

L.I. AGAINST DOMESTIC VIOLENCE INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017
TOGETHER WITH AUDITOR'S REPORT

L.I. AGAINST DOMESTIC VIOLENCE INC.
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
L.I. Against Domestic Violence Inc.:

Report on Financial Statements

We have audited the accompanying financial statements of L.I. Against Domestic Violence Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

NawrockiSmith

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L.I. Against Domestic Violence Inc. as of December 31, 2018 and 2017, and the changes in its net assets, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are 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 audits 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 taken as a whole.

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2018 the Organization adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The effect of ASU 2016-14 requires the Organization to apply the changes discussed in Note 3 to the financial statements retrospectively to all periods presented. 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 20, 2019, on our consideration of L.I. Against Domestic Violence Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended December 31, 2018. 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* and should be considered in assessing the results of our audit.

June 20, 2019
Melville, New York

Nawrocki Smith LLP

L.I. AGAINST DOMESTIC VIOLENCE INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 567,035	\$ 316,201
Accounts receivable	539,034	652,279
Prepaid expenses	-	676
	<hr/>	<hr/>
Total current assets	1,106,069	969,156
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net	82,440	105,940
	<hr/>	<hr/>
SECURITY DEPOSITS	31,409	31,409
	<hr/>	<hr/>
Total assets	<u>\$ 1,219,918</u>	<u>\$ 1,106,505</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 101,808	\$ 101,475
Deferred revenue	86,784	40,125
	<hr/>	<hr/>
Total liabilities	188,592	141,600
	<hr/>	<hr/>
NET ASSETS:		
Without donor restrictions	962,117	929,475
With donor restrictions	69,209	35,430
	<hr/>	<hr/>
Total net assets	1,031,326	964,905
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,219,918</u>	<u>\$ 1,106,505</u>

The accompanying notes to financial statements
are an integral part of these statements.

L.I. AGAINST DOMESTIC VIOLENCE INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Government contracts	\$ 1,245,616	\$ -	\$ 1,245,616	\$ 1,174,289	\$ -	\$ 1,174,289
Fees for service	549,766	-	549,766	600,068	-	600,068
Public support and fundraising	247,706	49,500	297,206	162,756	41,000	203,756
Other income	2,487	-	2,487	1,586	-	1,586
Total revenues	2,045,575	49,500	2,095,075	1,938,699	41,000	1,979,699
EXPENSES:						
Program services	1,824,778	-	1,824,778	1,826,644	-	1,826,644
Supporting services:						
Administration	146,811	-	146,811	148,550	-	148,550
Fundraising	57,065	-	57,065	67,950	-	67,950
Total expenses	2,028,654	-	2,028,654	2,043,144	-	2,043,144
Excess (deficiency) of revenues over (under) expenses	16,921	49,500	66,421	(104,445)	41,000	(63,445)
NET ASSETS RELEASED FROM RESTRICTIONS	15,721	(15,721)	-	34,902	(34,902)	-
Change in net assets	32,642	33,779	66,421	(69,543)	6,098	(63,445)
NET ASSETS, BEGINNING OF YEAR	929,475	35,430	964,905	999,018	29,332	1,028,350
NET ASSETS, END OF YEAR	\$ 962,117	\$ 69,209	\$ 1,031,326	\$ 929,475	\$ 35,430	\$ 964,905

The accompanying notes to financial statements
are an integral part of these statements.

L.I. AGAINST DOMESTIC VIOLENCE INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Administration	Fundraising			Administration	Fundraising	
Salaries	\$ 1,094,142	\$ 85,100	\$ 36,471	\$ 1,215,713	\$ 1,116,544	\$ 86,842	\$ 37,218	\$ 1,240,604
Payroll taxes and fringe benefits	272,498	21,194	9,084	302,776	259,337	20,171	8,644	288,152
Rent	164,015	18,225	-	182,240	163,160	18,128	-	181,288
Utilities	50,015	5,557	-	55,572	45,609	5,068	-	50,677
Consultants	48,271	5,364	-	53,635	52,948	5,883	-	58,831
Bad debt	30,290	2,355	1,010	33,655	31,672	2,488	1,068	35,228
Insurance	33,550	-	-	33,550	34,119	-	-	34,119
Office supplies	29,638	2,305	988	32,931	24,154	1,879	805	26,838
Depreciation	23,500	-	-	23,500	22,516	-	-	22,516
Telephone	14,316	1,113	478	15,907	15,110	1,175	504	16,789
Travel	14,010	1,557	-	15,567	8,922	991	-	9,913
Cleaning and maintenance	11,735	1,305	-	13,040	11,265	1,252	-	12,517
Professional fees	11,700	1,300	-	13,000	11,250	1,250	-	12,500
Special events	-	-	8,853	8,853	-	-	19,350	19,350
Office equipment maintenance and rental	6,795	755	-	7,550	6,650	2,449	-	9,099
Food	5,570	-	-	5,570	5,925	-	-	5,925
Fees and charges	4,097	-	-	4,097	10,819	518	223	11,560
Advertising	2,991	233	99	3,323	1,769	138	58	1,965
Shelter transportation	2,461	191	82	2,734	2,417	188	80	2,685
Client services	2,314	257	-	2,571	1,166	130	-	1,296
Employee training	2,479	-	-	2,479	793	-	-	793
Program supplies	391	-	-	391	499	-	-	499
	<u>\$ 1,824,778</u>	<u>\$ 146,811</u>	<u>\$ 57,065</u>	<u>\$ 2,028,654</u>	<u>\$ 1,826,644</u>	<u>\$ 148,550</u>	<u>\$ 67,950</u>	<u>\$ 2,043,144</u>

The accompanying notes to financial statements
are an integral part of these statements.

L.I. AGAINST DOMESTIC VIOLENCE INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 66,421	\$ (63,445)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	23,500	22,516
(Increase) decrease in accounts receivable, net	113,245	(93,747)
Decrease in prepaid expenses	676	-
Increase in accounts payable and accrued expenses	333	3,406
Increase in deferred revenue	46,659	26,992
	<u>250,834</u>	<u>(104,278)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>-</u>	<u>(7,698)</u>
Net cash used by investing activities	<u>-</u>	<u>(7,698)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	250,834	(111,976)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>316,201</u>	<u>428,177</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 567,035</u>	<u>\$ 316,201</u>

The accompanying notes to financial statements
are an integral part of these statements.

L.I. AGAINST DOMESTIC VIOLENCE INC.
NOTES TO FINANCIAL STATEMENTS

(1) Organization and operation

L.I. Against Domestic Violence Inc. (the "Organization") is a not-for-profit corporation which was formed and incorporated in 1976 in accordance with the laws of the State of New York. The Organization's mission is to assist and empower victims of domestic violence through the provision of a wide range of services and to work towards the prevention of domestic violence. As a not-for-profit organization, the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. A similar exemption is provided under New York State income tax law.

(2) Summary of significant accounting policies

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization's programs, administration and fundraising for the years ended December 31, 2018 and 2017. The following is a summary of significant accounting policies followed by the Organization:

Financial statement presentation -

The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles which require that the Organization's financial statements distinguish between those with and without donor restricted net assets and changes in net assets. The Organization's net assets consist of the following:

Without donor restrictions - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

With donor restrictions - net assets of the Organization which have been limited by donor-imposed stipulations or by law that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended December 31, 2018 and 2017.

Cash and cash equivalents -

All highly liquid instruments purchased with an original maturity of three months or less are considered to be cash equivalents, principally money market funds.

Liquidity considerations -

Quantitative

As of December 31, 2018 and 2017, the Organization has \$1,106,069 and \$969,156, respectively, of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statements of Financial Position date, which consists of the current assets as reported on the Statements of Financial Position.

Qualitative

As of December 31, 2018, the Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$330,000.

As more fully described in Note 5, the Organization also has a committed line of credit in the amount of \$150,000, which it could draw upon in the event of an unanticipated liquidity need.

Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally periods of three to twenty-five years).

Conditional asset retirement obligations -

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification on asset retirement and environmental obligations requires the Organization to recognize a liability for the fair value of its legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of December 31, 2018 and 2017, the Organization has met the provisions of and is in compliance with these requirements.

Revenue and expense recognition -

Contributions are generally recognized when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Revenues under contracts for service are generally recognized as earned and expenses are recognized when incurred. Deferred revenue arises from payments received under contracts for service in advance of revenue recognition.

Donated services -

A number of volunteers have donated significant amounts of their time in the Organization's program services, administration and fundraising. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying financial statements.

Functional expenses -

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: salaries, payroll taxes and fringe benefits which are allocated on the basis of estimates of time and effort. All other expenses are allocated on a systematic and rational basis.

Income taxes -

The Organization qualifies as a tax exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

Uncertainty in income taxes -

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2015 and subsequent remain subject to examination by the applicable taxing authorities.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Actual results may differ from those estimates.

(3) New accounting standards

For the fiscal year ended December 31, 2018, the Organization implemented FASB ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The Organization has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

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

(4) Property and equipment

Property and equipment as of December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 25,400	\$ 25,400
Building and building improvements	396,957	396,957
Furniture and fixtures	51,392	51,392
Office equipment	131,983	131,983
Autos	<u>45,706</u>	<u>45,706</u>
	651,438	651,438
Less: accumulated depreciation	<u>(568,998)</u>	<u>(545,498)</u>
	<u>\$ 82,440</u>	<u>\$ 105,940</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$23,500 and \$22,516, respectively.

(5) **Line of credit**

The Organization has a line of credit with a bank through July 31, 2019 which provides for a maximum borrowing of \$150,000. Borrowings under this line bear interest at the bank's prime rate (4.5% at December 31, 2018) plus 1.0%, but a minimum floor rate of 5.0%. The line of credit is secured by all the Organization's assets, and was fully available as of December 31, 2018.

(6) **Net assets with donor restrictions**

Net assets with donor restrictions are available for or relate to the following purposes:

	<u>2018</u>	<u>2017</u>
Client services	\$ 30,391	\$ 8,930
Vocational advocacy project	21,838	10,312
Counseling	8,500	7,500
Youth education	5,000	5,000
Victims of trafficking	3,294	3,294
Client medical petty cash	186	394
	<u>\$ 69,209</u>	<u>\$ 35,430</u>

(7) **Employee benefit plan**

The Organization has a 403(b) tax deferred annuity plan (the "Plan") for all eligible employees. The Plan states that the employer will contribute 2.5% of the salary for union employees and 4% of the salary for nonunion employees. The amount contributed to this Plan was \$30,085 and \$24,993 for the years ended December 31, 2018 and 2017, respectively.

(8) **Commitments and contingencies**

Leases -

In March 2012, the Organization entered into an office lease which expires in August 2020. The Organization also has various noncancellable operating leases for equipment which expire on various dates through March 2023. Rent expense related to these leases was \$182,240 and \$181,288 for the years ended December 31, 2018 and 2017, respectively.

Future minimum payments under these operating leases are as follows:

<u>Year ending December 31,</u>	<u>2018</u>
2019	\$ 188,298
2020	51,074
2021	3,960
2022	3,960
2023	660
	<u>\$ 247,952</u>

Government contracts -

The Organization receives a substantial portion of its funding from contracts and grants which are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. In addition, numerous contracts are funded on a cost reimbursement basis. Delays in receiving related funding may result in increased borrowings and related interest costs on the part of the Organization.

(9) Subsequent events

The Organization evaluated subsequent events through June 20, 2019, which is the date these financial statements were available to be issued, noting no matters requiring further consideration.

L.I. AGAINST DOMESTIC VIOLENCE INC.
SUPPLEMENTARY SCHEDULES OF REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
GOVERNMENT CONTRACTS:		
Suffolk County Program to Aid Victims of Domestic Violence	\$ 533,098	\$ 544,707
Suffolk County Police Department - DOVE	189,782	163,568
New York State Domestic Violence Program	147,892	122,500
United States Department of Justice Disability Grant	87,421	90,529
New York State Miscellaneous Grants	78,469	35,620
Suffolk County Vocational Advocacy Project	72,460	72,055
Suffolk County Police Department - STOP	65,031	66,094
Suffolk County Domestic Violence Liaison Services	43,913	43,754
Suffolk County Department of Probation Formula Grant	27,550	31,196
New York State Justice Assistance Grant	-	4,266
	<u>1,245,616</u>	<u>1,174,289</u>
FEES FOR SERVICE:		
Residential Services for Victims of Domestic Violence- Per Diem Reimbursements	<u>549,766</u>	<u>600,068</u>
PUBLIC SUPPORT AND FUNDRAISING:		
Fundraising	138,098	79,197
Donations	88,617	39,949
Grants	60,711	84,610
United Way	9,780	-
	<u>297,206</u>	<u>203,756</u>
OTHER INCOME:		
Interest income	<u>2,487</u>	<u>1,586</u>
	<u>\$ 2,095,075</u>	<u>\$ 1,979,699</u>

The accompanying notes to financial statements
should be read in conjunction with these schedules.



NawrockiSmith

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
L.I. Against Domestic Violence 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 L.I. Against Domestic Violence Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018, 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 financial statements, and have issued our report thereon dated June 20, 2019.

Internal Control Over Financial Reporting

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

NawrockiSmith

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melville, New York
June 20, 2019

Nawrocki Smith LLP