

**COMMUNITY AGAINST VIOLENCE, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2019 and 2018**



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COMMUNITY AGAINST VIOLENCE, INC.

**BOARD OF DIRECTORS AND PRINCIPAL EMPLOYEES**

June 30, 2019

**Board of Directors**

James Andrew Hatfield	Chair
Molly McMullin	Vice-Chair
Andrew Dennison	Secretary
Leticia Pacheco	Treasurer
Adriana Blake	Past-Chair
Liana Bayles	Director
Francisco Espinoza	Director

**Principal Employees**

Malinda Williams	Executive Director
Anita Medina	Chief Finance Officer



## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management  
Community Against Violence, Inc.  
Taos, New Mexico

I have audited the accompanying financial statements of Community Against Violence, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Against Violence, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 6, 2019, on my consideration of Community Against Violence, Inc.'s internal control over financial reporting and on my tests of its 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Community Against Violence, Inc.'s internal control over financial reporting and compliance.

*James L. Hartogensis, CPA LLC*

Albuquerque, New Mexico  
November 9, 2019

**COMMUNITY AGAINST VIOLENCE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 440,345	\$ 355,380
Grants receivable	343,879	252,989
Other receivables	103	1,458
Inventory	57,126	49,754
Prepaid expenses	18,886	7,726
Investments (undesignated)	382,623	865,359
Investments (designated for future capital expenditures)	1,085,982	566,856
<b>Total current assets</b>	<u><b>2,328,944</b></u>	<u><b>2,099,522</b></u>
Noncurrent Assets		
Land, property and equipment		
Land	432,627	432,627
Furniture and Equipment		
Office equipment	53,306	57,097
Shelter furnishings	41,604	41,148
Program equipment	16,853	13,786
Building	429,667	429,667
Annex building lease improvements	55,352	55,352
Vehicles	53,469	-
Total land, property and equipment	<u>1,082,878</u>	<u>1,029,677</u>
Accumulated depreciation	<u>(273,631)</u>	<u>(250,093)</u>
Net land, property and equipment	<u>809,247</u>	<u>779,584</u>
Beneficial interest in assets held by community foundation	<u>5,061</u>	<u>-</u>
<b>Total noncurrent assets</b>	<u><b>814,308</b></u>	<u><b>779,584</b></u>
<b>Total assets</b>	<u><b>\$ 3,143,252</b></u>	<u><b>\$ 2,879,106</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 5,288	\$ 7,847
Accrued payroll and related taxes and leave	117,698	95,541
Deferred revenue	19,033	14,578
<b>Total liabilities</b>	<u><b>142,019</b></u>	<u><b>117,966</b></u>
Net Assets		
Without donor restrictions		
Undesignated	1,910,190	2,194,284
Designated for future capital expenditures	1,091,043	566,856
With donor restrictions	-	-
Total net assets	<u><b>3,001,233</b></u>	<u><b>2,761,140</b></u>
<b>Total liabilities and net assets</b>	<u><b>\$ 3,143,252</b></u>	<u><b>\$ 2,879,106</b></u>

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

**COMMUNITY AGAINST VIOLENCE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restrictions		
Unrestricted Revenue and Other Support		
Donations and fundraising activities	\$ 187,764	\$ 251,950
Grants and contracts	2,335,518	1,982,549
Interest, dividends and investment income	73,211	34,285
In-kind contributions	163,068	126,554
Other revenue	8,671	501
Loss on disposal of assets	(1,349)	(3,688)
Thrift store sales, net of direct expenses of \$321,382 in 2019 and \$250,345 in 2018	112,168	177,287
Change in year-end inventory	7,372	9,382
<b>Total unrestricted revenue and other support</b>	<u>2,886,423</u>	<u>2,578,820</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>
<b>Total unrestricted revenue and other support             after net assets released from restrictions</b>	<u>2,886,423</u>	<u>2,578,820</u>
Expenses		
Program expenses	2,031,279	1,745,391
General and administrative expenses	500,870	354,993
Fundraising expenses	114,181	116,099
<b>Total expenses</b>	<u>2,646,330</u>	<u>2,216,483</u>
<b>Increase in net assets</b>	240,093	362,337
Net assets, beginning of the year	<u>2,761,140</u>	<u>2,398,803</u>
<b>Net assets, end of the year</b>	<u><u>\$ 3,001,233</u></u>	<u><u>\$ 2,761,140</u></u>

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

**COMMUNITY AGAINST VIOLENCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2019**

	Program Services	General and Administrative	Fundraising	Total Expenses
Compensation and related expenses				
Compensation	\$ 1,072,811	\$ 277,216	\$ 82,652	\$ 1,432,679
Payroll taxes	80,577	22,715	6,413	109,705
Employee benefits	179,549	72,922	-	252,471
<b>Total compensation and             related expenses</b>	<u>1,332,937</u>	<u>372,853</u>	<u>89,065</u>	<u>1,794,855</u>
Other expenses				
Advertising	32,545	157	3,920	36,622
Auditing services	-	11,327	-	11,327
Bad debts	-	-	-	-
Bank charges	-	(12)	1,399	1,387
Client expense	133,457	-	-	133,457
Depreciation	24,377	1,188	-	25,565
Dues and subscriptions	16,500	5,470	1,959	23,929
Fundraising	-	-	9,385	9,385
Furniture - small	33,515	3,678	-	37,193
Gift certificates	-	-	-	-
Insurance	17,458	35,817	-	53,275
Interest	-	62	-	62
Maintenance	20,398	22,666	482	43,546
Other	2,842	4,590	-	7,432
Postage	-	2,476	1,775	4,251
Property taxes	-	907	-	907
Rent	-	-	-	-
Rent, in-kind	132,127	11,489	-	143,616
Shelter	41,158	-	-	41,158
Staff training	32,078	867	-	32,945
Subcontractors	75,890	7,462	5,886	89,238
Supplies	15,475	5,829	51	21,355
Telephone	11,218	2,250	259	13,727
Travel	81,232	1,301	-	82,533
Utilities	20,731	3,152	-	23,883
In-kind expenses	7,341	7,341	-	14,682
<b>Total other expenses</b>	<u>698,342</u>	<u>128,017</u>	<u>25,116</u>	<u>851,475</u>
<b>Total expenses</b>	<u><u>\$ 2,031,279</u></u>	<u><u>\$ 500,870</u></u>	<u><u>\$ 114,181</u></u>	<u><u>\$ 2,646,330</u></u>

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



**COMMUNITY AGAINST VIOLENCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2018**

	Program Services	General and Administrative	Fundraising	Total Expenses
Compensation and related expenses				
Compensation	\$ 910,979	\$ 201,579	\$ 67,878	\$ 1,180,436
Payroll taxes	70,985	16,405	5,324	92,714
Employee benefits	158,390	44,103	9,639	212,132
<b>Total compensation and related expenses</b>	<b>1,140,354</b>	<b>262,087</b>	<b>82,841</b>	<b>1,485,282</b>
Other expenses				
Advertising	28,730	883	5,755	35,368
Auditing services	-	13,438	-	13,438
Bank charges	-	-	2,856	2,856
Client expense	106,357	-	-	106,357
Depreciation	15,962	1,547	-	17,509
Dues and subscriptions	6,961	127	-	7,088
Fundraising	-	-	14,137	14,137
Furniture - small	19,132	3,588	-	22,720
Gift certificates	27,306	-	-	27,306
Insurance	19,628	26,695	1,432	47,755
Interest	-	-	49	49
Maintenance	25,963	6,201	248	32,412
Postage	1,315	1,315	876	3,506
Property taxes	-	881	-	881
Rent, in-kind	103,401	11,489	-	114,890
Shelter	37,963	-	-	37,963
Staff training	25,975	256	-	26,231
Subcontractors	100,809	9,549	6,505	116,863
Supplies	18,627	5,353	20	24,000
Telephone	12,748	1,670	668	15,086
Travel	32,955	787	-	33,742
Utilities	19,299	2,743	-	22,042
In-kind expenses	1,906	6,384	712	9,002
<b>Total other expenses</b>	<b>605,037</b>	<b>92,906</b>	<b>33,258</b>	<b>731,201</b>
<b>Total expenses</b>	<b>\$ 1,745,391</b>	<b>\$ 354,993</b>	<b>\$ 116,099</b>	<b>\$ 2,216,483</b>

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

**COMMUNITY AGAINST VIOLENCE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 240,093	\$ 362,337
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	39,300	31,243
Loss on asset disposal	1,349	3,687
Realized and unrealized gain on investments	66,249	(29,292)
Changes in assets and liabilities:		
Grants receivable	(90,890)	31,452
Other receivables	1,355	(1,348)
Inventory	(7,372)	(9,382)
Prepaid expenses	(11,160)	10,368
Accounts payable	(2,559)	6,543
Accrued payroll and related taxes and leave	22,157	10,303
Deferred revenue	4,455	5,920
<b>Net cash provided by operating activities</b>	<u>262,977</u>	<u>421,831</u>
Cash Flows From Investing Activities		
Purchases of investments and transfers	(158,077)	(381,272)
Proceeds from sale of investments	55,438	50,647
Transfers to community foundation	(5,061)	-
Purchase of capital assets	(70,312)	(29,496)
<b>Net cash used by investing activities</b>	<u>(178,012)</u>	<u>(360,121)</u>
<b>Net change in cash and cash equivalents</b>	<b>84,965</b>	<b>61,710</b>
Cash and cash equivalents, beginning of year	<u>355,380</u>	<u>293,670</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 440,345</u></u>	<u><u>\$ 355,380</u></u>
Supplemental cash flow data		
Interest paid	<u><u>\$ 62</u></u>	<u><u>\$ -</u></u>

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

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Community Against Violence, Inc. (CAV) is a not-for-profit organization incorporated in New Mexico in September, 1980. CAV provides refuge and support services for victims and their children who are in a state of crisis as a result of sexual, domestic, physical or emotional abuse; develops and maintains other services to meet related needs of victims; and prevents sexual and domestic violence. CAV is located in Taos, New Mexico.

This summary of significant accounting policies of CAV is presented to assist in the understanding of CAV's financial statements. The financial statements and notes are the representations of CAV's management who is responsible for their integrity and objectivity.

The Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (ASC or the Codification) as the source of authoritative accounting principles recognized by the FASB to be used by nongovernmental entities when preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. The Codification essentially reduces the GAAP hierarchy to two levels: authoritative and non-authoritative, with the Codification being authoritative GAAP.

*Basis of Accounting.* The financial statements of CAV have been prepared on the accrual basis of accounting.

*Basis of Presentation.* CAV's financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 958-205, CAV is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions, and net assets with donor restrictions.

*Cash and Cash Equivalents.* For the purposes of the statement of cash flows, all highly liquid investments with an initial maturity of 90 days or less are considered to be cash equivalents.

*Investments.* Investments include certificates of deposits and money market accounts, which are recorded at cost. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheet. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends), is included in unrestricted revenue and other support.

*Grants Receivable.* Management considers grants receivable to be fully collectible. Accordingly, no allowance has been provided for uncollectible accounts.

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2019 and 2018**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*Property and Equipment.* Acquisitions of property and equipment of \$750 or more are recorded at cost if purchased and at fair market value if donated. Expenditures for minor replacements, repairs and maintenance are charged to expense as incurred. Depreciation is calculated on a straight line basis over the following estimated useful lives:

Office equipment	3 – 5 years
Program equipment	5 years
Shelter furnishings	5 years
Building	30 years
Annex building lease improvements	5 years

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support and are excluded from excess of revenues, gains and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

Depreciation expense for the years ended June 30, 2019 and 2018 was \$39,300 and \$31,243, respectively.

*Inventory.* CAV receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail thrift store. ASC 958-605, *Revenue Recognition*, requires that contributions received be recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Contributions are measured at their fair value. In addition, CAV purchases some items for resale that are carried at cost.

Management of CAV believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. It is only through the value-added processes that prepare the donated inventory for sale that gives the inventory value. Accordingly, contributed goods and materials are valued at zero prior to being offered for sale. CAV considers the costs associated with bringing the inventory to sale (donation collection, transportation, sorting and pricing) in its estimate of the fair value of inventory. The difference between beginning-of-the-year and end-of-year inventory valuation is shown on the statement of activities as “Change in year-end inventory”.

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2019 and 2018**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*Grant revenue.* Grant revenue is recognized according to the nature of the grant:

*Grants based on direct reimbursement for eligible expenditures incurred under the grant scope of work* – revenue is recognized when the eligible expense is incurred.

*Grants in which funds are disbursed to CAV prior to service being rendered* – revenue is recognized when the funds are received. Unexpended funds at year-end are classified as either deferred revenue or net assets with donor restrictions.

*Grants which are fee-for-services* – revenue is recognized when eligible services are provided.

*Donated goods and services.* Donated materials, equipment and services are recorded as in-kind contributions at their estimated fair market value when received.

*Donor-restricted gifts.* Unconditional promises to give cash or other assets are recorded at fair market value when the promise is received. Conditional promises to give and indications of intentions to give are recorded at fair value when the gift is received. Gifts received with donor stipulations that limit the use of the donated asset are recorded as net assets with donor restrictions. When the time or purpose restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions, and reported in the statement of activities as “Net assets released from restrictions”. If the restrictions are met within the same fiscal year, CAV reports the contribution as without donor restrictions in the accompanying financial statements. There are no outstanding promises to give at June 30, 2019 or 2018.

*Income Taxes.* CAV is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code on all income except for unrelated business income. In addition, CAV has been classified as other than a private foundation. CAV evaluates uncertain tax positions in accordance with ASC 450, *Accounting for Contingencies*, whereby the effect of the uncertainties in tax positions would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2019, CAV had no uncertain tax positions. CAV's open audit periods are 2016 to 2018.

*Advertising costs.* Advertising costs are expensed as incurred.

*Functional Expense Allocation.* The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of operations and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2019 and 2018**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

*Risk Management.* CAV is exposed to various risks of loss from torts; theft of damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. CAV has obtained commercial insurance coverage to protect itself against such losses.

*Thrift Store Direct Costs.* Thrift Store direct costs include salaries, taxes and benefits, occupancy costs and depreciation, and all other expenses necessary to operate the store.

**NOTE 2 – INVESTMENTS**

The costs and carrying values of investments as of June 30, 2019 are as follows:

	Cost	Fair Value Adjustment	Carrying Value
Without donor restrictions (designated)			
Money market funds	\$ 639,191	\$ -	\$ 639,191
Marketable securities	320,123	126,668	446,791
<b>Total designated</b>	959,314	126,668	1,085,982
Without donor restrictions (undesignated)			
Money market funds	382,623	-	382,623
<b>Total investments</b>	<u>\$ 1,341,937</u>	<u>\$ 126,668</u>	<u>\$ 1,468,605</u>

The costs and carrying values of investments as of June 30, 2018 are as follows:

	Cost	Fair Value Adjustment	Carrying Value
Without donor restrictions (designated)			
Money market funds	\$ 189,636	\$ -	\$ 189,636
Marketable securities	314,996	62,224	377,220
<b>Total designated</b>	504,632	62,224	566,856
Without donor restrictions (undesignated)			
Money market funds	865,359	-	865,359
<b>Total investments</b>	<u>\$ 1,369,991</u>	<u>\$ 62,224</u>	<u>\$ 1,432,215</u>

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2019 and 2018**

**NOTE 2 – INVESTMENTS - CONTINUED**

For the years ending June 30, 2019 and 2018, unrealized gains (losses) on investments were \$61,926 and \$5,813, respectively.

**NOTE 3 – FAIR VALUE OF ASSETS AND LIABILITIES**

CAV has adopted ASC 820-10, *Fair Value Measurements*. ASC 820-10 defines fair value, establishes a framework for measuring fair value, and requires certain disclosures relating to fair value measurements.

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820-10 describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2019 or 2018.

Marketable securities – valued at quoted prices on active markets

Money market funds - valued at quoted prices on active markets

Mutual funds - valued at quoted prices on active markets

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2019 and 2018**

**NOTE 3 – FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED**

The following table presents the fair value measurements of assets and liabilities reported in the accompanying statements of financial position, measured at fair value on a recurring basis and the level within the ASC 820-10 fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments - June 30, 2019	\$ 1,468,605	\$ -	\$ -
Investments - June 30, 2018	\$ 1,432,215	\$ -	\$ -

**NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

CAV opened a board-designated endowment fund in 2019 with Taos Community Foundation to be used for various charitable, scientific or educational purposes of CAV.

**NOTE 5 – DONATED ASSETS AND SERVICES**

Generally accepted accounting principles require that the fair value of professional service hours (attorney, accountants, etc.) be recorded in the financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of time to CAV's programs. The value of these services is not recorded in the accompanying financial statements.

**NOTE 6 – CONCENTRATIONS OF CREDIT, MARKET AND BUSINESS RISK**

*Geographical concentration.* CAV's operations are limited to Taos County, New Mexico, except for the Children's Advocacy Center program, which covers 7 counties in north central New Mexico.

*Grants receivable and revenue concentration.* Nearly all of CAV's revenues are from grants and contracts. CAV depends on these funding sources continuing to provide resources in future years.

*Credit and market risk concentration.* Financial instruments that potentially expose CAV to concentrations of credit and market risk consist primarily of cash and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. From time to time, CAV maintains uninsured cash balances in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation. CAV has not experienced any losses on its cash equivalents. CAV's investments do not represent significant concentrations of market risk since CAV's investment portfolio is adequately diversified among issuers.



**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2019 and 2018**

**NOTE 7 – LEASE OBLIGATIONS**

*Administration and program building.* The Town of Taos donates space for CAV's administration and programs. CAV recognizes an in-kind contribution for the estimated fair market rental value. The contribution is calculated based on market rental values of similar buildings in the Taos, New Mexico area.

Total rent expense reported for the year ended June 30, 2019 is \$144,264, which includes an in-kind donation of \$143,616 from the Town of Taos. Total rent expense reported for the year ended June 30, 2018 was \$114,890, which included an in-kind donation of \$114,890 from the Town of Taos.

**NOTE 8 – RETIREMENT PLAN**

CAV provides a retirement plan for its employees under Internal Revenue Code Section 403(b). Under the plan, CAV matches employee contributions up to \$300 per month for contributing employees. Retirement plan expense for the years ended June 30, 2019 and 2018 was \$40,527 and \$36,998, respectively.

**NOTE 9 – GRANT CONTINGENCIES**

CAV receives federal grants passed through state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of CAV's management, such disallowances, if any, will not be significant.

**NOTE 10 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 440,345	\$ 355,380
Grants receivable	343,879	252,989
Other receivables	103	1,458
Inventory	47,006	49,754
Investments (undesignated)	382,623	865,359
	<u>\$1,213,956</u>	<u>\$ 1,524,940</u>

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2019 and 2018**

**NOTE 11 – FUNCTIONALIZED EXPENSES**

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. The expenses that are allocated include occupancy, insurance, salaries and related benefits, depreciation and supplies. Occupancy is allocated based on square footage. Auto insurance is allocated based on the usage of the vehicle. Supplies are allocated based on who and what is ordered, supplies that are used by the entire organization are allocated at a % of usage (per employee). Salaries, wages, benefits and payroll taxes are allocated based on the time spent on each program, function, and activity. Furniture & equipment depreciation are allocated directly to the program, function and activity using the equipment. Building depreciation is allocated based on square footage.

**NOTE 12 – NEW ACCOUNTING PRONOUNCEMENT**

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. ASU 2016-14 is effective for fiscal years beginning on or after December 15, 2017. Community Against Violence has implemented the standard for all periods presented in these financial statements.

**NOTE 13 - PREPARATION OF FINANCIAL STATEMENTS**

These financial statements were prepared by James L. Hartogensis, CPA LLC from the books and records of CAV. However, the contents of these financial statements remain the responsibility of CAV's management.

**NOTE 14 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. CAV recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including estimates inherent in the process of preparing the financial statements. CAV's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the balance sheet date.

CAV has evaluated subsequent events through November 6, 2019, the date the financial statements were available to be issued. On August 29, 2019, CAV purchased a building to house the Thrift Store in Taos, New Mexico, at a cost of \$810,000. CAV took out a mortgage on the building in the amount of \$648,000. There are no other subsequent events that require disclosure.

## **SUPPLEMENTARY INFORMATION**

**COMMUNITY AGAINST VIOLENCE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2019**

<u>Federal Agency and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
<b>Direct:</b>			
<b>U.S. Department of Homeland Security</b>			
Emergency Food and Shelter Program	97.024	LRO 610800-005	\$ 3,000
<b>U.S. Department of Housing and Urban Development</b>			
Continuum of Care Homeless Assistance	14.267	NM0038L6B011707	139,702
<b>U.S. Department of Justice</b>			
Transitional Housing Grant Assistance	16.736	2017-WH-AX-0065	73,491
<b>Total direct programs</b>			<u>216,193</u>
<b>Pass-through:</b>			
<b>U.S. Department of Housing and Urban Development</b>			
<b>Passed through the New Mexico</b>			
<b>Mortgage Finance Authority:</b>			
Emergency Homeless Assistance Program	14.231	18-02-CAV-EHA-001	31,531
<b>U.S. Department of Health and Human Services</b>			
<b>Passed through the New Mexico</b>			
<b>Children, Youth and Families Department</b>			
Family Violence Prevention and Services	93.671	G-1601NMFVPSD	61,404
<b>U.S. Department of Agriculture</b>			
<b>Passed through the New Mexico</b>			
<b>Children, Youth and Families Department</b>			
Child and Adult Care Food Program	10.558	176NM332N1099	3,454
Child and Adult Care Food Program	10.558	201919N109946	14,197
<b>U.S. Department of Justice</b>			
<b>Passed through the New Mexico</b>			
<b>Children's Alliance</b>			
Quality Improvement and Accreditation	16.758	AIN 4-TAOS-NM-SA18	4,920
<b>Passed through the New Mexico Crime</b>			
<b>Victim's Reparation Commission</b>			
Sexual Assault Services Program	16.017	2017-KF-AX-0020	32,468
VOCA Victim Assistance	16.575 *	2019-VA-718	475,410
STOP Violence Against Women	16.826	2017-WF-AX-0019	34,972
<b>Total pass-through programs</b>			<u>658,356</u>
<b>Total expenditures of federal awards</b>			<u>\$ 874,549</u>

\* - Denotes major program

**COMMUNITY AGAINST VIOLENCE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2019**

1. This Schedule of Expenditures of Federal Awards includes the federal grant activity for Community Against Violence, Inc. and is presented on the accrual basis of accounting. The information included in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
2. No non-cash federal assistance was received during the year ended June 30, 2019.
3. The Organization did not have any sub-recipients during the year ended June 30, 2019.

## **SUPPLEMENTAL INFORMATION**



**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**

Board of Directors and Management  
Community Against Violence, Inc.  
Taos, New Mexico

I 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 Community Against Violence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 6, 2019.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Community Against Violence, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Against Violence, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Community Against Violence, Inc.'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Community Against Violence, Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

*James L. Hartogensis, CPA LLC*

Albuquerque, New Mexico  
November 6, 2019





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

Board of Directors and Management  
Community Against Violence, Inc.  
Albuquerque, New Mexico

**Report on Compliance for Each Major Federal Program**

I have audited Community Against Violence, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Against Violence, Inc.'s major federal programs for the year ended June 30, 2019. Community Against Violence, Inc.'s major federal programs are 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***

My responsibility is to express an opinion on compliance for each of Community Against Violence, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Community Against Violence Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Community Against Violence Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In my opinion, Community Against Violence, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of Community Against Violence, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Community Against Violence, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each 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, I do not express an opinion on the effectiveness of Community Against Violence, Inc.'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 a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

*James L. Hartogensis, CPA LLC*

Albuquerque, New Mexico  
November 6, 2019

**COMMUNITY AGAINST VIOLENCE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2019

**A. SUMMARY OF AUDITOR RESULTS**

*FINANCIAL STATEMENTS*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

*FEDERAL AWARDS*

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.575	VOCA Crime Victim Assistance

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

Auditee qualified as a low-risk auditee? \_\_\_ Yes X No

**B. CURRENT YEAR FINDINGS**

None.

**C. PRIOR YEAR FINDINGS**

None.