
Equipment	2,439	6,553	-	8,992
Printing and copying	5,428	-	-	5,428
Dues and fees	2,995	-	14	3,009
Advertising	2,139	-	719	2,858
Postage	765	-	-	765
Interest	2	-	-	2
Total expenses	$ 1,131,765	$ 218,681	$ 117,295	$ 1,467,741

See accompanying notes to financial statements.

THE WILLOW DOMESTIC VIOLENCE CENTER, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

Cash flows from operating activities:		
Change in net assets	$	3,789
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation		14,032
Noncash investment earnings		(5,813)
Changes in assets and liabilities:		
Grant receivables		(188,459)
Unconditional promises to give		3,500
Prepaid expenses		(15,468)
Accounts payable		8,430
Accrued payroll		17,527
Accrued vacation		5,287
Other liabilities		166
Net cash flows from operating activities		(157,009)
Cash flows from investing activities:		
Purchase of property and equipment		(17,355)
Net transfers from investments		20,000
Net cash flows from investing activities		2,645
Net decrease in cash and cash equivalents		(154,364)
Cash and cash equivalents, beginning of year		277,480
Cash and cash equivalents, end of year	$	123,116

See accompanying notes to financial statements.

1 - Organization and Summary of Significant Accounting Policies

Organization

The Willow Domestic Violence Center, Inc. (the Center) was incorporated as a nonprofit organization under the laws of Kansas in 1977. It was established to provide emergency shelter for women and children in Douglas, Franklin and Jefferson County, Kansas who have been victims of domestic violence or are in transition. Other services include free room and board for up to thirty days and support counseling when required. Government grants are the primary source of revenue for the Center.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and investments with original maturities of less than three months and which have not been designated by management as operating investments.

Concentrations of Credit Risk

The Center manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in mutual funds. To date, the Center has not experienced losses in any of these accounts. Credit risk associated with grant receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Center's mission. Investments are made by diversified investment managers whose performance is monitored by the Center. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Center believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

The Center's primary sources of revenue are contracts and grants from the State of Kansas and other governmental entities. In the event these contracts and grant were discontinued or severely restricted, the Center would adjust their activities accordingly.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost with depreciation computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	5 - 39 years
Furniture and equipment	3 - 7 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred.

Net Assets

Net assets, revenues, expenses, 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 restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Donor 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. 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 restriction.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Donated Materials and Services

The Center records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amount has been reflected in the financial statements for donated services provided by volunteers. However, the Center relies on local volunteers to achieve its objective of serving the domestic violence counseling needs of Douglas, Franklin and Jefferson County, Kansas.

The Center occupies an office building under an annual agreement with the City of Lawrence. No rent is paid for the use of the building. The Center has estimated the approximate fair value of the annual rent to be $ 26,677 and it is included in the contributions and expenses in the Statement of Activities.

Expense Recognition and Allocation

The cost of providing the Center's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. The Center allocates costs across programs on the basis of periodic time and expense studies. The bases on which costs are allocated are evaluated periodically as needed and more often when new space or programs are added.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Income Taxes

The Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Center has not been classified as a private foundation. Accordingly, no provision for income taxes is made in these statements.

Use of Estimates

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

Unconditional Promises to Give

Unconditional promises to give represent the United Way and City of Lawrence allocations to be received during the second half of the 2019 calendar year in the amount of $ 32,500. At June 30, 2019, management believes the amount is fully collectible and receivable in less than one year. The amount is recorded as net assets with donor restrictions due to the time restriction.

Revenue Recognition

The Center receives funding from local, county, state and private foundation grants and contracts. Grants received represent both exchange transactions and contributions. Certain grants received by the Center include grantor-imposed restrictions that require unspent funding be returned at the end of the grant period. The income from exchange transactions is recognized as expenses are incurred. Grants receivable are recorded for amounts earned but not received. Grant funds received but not yet expensed are recorded as refundable advances on the statement of financial position.

Compensated Absences

The Center pays their employees for vacation at varying rates depending on their employment category. Upon termination unused vacation is paid at the employee's base rate of pay. Accrued compensated absences totaled $ 34,085 at June 30, 2019 and is included in the statement of financial position.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, which changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses and liquidity and availability of resources. The standard is effective for not-for-profit organizations for periods beginning after December 15, 2017. The Center has adopted this ASU for these financial statements applying the changes retrospectively with the exception of the availability and liquidity disclosures as allowed by the standard.

The new standard changes the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about availability and liquidity of resources (see Note 2).

Pending Accounting Pronouncements

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and replaces most of the existing revenue recognition guidance including industry-specific guidance, in current U.S. GAAP. The standard is effective for nonpublic entities for periods beginning after December 15, 2018. Management is currently evaluating the effect that the standard will have on the financial statements.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Pending Accounting Pronouncements (Continued)

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Management is currently evaluating the effect that the standard will have on the financial statements.

2 - Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Financial assets:		
Cash and cash equivalents	$	123,116
Grant receivables		387,557
Unconditional promises to give		32,500
Total financial assets		543,173
Less donor-restricted net assets		(32,500)
Amount available for general expenditures within one year	$	510,673

The above table reflects investments as unavailable because it is the Center's intention to invest those resources for the long-term support of the Center. However, in the case of need, the Board of Directors could appropriate additional resources from these investments. In addition to the financial assets available to meet general expenditures over the next 12 months, the Center anticipates collecting revenue to cover a majority of the general expenditures. The Center regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the liquidity management plan, the Center invests cash in excess of regular requirements in investments.

3 - Fair Value

Financial reporting standards establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

Management endeavors to utilize the best available information in measuring fair value. The following table summarizes the best valuation of assets measured at fair value by the above pricing levels as of June 30, 2019.

	Level 1	Level 2	Level 3	Net Asset Value	Total
Money market	$ 4,913	$ -	$ -	$ -	$ 4,913
Mutual funds:					
Equity	43,997	-	-	-	43,997
Fixed income	1,212	-	-	-	1,212
Stock					
Common	10,925	-	-	-	10,925
Douglas County					
Community Foundation	-	-	-	29,197	29,197
	$ 61,047	$ -	$ -	$ 29,197	$ 90,244

3 - Fair Value (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2019.

Mutual funds and common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Douglas County Community Foundation (pooled funds): The fair value is based on the estimated fair value as reported by Douglas County Community Foundation (DCCF). The fair value of the Center's position is the same as the pool value of the shares as reported by DCCF.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments with the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. There were no transfers between the levels during the year.

4 - Property and Equipment

Property and equipment include the following as of June 30, 2019:

Land	$	14,828
Building		133,453
Building improvements		224,838
Furniture and equipment		154,388
Total cost		527,507
Less: accumulated depreciation		(422,886)
Net property and equipment	$	104,621

5 - Commitments and Contingencies

All grant expenditures are subject to the review of grantors. The Center believes it has complied with all aspects of grant agreements and has not been notified of any disallowed costs.

6 - Subsequent Events

The Center has evaluated subsequent events through the date of the independent auditors' report, which is the date that the financial statements are available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and business. The coronavirus and actions taken to mitigate it have had and are expected to continue to have a n adverse impact on the economies and financial markets of many countries, including the geographical area in which the Center operates. On March 27, 2020, the *Coronavirus Aid Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provision, provide emergency assistance for individuals, families and businesses affected by the pandemic. Although we cannot quantify the financial and other impacts to the Center as of the date of this report, management believes that a material impact on the Center's financial position and results of future operations is reasonably possible.

The Center received $ 222,452 from the Paycheck Protection Program created by the CARES Act. There is a potential for a portion of this funding to be unforgiven and, therefore, converted to a 2 year loan with an annual interest rate of 1%.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including potential losses on investments.

BT&Co. P.A.
Certified Public Accountants

4301 SW Huntoon Street, Topeka, KS 66604 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1758 | w: btandcocpa.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Willow Domestic Violence Center, Inc.

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 Willow Domestic Violence Center, Inc. (the Center), 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 combined financial statements, and have issued our report thereon dated June 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Center'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 statement, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 result of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BT & Co., P.A.

June 16, 2020
Topeka, Kansas