

CENTER FOR NONVIOLENCE, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Nonviolence, Inc.
Fort Wayne, Indiana

We have audited the accompanying financial statements of Center for Nonviolence, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

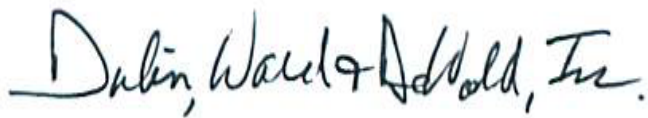
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Nonviolence, Inc. as of December 31, 2018 and 2017, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of governmental funds received is presented for purposes of additional analysis and is not a required part of the financial statements of Center for Nonviolence, Inc. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Fort Wayne, Indiana

July 9, 2019

CENTER FOR NONVIOLENCE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017 (As Restated)
ASSETS		
Cash	\$ 21,163	\$ 30,629
Claims receivable	168,622	166,885
Contributions receivable - net	194,250	262,750
Prepaid expenses	884	884
Investments	7,644	8,601
Cash restricted for long-term purposes	6,235	-
Property and equipment - net	<u>221,355</u>	<u>229,004</u>
Total Assets	<u><u>\$ 620,153</u></u>	<u><u>\$ 698,753</u></u>
LIABILITIES AND NET ASSETS		
Line of credit	\$ 28,739	\$ 38,808
Accounts payable	6,258	2,752
Accrued payroll	<u>36,030</u>	<u>49,057</u>
Total Liabilities	71,027	90,617
Net Assets:		
Without donor restrictions	225,012	285,507
With donor restrictions	<u>324,114</u>	<u>322,629</u>
Total Net Assets	<u>549,126</u>	<u>608,136</u>
Total Liabilities and Net Assets	<u><u>\$ 620,153</u></u>	<u><u>\$ 698,753</u></u>

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

CENTER FOR NONVIOLENCE, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS			
Support and Revenues:			
Grants	\$ 18,000	\$ 121,268	\$ 139,268
Contributions	18,779	-	18,779
Government grants - state	375,518	-	375,518
United Way	-	25,000	25,000
Program service fees	283,962	-	283,962
Training fees	11,028	-	11,028
Miscellaneous income	1,468	-	1,468
Investment income - net	104	-	104
Net Assets Released From Restrictions	144,783	(144,783)	-
Total Support and Revenues	853,642	1,485	855,127
Expenses and Losses:			
Program	756,967	-	756,967
Management and general	120,312	-	120,312
Fund raising	35,797	-	35,797
Loss on investments	1,061	-	1,061
Total Expenses and Losses	914,137	-	914,137
CHANGE IN NET ASSETS	(60,495)	1,485	(59,010)
NET ASSETS - January 1, 2018	285,507	322,629	608,136
NET ASSETS - December 31, 2018	\$ 225,012	\$ 324,114	\$ 549,126

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

CENTER FOR NONVIOLENCE, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total (As Restated)
CHANGE IN NET ASSETS			
Support, Revenues and Gains:			
Grants	\$ 28,685	\$ 320,815	\$ 349,500
Contributions	38,754	-	38,754
Government grants - state	387,681	-	387,681
United Way	-	25,000	25,000
Program service fees	280,820	-	280,820
Training fees	9,722	-	9,722
Miscellaneous income	2,409	-	2,409
Investment income	93	-	93
Gain on investments	992	-	992
Net Assets Released From Restrictions	151,902	(151,902)	-
Total Support, Revenues and Gains	901,058	193,913	1,094,971
Expenses:			
Program	800,902	-	800,902
Management and general	92,670	-	92,670
Fund raising	52,515	-	52,515
Total Expenses	946,087	-	946,087
CHANGE IN NET ASSETS	(45,029)	193,913	148,884
NET ASSETS - January 1, 2017	330,536	128,716	459,252
NET ASSETS - December 31, 2017	\$ 285,507	\$ 322,629	\$ 608,136

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

CENTER FOR NONVIOLENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program	Management and General	Fund Raising	Total
Salaries	\$ 597,248	\$ 84,890	\$ 32,447	\$ 714,585
Payroll taxes	46,408	6,597	2,521	55,526
Total Salaries and Related Expenses	643,656	91,487	34,968	770,111
Program fees	20,031	-	-	20,031
Insurance	13,911	964	-	14,875
Utilities	11,337	2,834	-	14,171
Rent	10,915	-	-	10,915
Printing	9,435	-	-	9,435
Professional fees	-	8,185	-	8,185
Outside services	5,470	2,530	-	8,000
Employee training and recruitment	7,803	-	-	7,803
Repairs and maintenance	8,379	3,778	-	12,157
Office supplies	5,017	377	-	5,394
Bank fees	-	5,076	-	5,076
Bad debt	2,358	-	-	2,358
Postage and shipping	1,528	115	-	1,643
Interest	-	1,626	-	1,626
Dues, subscriptions and gifts	1,035	78	-	1,113
Miscellaneous	351	700	-	1,051
Fund raising	-	-	829	829
Total Expenses Before Depreciation	741,226	117,750	35,797	894,773
Depreciation	15,741	2,562	-	18,303
Total Expenses	\$ 756,967	\$ 120,312	\$ 35,797	\$ 913,076

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

CENTER FOR NONVIOLENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program	Management and General	Fund Raising	Total (As Restated)
Salaries	\$ 642,612	\$ 62,777	\$ 47,061	\$ 752,450
Payroll taxes	48,039	4,693	3,518	56,250
	<hr/>	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	690,651	67,470	50,579	808,700
Program fees	23,344	-	-	23,344
Insurance	15,278	964	-	16,242
Utilities	9,746	2,436	-	12,182
Rent	10,330	-	-	10,330
Printing	9,348	-	-	9,348
Professional fees	-	11,868	-	11,868
Outside services	5,366	1,849	-	7,215
Employee training and recruitment	8,865	-	-	8,865
Repairs and maintenance	6,745	522	-	7,267
Office supplies	2,824	213	-	3,037
Bank fees	-	3,321	-	3,321
Postage and shipping	947	71	-	1,018
Interest	-	857	-	857
Dues, subscriptions and gifts	1,222	92	-	1,314
Miscellaneous	-	364	-	364
Fund raising	-	-	1,936	1,936
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	784,666	90,027	52,515	927,208
Depreciation	16,236	2,643	-	18,879
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 800,902</u>	<u>\$ 92,670</u>	<u>\$ 52,515</u>	<u>\$ 946,087</u>

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

CENTER FOR NONVIOLENCE, INC.
STATEMENTS OF CASH FLOWS
December 31, 2018 and 2017

	2018	2017 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (59,010)	\$ 148,884
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	18,303	18,879
Reinvestment of investment interest net of fees	(104)	(93)
(Gain) loss on investments	1,061	(992)
Changes in assets and liabilities:		
(Increase) decrease in:		
Claims receivable	(1,737)	(54,082)
Contributions receivable	68,500	(176,000)
Accounts receivable	-	1,625
Increase (decrease) in:		
Accounts payable	3,506	(1,517)
Accrued payroll	(13,027)	16,831
Cash Flows From Operating Activities	17,492	(46,465)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,654)	(2,851)
Proceeds from investments	-	12,201
Cash Flows From Investing Activities	(10,654)	9,350
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in line of credit	(10,069)	4,636
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(3,231)	(32,479)
CASH AND RESTRICTED CASH		
- beginning of year	30,629	63,108
CASH AND RESTRICTED CASH		
- end of year	\$ 27,398	\$ 30,629

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

CENTER FOR NONVIOLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Center for Nonviolence, Inc. (Organization) is a nonprofit voluntary health and welfare benefit organization founded to operate exclusively for charitable and educational purposes by making available to all persons, regardless of economic condition, services designed to end family and other forms of violence. The Organization provides counseling, education, and training to people in Allen County, Indiana who have problems with their own violence and to people who may encounter family and other forms of violence, and deals with problems, which relate to violence, such as sexual inequality, objectification, and environmental pressures. The Organization networks and cooperates with other professionals, organizations, and individuals who have an interest in reducing violence and finding non-violent alternatives.

Income Taxes

Center for Nonviolence, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Recent Accounting Guidance

During 2018, the Organization adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The standard 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. The Organization has adjusted the presentation of these statements accordingly.

During 2018, the Organization also adopted ASU 2016-18, Statement of Cash Flows (Topic 230) Restricted Cash. The standard requires entities to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling beginning-of-period and end-of-period total cash. The Organization has adjusted the presentation of these statements accordingly.

The ASU's have been applied retrospectively to all periods presented.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Receivables

Claims receivable are due from government and other significant funding sources. The Organization provides an allowance for uncollectible accounts which is based upon historical collection experience and management's estimates of the losses that will be incurred in the collection of all receivables.

The Organization recognizes pledges as public support in the year that a firm pledge is made, and if necessary provides an allowance for uncollectible contributions receivable equal to the estimated collection losses that will be incurred in collection of all pledges. The estimated losses are based on historical collection experience coupled with a review of the current status of the existing receivables.

Long-term promises to give are valued at the present value of estimated future cash flow determined by applying the long-term Applicable Federal Rate (AFR) as published by the Internal Revenue Service.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities, if applicable, are reported at their fair value in the statement of financial position. These investments are initially recorded at cost if they were purchased or at their fair market value on the date of the gift if they were received as a donation. Unrealized gains and losses are included in the statement of activities change in net assets.

Property and Equipment

Property and equipment is stated at cost or, if donated, at fair value at the date of the gift. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(continued)

Net Assets

Net assets without donor restrictions are available for use at the discretion of the Organization's management and the board of directors. From time to time the board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions

The Organization receives a significant amount of donated services from volunteers. No amounts have been reflected for these donated services in the statements because they do not meet the requirements for financial recognition under FASB ASC 958-605.

Functional Allocation of Expense

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

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. Expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and payroll taxes	Time
Utilities	Facility space
Outside services	Usage of fixed assets
Office supplies	Time
Postage and shipping	Time
Dues, subscriptions and gifts	Time
Depreciation	Usage of fixed assets

Subsequent Events

Management has evaluated subsequent events through July 9, 2019, the date which the financial statements were available for issue.

2. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31 consist of the following:

	2018	2017
Contributions receivable	\$ 194,250	\$ 271,750
Less present value discount (2.64%)	<u>-</u>	<u>9,000</u>
	<u>\$ 194,250</u>	<u>\$ 262,750</u>
Amount due in:		
Less than one year	\$ 107,500	\$ 101,750
One to five years	86,750	85,000
More than five years	<u>-</u>	<u>85,000</u>
	<u>\$ 194,250</u>	<u>\$ 271,750</u>

3. INVESTMENTS

Investments are recorded at fair market value and consist of the following at December 31:

	2018	2017
Equities	\$ 6,538	\$ 7,598
Cash	<u>1,106</u>	<u>1,003</u>
	<u>\$ 7,644</u>	<u>\$ 8,601</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2018	2017
Land	\$ 14,880	\$ 14,880
Building and improvements	279,075	272,086
Furniture and equipment	<u>140,041</u>	<u>136,376</u>
	433,996	423,342
Less accumulated depreciation	<u>212,641</u>	<u>194,338</u>
	<u>\$ 221,355</u>	<u>\$ 229,004</u>

5. BENEFICIAL INTEREST

The Community Foundation of Greater Fort Wayne, Inc. holds investment assets, with a value of \$23,830 at December 31, 2018 and \$25,722 at December 31, 2017 for the benefit of the Organization for which it has retained variance power. These assets are not recorded as assets of the Organization.

6. FAIR VALUE MEASUREMENT

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1. Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2. Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets or liabilities in inactive markets.

Level 3. Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Investments. Value determined by reference to quoted market prices and other relevant information generated by market transactions.

(continued)

6. FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities measured on a recurring basis are as follows:

Level 1	2018	2017
Investments:		
Equities:		
Healthcare	\$ 3,548	\$ 3,149
Financial	<u>2,990</u>	<u>4,449</u>
	<u>\$ 6,538</u>	<u>\$ 7,598</u>

7. LINE OF CREDIT

The Organization had available an unsecured, \$40,000 line of credit with JP Morgan Chase, NA which expired in 2018. Interest, which was computed on the unpaid balance, was at the bank's prime interest rate plus 1.75% (6.25% at December 31, 2017). The outstanding balance was \$38,808 as of December 31, 2017.

The Organization has available at December 31, 2018 an unsecured \$50,000 line of credit with PNC Bank. Interest, which is computed on the unpaid balance, is at the highest prime rate published in the Money Rates section of The Wall Street Journal for the last day of the preceding calendar month plus a margin of 1.76% (7.01% at December 31, 2018). The outstanding balance was \$28,739 as of December 31, 2018.

8. NET ASSETS

Net assets with donor restrictions are restricted for the following as of December 31:

	2018	2017
Time:		
Future periods	\$ 170,000	\$ 270,000
Specific purpose:		
Programs	147,879	52,629
Capital improvement	<u>6,235</u>	<u>-</u>
	<u>\$ 324,114</u>	<u>\$ 322,629</u>

(continued)

8. NET ASSETS (continued)

Net assets were released from donor restrictions as follows for the year ended December 31:

	2018	2017
Satisfaction of time restrictions:		
Future periods	\$ 85,000	\$ 85,000
Satisfaction of purpose restrictions:		
Programs	55,750	66,902
Capital improvement	<u>4,033</u>	<u>-</u>
	<u>\$ 144,783</u>	<u>\$ 151,902</u>

Net assets without donor restrictions include undesignated net assets of \$225,012 at December 31, 2018 and \$285,507 at December 31, 2017.

9. OPERATING LEASES

The Organization leased office space under an operating lease that expired December 2018. Total rent expense under this noncancelable lease was \$10,855 for 2018 and \$10,330 for 2017.

During 2019, the Organization entered into an agreement to lease office space beginning in February 2019 under an operating lease expiring July 2020. The lease calls for monthly payments of \$500.

Minimum future rental payments under the noncancelable operating leases as of December 31, 2018 for each of the next five years and in the aggregate are as follows:

2019	\$ 5,500
2020	3,500
2021 and thereafter	<u>-</u>
	<u>\$ 9,000</u>

10. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities includes interest paid of \$1,626 in 2018 and \$857 in 2017.

The following provides a reconciliation of cash and restricted cash reported in the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	2018	2017
Cash	\$ 21,163	30,629
Cash restricted for long-term purposes	<u>6,235</u>	<u>-</u>
	<u>\$ 27,398</u>	<u>\$ 30,629</u>

11. RESTATEMENT

Financial statements for the year ended December 31, 2017 have been restated to correct an error in recording contributions receivable for 2017. The restatement increased contributions receivable and contribution income by \$15,000 resulting in an increase in net assets with donor restrictions at December 31, 2017 of \$15,000.

12. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31 comprise the following:

	2018	2017
Cash	\$ 21,163	\$ 30,629
Claims receivable	168,622	166,885
Contributions receivable	194,250	262,750
Investments	7,644	8,601
Cash restricted for long-term purposes	<u>6,235</u>	<u>-</u>
Total financial assets	397,914	468,865
Less amounts not available within one year, due to:		
Donor restrictions for time	(86,750)	(170,000)
Donor restrictions for purpose	<u>(6,235)</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 304,929</u>	<u>\$ 298,865</u>

(continued)

12. AVAILABILITY AND LIQUIDITY (continued)

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization has additional funds available from the \$50,000 line of credit and receives monthly reimbursements from government grants, which are available to help meet its cash needs for general expenditures.

CENTER FOR NONVIOLENCE, INC.
SCHEDULE OF GOVERNMENTAL FUNDS RECEIVED
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Revenue Recognized
State Grantor/Program Title		
U.S. Department of Justice:		
Passed through Indiana Criminal Justice Institute:		
Violence Against Women Formal Grants	16.588	\$ 31,572
Victim of Crime Act	16.575	125,116
Victim of Crime Act - supplemental	16.575	35,652
U.S. Department of Health and Human Services:		
Passed through Indiana Criminal Justice Institute:		
Family Violence and Prevention Services Act Grant	93.671	42,725
Indiana Criminal Justice Institute:		
Domestic Violence Prevention and Treatment	N/A	<u>140,453</u>
Total Government Funds Received		<u><u>\$ 375,518</u></u>

See independent auditors' report.

