

Domestic and Sexual Violence Services

Independent Accountant's Review Report and
Financial Statements

Year Ended December 31, 2019



Domestic and Sexual Violence Services

Year Ended December 31, 2019

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Independent Accountant's Review Report

Board of Directors
Domestic and Sexual Violence Services
Red Lodge, MT

We have reviewed the accompanying financial statements of Domestic and Sexual Violence Services, which comprise the statements of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Billings, MT
September 9, 2020

Domestic and Sexual Violence Services

Statements of Financial Position

<i>As of December 31,</i>	2019
Assets	
Current assets:	
Cash and equivalents	\$ 217,486
Accounts receivable	13
Grants receivable	82,415
Inventories	3,849
Total current assets	303,763
Property and equipment:	
Furniture and equipment	25,006
Accumulated depreciation	(25,006)
Property and equipment, net of depreciation	-
Other Assets:	
Unemployment savings reserve	17,573
Deposits	500
Beneficial interest in assets held by Montana Community Foundation	24,139
Total other assets	42,212
Total Assets	\$ 345,975
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 10,376
Accrued annual leave	15,058
Accrued payroll taxes	-
Accrued expenses	1,338
Deferred revenue	-
Total current liabilities	26,772
Net Assets:	
Without donor restrictions	295,064
With donor restrictions	24,139
Total net assets	319,203
Total Liabilities and Net Assets	\$ 345,975

See Independent Accountant's Review Report.
See accompanying notes to financial statements.

Domestic and Sexual Violence Services

Statement of Activities and Changes in Net Assets

Year Ended December 31,	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue and Support			
Grants			
Federal	\$ 374,436	\$ -	\$ 374,436
State	216,621	-	216,621
Contributions	136,759	-	136,759
Donated goods and services	12,049	-	12,049
Educator toolkit sales	16,768	-	16,768
Court surcharge	4,717	-	4,717
Total operating revenue and support	761,350	-	761,350
Expenses			
Program	473,956	-	473,956
Management and general	173,744	-	173,744
Fundraising	94,714	-	94,714
Total operating expenses	742,414	-	742,414
Other revenue and expenses			
Total other revenue	268	-	268
Change in FMV of investment held by community foundation	-	3,238	3,238
Interest income	1,794	-	1,794
Total other revenue and expenses	2,062	3,238	5,300
Change in net assets	20,998	3,238	24,236
Net assets, beginning of year	274,066	20,901	294,967
Net assets, end of year	\$ 295,064	\$ 24,139	\$ 319,203

See Independent Accountant's Review Report.
See accompanying notes to financial statements.

Domestic and Sexual Violence Services

Statement of Functional Expenses

Year ended December 31, 2019

	Program Services					Support Services			
	Direct Services	Transitional Housing	Education/Prevention	Therapy Services	Coordinated Community Response	Total Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 561	\$ 175	\$ 441	\$ 3	\$ 38	\$ 1,219	\$ 447	\$ 223	\$ 1,888
Technology	4,941	1,536	3,886	26	338	10,726	3,932	1,960	16,618
Bad debt expense	2,002	622	1,575	11	137	4,347	1,593	794	6,734
Contract services	3,133	974	2,464	17	214	6,803	2,494	1,243	10,539
Emergency assistance	48,594	66,492	-	-	-	115,086	-	-	115,086
Gifts in-kind contributions	1,552	482	1,220	8	106	3,369	1,235	615	5,219
Salaries and wages	107,973	33,566	84,913	570	7,380	234,402	85,927	42,824	363,153
Equipment rental	173	54	136	1	12	375	137	69	581
Fringe benefits	16,413	5,103	12,908	87	1,122	35,632	13,062	6,510	55,204
Payroll taxes	10,553	3,281	8,299	56	721	22,910	8,398	4,186	35,494
Fundraising	-	-	-	-	-	-	-	8,125	8,125
Insurance	1,039	323	817	5	71	2,256	827	412	3,495
Dues and publications	230	72	181	1	16	500	183	91	774
Miscellaneous	840	261	660	4	57	1,823	668	333	2,824
Occupancy	10,646	3,310	8,372	56	728	23,111	8,472	4,222	35,806
Supplies	10,952	3,405	8,613	58	749	23,777	8,716	4,344	36,837
Teacher educational materials	1,672	520	1,315	9	114	3,629	1,330	663	5,623
Printing	244	76	192	1	17	531	194	97	822
Therapy supplies	5	2	4	-	-	11	4	2	18
Telephone and utilities	2,955	919	2,324	16	202	6,416	2,352	1,172	9,940
Community partners/staff development	1,526	474	1,200	8	104	3,313	1,215	605	5,133
Travel	6,690	2,080	5,261	35	457	14,524	5,324	2,653	22,501
	\$ 232,695	\$ 123,725	\$ 144,783	\$ 972	\$ 12,583	\$ 514,758	\$ 146,513	\$ 81,143	\$ 742,414

See accompanying financial statement notes

See Independent Auditor's Report

Domestic and Sexual Violence Services

Statements of Cash Flows

<i>Years Ended December 31,</i>	2019
Cash Flows from Operating Activities	
Change in net assets	\$ 24,236
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in fair market value of investments	(3,238)
(Increase) decrease in:	
Accounts receivable	7,529
Grants receivable	(6,316)
Inventories	(3,849)
Unemployment savings reserve	(1,395)
Increase (decrease) in:	
Accounts payable	5,298
Accrued annual leave	744
Accrued payroll taxes	(8,810)
Accrued expenses	1,338
Deferred revenue	(15,614)
Net cash flows from operating activities	(77)
Net change in cash	(77)
Cash, beginning of year	217,563
Cash, end of year	\$ 217,486

See Independent Accountant's Review Report.
See accompanying notes to financial statements.

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 1: Organization

Domestic & Sexual Violence Services (the Organization) operates a not-for-profit program located in Red Lodge, Montana, providing services to survivors of domestic and sexual violence in Carbon, Stillwater, Sweet Grass, Park, and Meagher counties. The Organization also provides outreach and education throughout the state of Montana to raise awareness and prevention of domestic and sexual violence. The mission of the Organization is to serve individuals, families, and communities impacted by physical, sexual, and emotional abuse and to promote healthy, equitable and violence-free relationships.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets that are subject to a beneficial interest agreement to be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid instruments available for current use with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Purchased property and equipment is recorded at cost while contributed property and equipment is recorded at fair value. The Organization capitalizes all property and equipment in excess of \$2,000 and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities and change in net assets for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes.

The estimated useful lives for significant property and equipment categories are as follows:

Property and equipment: 5-10 years

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Accrued Annual Leave

Accrued annual leave represents the Organization's liability for the cost of unused employee annual leave in the event of employee terminations.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is classified as a public charity. The Organization is also exempt from state income taxes, except on net income derived from unrelated business activities. There were no unrelated business activities for the years ended December 31, 2019.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. The Organization is subject to examination of their federal income tax filings in the United States, generally for three years after they are filed.

Revenue Recognition

Support received under grants with the United States Government, Montana State Government, and private foundations are recorded as public support when earned. Grants receivable represent amounts due from grantors at year end.

- *Grant awards that are contributions* - Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Topic 958-605. Revenue is recognized in the account period when the related allowable expenses or asset acquisition costs are incurred.
- *Grant awards that are exchange transactions* - Exchange transactions typically reimburse based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. The revenue is recognized when control of the promised goods or services is transferred to the grantor in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended December 31, 2019 and 2018.

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Bad Debts

The Organization uses the direct write-off method to account for bad debts. Generally accepted accounting principles require the allowance method be used to recognize bad debts. However, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Advertising

Advertising costs are charged to operations when incurred. Advertising and promotion expense was \$1,888 for the year ended December 31, 2019.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash in Excess of FDIC Insured Limits

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2019, the Organization had no account balances that exceeded these insurance limitations individually or in the aggregate. Domestic and Sexual Violence Services has not experienced any losses in such accounts.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The Organization performed this functional analysis in 2019 by allocating employee time and expenses using a time study of timesheets.

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The entity has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated.

Note 3: Lease Commitments

On August 8, 2011, the Organization entered into a lease agreement with Hollis Hall and James Brien of Valley M Investments to lease office space in Red Lodge, Montana. In March of 2019, the Organization renewed the lease for four years which expires in February 2023. The Organization is required to pay rent of \$2,494 monthly and its utilities, repairs and maintenance. The Organization must maintain a general public liability insurance and personal property insurance as deemed necessary for their functions.

Rent expense for this lease totaled approximately \$35,806 for 2019.

Future minimum lease payments are as follows:

<i>December 31,</i>		
2020	\$	29,928
2021		29,928
2022		29,928
2023		4,988
Total	\$	94,772

Note 4: Economic Dependency

The Organization earned \$374,436 in the year ended 2019 in Federal grant funds administered by the Department of Health and Human Services and the Department of Justice. This represents 49% of total funding for the year presented. These funds are essential for the Organization to continue to meet its contractual obligations. A decrease could impair the Organization's operations.

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 5: Risk Management

The Organization faces a considerable number of risks of loss, including: a) employee torts; b) professional liability, (i.e. errors and omissions); c) workers' compensation, (i.e. employee injuries); d) medical insurance costs of employees and e) damage to and loss of property and contents. A variety of methods are used to provide insurance for these risks. A commercial policy with Payne West Insurance, transferring all risks of loss, except for relatively small deductible amounts, was purchased for property and content damage, employee torts and professional liabilities. The Organization uses the Montana State Funds Insurance for workers' compensation claims. The Organization does not carry coverage for environmental damages. The risk of potential loss is low and coverage is not cost beneficial.

Note 6: Contingency

The Organization participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. The grantor audits of these programs, if any, for or including the year ended December 31, 2019, have not yet been conducted. Accordingly, the Organization's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Note 7: Beneficial Interest in Assets Held by Others

In 2018, the Organization established an agency fund with the Montana Community Foundation (the Foundation). The funds transferred on the date of establishment and those thereafter were gifts of a permanent nature; however, the Organization retained a beneficial interest in the endowment funds. As such, the fair value of the beneficial interest, and changes therein, are to be reported on the statement of financial position and statement of activities, respectively. At the time of the transfer, the Organization granted variance power to the Foundation. The Foundation Board has full authority to vary the terms of the endowment as appropriate. The Organization receives annual agency distributions subject to the payout policy approved by the Foundation Board of Directors. As of December 31, 2019, the endowment fund had a value of \$24,139, which is reported in the statement of financial position as beneficial interest in assets held by the Foundation.

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 8: Fair Value Measurements

Information regarding assets at fair value on a recurring basis as of December 31, 2019, is as follows:

	Total Assets at Fair Value	Recurring Fair Value Measurements Using Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2019				
Beneficial interest in assets held by Montana Community Foundation	\$ 24,139	\$ -	\$ -	\$ 24,139
Total	\$ 24,139	\$ -	\$ -	\$ 24,139

The beneficial interest in assets held by the Montana Community Foundation has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The fair values of investments of the Foundation are determined by the management of the Foundation. The beneficial interest in assets held by the Foundation is not redeemable by the Organization as described in Note 7.

Financial instruments classified as Level 3 in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table represents a reconciliation of activities for Level 3 financial instruments:

Balance at December 31, 2018	\$ 20,901
Change in FMV of investment held by community foundation	3,238
Balance at December 31, 2019	<u>\$ 24,139</u>

Note 9: Unemployment Savings Reserve

In fiscal year 2016, the Organization opted to self-insure and began contributing to an unemployment savings program rather than participate in the state unemployment insurance program. The Organization makes quarterly payments and receives interest on the account balance. Any unemployment claims are paid out of this reserve account. The balances are \$17,573 for the years ended December 31, 2019, respectively.

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 10: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>Year Ended December 31,</i>	2019
Cash and cash equivalents	\$ 217,486
Unemployment savings reserve	17,573
Beneficial interest in assets held by Montana Community Foundation	24,139
Accounts receivable	13
Grants receivable	82,415
Total financial assets	341,626
Less:	
Restricted unemployment savings reserve	(17,573)
Restricted beneficial interest in assets held by Montana Community Foundation	(24,139)
Total assets unavailable	(41,712)
Total assets available	\$ 299,914

The endowment funds consist of donor-restricted endowments as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Organization's liquidity management plan, they invest cash in excess of daily requirement in short term investments, CDs, and money market funds.

Note 11: Retirement Plan

The Organization sponsors a simple IRA plan (the Plan) covering all employees with 60 days of service who agree to make contributions to the Plan. The Organization matches participants' contributions to the Plan up to 3% of the individual participant's compensation, if they are working at least 30 hours a week. The Organization matches participants' contributions to the Plan up to 2% of the individual participant's compensation, if they are working less than 30 hours a week. Total expense for the year ended December 31, 2019, was approximately \$10,087.

Domestic and Sexual Violence Services

Notes to Financial Statements

Note 12: Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2019, to determine the need for any adjustments to and/or disclosure within the financial statements for the year ended December 31, 2019. Management has performed this analysis through September 9, 2020, the date the financial statements were available to be issued. The following subsequent event occurred since December 31, 2019:

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Organization had not yet been significantly impacted, however, the Organization continues to monitor the situation. While the Organization's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.