

CHRYSALIS SHELTER FOR VICTIMS OF  
DOMESTIC VIOLENCE, INC.

Audited Financial Statements

For the year ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Chrysalis Shelter for Victims of Domestic Violence, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Chrysalis Shelter for Victims of Domestic Violence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chrysalis Shelter for Victims of Domestic Violence, Inc. as of June 30, 2019, and the change in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



INDEPENDENT AUDITOR'S REPORT, Continued

**Other Matters**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2020, on our consideration of Chrysalis Shelter for Victims of Domestic Violence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chrysalis Shelter for Victims of Domestic Violence, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chrysalis Shelter for Victims of Domestic Violence, Inc.'s internal control over financial reporting and compliance.

*LUDWIG KLEINER & THOMAS PUE*

February 13, 2020

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

Current assets:	
Cash	\$ 1,089,566
Grants and contracts receivable	446,267
Bequest receivable	187,850
Prepaid expenses	35,793
Total current assets	<u>1,759,476</u>
Property and equipment, net	4,294,144
Other assets	11,500
Total assets	<u>\$ 6,065,120</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 70,849
Accrued expenses	154,297
Total current liabilities	<u>225,146</u>
Net assets:	
Without donor restrictions:	
Expended for property and equipment	4,294,144
Available for operations	1,294,505
Total net assets without donor restrictions	<u>5,588,649</u>
With donor restrictions:	
Purpose restrictions	251,325
Total net assets with donor restrictions	<u>251,325</u>
Total net assets	<u>5,839,974</u>
Total liabilities and net assets	<u>\$ 6,065,120</u>

See independent auditor's report and accompanying notes.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

STATEMENT OF ACTIVITIES  
For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Grants and contracts revenue	\$ 3,090,074	\$ -	\$ 3,090,074
Contributions	717,477	119,500	836,977
Special events	470,136	-	470,136
Client fees	132,794	-	132,794
Bequests	187,850	-	187,850
In-kind support	240,353	-	240,353
Other support and revenue	3,139	-	3,139
Total revenue, gains and other support	4,841,823	119,500	4,961,323
Net assets released from restrictions	47,269	(47,269)	-
Total revenue, gains and other support	4,889,092	72,231	4,961,323
Expenses:			
Program services	3,732,861	-	3,732,861
Management and general	390,789	-	390,789
Fund-raising	400,484	-	400,484
Total expenses	4,524,134	-	4,524,134
Change in net assets	364,958	72,231	437,189
Net assets, beginning of year	5,223,691	179,094	5,402,785
Net assets, end of year	\$ 5,588,649	\$ 251,325	\$ 5,839,974

See independent auditor's report and accompanying notes.

CHRYSLIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2019

	Program Services							Management and General	Fund-raising	Total Expenses
	Residential Services	Transition	PAC	Victim's Advocate	Outpatient Adults	Outpatient Children	Total			
Payroll	\$ 995,545	\$ 168,591	\$ 164,879	\$ 380,052	\$ 186,041	23,312	\$ 1,918,420	\$ 180,098	\$ 218,637	\$ 2,317,155
Payroll taxes	245,044	40,337	34,873	87,351	37,853	6,009	451,467	33,748	40,970	526,186
Professional services	110,263	20,543	15,814	106,850	17,271	4,082	274,822	36,312	41,617	352,750
Program supplies	144,454	29,962	103	31,629	15,957	770	222,876	14,391	147	237,414
Equipment rental	110,769	58,943	738	13,539	5,606	668	190,262	17,083	-	207,345
Depreciation	102,010	42,907	5,098	2,039	6,797	1,699	160,550	18,352	-	178,902
In-kind expenses:										
Services	6,828	1,791	441	126,533	600	153	136,346	8,817	1,500	146,663
Household goods	53,267	5,604	-	-	-	-	58,871	6,723	1,681	67,275
Food	390	-	-	-	-	-	390	75	-	465
Others	-	16,200	-	1,248	-	-	17,448	8,502	-	25,950
Direct donor benefits	-	-	-	-	-	-	-	-	88,794	88,794
Utilities	50,555	24,982	1,338	542	1,819	464	79,700	4,648	-	84,348
Maintenance and repairs	44,726	19,571	1,573	1,547	1,766	427	69,610	10,804	-	80,415
Telephone and communications	17,901	6,900	2,097	10,237	2,680	690	40,506	12,837	-	53,343
Office expenses	31,442	1,688	3,532	2,514	2,023	522	41,721	8,283	1,738	51,742
Insurance	15,923	3,054	1,666	8,388	1,666	555	31,252	11,878	-	43,130
Travel	7,012	718	-	9,095	-	-	16,826	3,207	-	20,034
Employee benefits	3,680	1,428	1,062	1,044	1,025	220	8,458	4,449	5,401	18,308
Fees and licenses	6,865	1,068	616	499	963	206	10,216	6,045	-	16,261
Miscellaneous	1,456	20	71	9	36	4	1,597	2,989	-	4,586
Dues and subscription	972	202	110	92	110	37	1,522	1,547	-	3,069
	<u>\$ 1,949,104</u>	<u>\$ 444,509</u>	<u>\$ 234,009</u>	<u>\$ 783,207</u>	<u>\$ 282,214</u>	<u>\$ 39,818</u>	<u>\$ 3,732,861</u>	<u>\$ 390,789</u>	<u>\$ 400,484</u>	<u>\$ 4,524,134</u>

See independent auditor's report and accompanying notes.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

STATEMENT OF CASH FLOWS  
For the year ended June 30, 2019

Cash flows from operating activities:	
Change in net assets	\$ 437,189
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	178,902
Changes in operating assets and liabilities:	
Grants and contracts receivable	(135,408)
Bequest receivable	(187,850)
Prepaid expenses	9,608
Accounts payable	(36,821)
Accrued expenses	31,841
Total adjustments	<u>(139,728)</u>
Net cash provided by operating activities	297,461
Cash flows from investing activities:	
Purchases of property and equipment	<u>(52,856)</u>
Net cash used in investing activities	(52,856)
Cash flows from financing activities	<u>-</u>
Change in cash	244,605
Cash, beginning of year	<u>844,961</u>
Cash, end of year	<u><u>\$ 1,089,566</u></u>

See independent auditor's report and accompanying notes.



CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2019

1. Organization

Chrysalis Shelter for Victims of Domestic Violence, Inc. (the Organization) was organized as a nonprofit corporation under the laws of the State of Arizona on April 9, 1981. Its programs are designed to provide education, care and rehabilitation for women, children and men suffering from domestic violence. The Organization operates short-term residential facilities in Phoenix and long-term transitional facilities in Phoenix and Scottsdale, along with outpatient counseling services and community advocacy. The Organization's primary sources of support are contributions and federal and state financial assistance in the form of grants and contracts.

2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions – net assets available for use in general operations and not subject to donor (or grantor) restrictions.
- Net assets with donor restrictions – net assets subject to donor (or grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of June 30, 2019, there are no net-assets with permanent donor restrictions.

Contributions restricted by the donor (or grantor) are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions

Grants, contracts and other revenue are reported as restricted support if they are received with time restrictions or donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor-restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Services Materials and Facilities

Donated materials and facilities are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Organization utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

See independent auditor's report.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2019

2. Summary of Significant Accounting Policies, Continued

Cash

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2019. Cash balances are maintained at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks up to \$250,000 per institution. The Organization had \$566,478 in cash in excess of FDIC limitations at June 30, 2019. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

Property and Equipment

Property and equipment is stated at cost or fair market value if donated. The costs of maintenance, repairs and minor renewals are charged to expense in the year incurred. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Property and equipment with an expected useful life of more than one year and an acquisition cost of \$5,000 or more per unit are capitalized and depreciated over the expected useful lives of the assets using the straight-line method of depreciation. All other equipment is expensed in the period it is acquired. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10 - 40 years
Furniture and equipment	5 - 15 years

Functional Expenses

The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. This includes the majority of operating expenses. Expenses not identified to a specific program or support service are allocated among the services benefited. The expenses that are allocated include indirect portions of payroll, employee benefits, in-kind expenses and professional services which are allocated based on payroll percentages. Depreciation and other occupancy costs are allocated based on a square footage basis.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and from Arizona income tax laws under Arizona Revised Statute Section 43-1201(4). The Organization is classified as other than a private foundation under IRC Section 509(a)(1). There were no income taxes paid during the years ended June 30, 2019.

The Organization's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonable possible or probable, respectively, that a liability has been incurred for unrecognized tax positions. As of June 30, 2019, management is not aware of any uncertain tax positions that are potentially material. In addition, management is not aware of any matters which would cause the Organization to lose its tax-exempt status.

Advertising Costs

The cost of advertising is expensed when incurred or when the first advertising takes place. The Organization does not participate in direct-response advertising, which requires the capitalization and amortization of related costs.

See independent auditor's report.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2019

2. Summary of Significant Accounting Policies, Continued

Bequest Receivable

Support arising from legacies and bequests is recognized by the Organization when it has been determined that there are no uncertainties as to the beneficiaries and amounts that can be reasonably estimated. Bequests receivable are classified as current or non-current based on whether collection is expected within twelve months of the balance sheet date.

Accounting 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Liquidity and Availability of Resources

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

Cash	\$ 1,089,566
Grant and contract receivable	446,267
Bequest receivable	<u>187,850</u>
Total financial assets available within one year	1,723,683
Less:	
Amounts unavailable for general expenditures within one year due to:	
Purpose restrictions	<u>251,325</u>
Total amount unavailable for general expenditures within one year	<u>251,325</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,472,358</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization preserves its cash in various business checking accounts. To help manage unanticipated liquidity needs, the Organization maintains a line of credit of \$250,000 that may be drawn upon as needed to manage cash flow.

4. Grants and Contracts Receivable

Grants and contracts receivable consisted of the following at June 30, 2019:

Department of Public Safety	\$ 253,272
Pulliam Charitable Trust	90,000
Department of Economic Security	50,336
Other receivables	29,144
Arizona Department of Health Services	<u>23,515</u>
Total grants and contracts receivable	<u>\$ 446,267</u>

Uncollectible grants and contracts receivable are charged directly to expense when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America. At June 30, 2019, the balance of grants and contracts receivable included \$-0- over ninety days past due.

See independent auditor's report.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2019

5. Property and Equipment

Property and equipment consisted of the following at June 30, 2019:

Land	\$ 224,941
Buildings and improvements	5,768,267
Vehicles	34,500
Furniture and equipment	<u>284,794</u>
Total property and equipment	6,312,502
Less accumulated depreciation	<u>(2,018,358)</u>
Property and equipment, net	<u>\$ 4,294,144</u>

6. Line of Credit

The Organization has a \$250,000 line of credit with Wells Fargo Bank. The line of credit bears interest on the unpaid balance at the bank's prime rate, which was 5.50% at June 30, 2019. The line is collateralized by the Organization's grants and contracts receivable, and other rights to payment, inventory and property and equipment. The line of credit has a maturity of August 2020. There was no outstanding balance on the line of credit at June 30, 2019.

7. Net Assets

Net assets with donor restrictions at June 30, 2019 are restricted for the following purposes:

Subject to expenditure for specified purpose:

Capital campaign	\$ 131,825
Victim services	29,500
Outpatient counselling	<u>90,000</u>
Total net assets with donor restrictions	<u>\$ 251,325</u>

Activity in net assets with donor restrictions is comprised of the following for the year ended June 30, 2019:

	<u>Contributions</u>	<u>Releases</u>
Subject to expenditure for specified purpose:		
Capital campaign	\$ -	\$ (1,479)
Victim services	29,500	(45,790)
Outpatient counseling	<u>90,000</u>	<u>-</u>
	<u>\$ 119,500</u>	<u>\$ (47,269)</u>

See independent auditor's report.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2019

8. Retirement Plan

The Organization has adopted the Chrysalis Shelter for Victims 401(k) Profit Sharing Plan and Trust (Plan) that allows all employees over the age of 21 to participate. The Organization may make contributions to the Plan, and participants will receive a pro rata allocation of the contribution based on the participant's compensation in relation to the total compensation of all qualifying participants. The Organization made contributions of \$18,308 to the Plan during the years ended June 30, 2019.

9. Special Events

Special event activity for the year ended June 30, 2019 consisted of:

	Direct Expenses			Indirect Expenses		Net Revenue
	Revenue	Donated Services and Materials	Rent	Other Direct Costs	Employee Costs	
Driving Out						
Domestic Violence	\$ 470,136	\$ 7,450	\$ 26,050	\$ 62,744	\$ 29,096	\$ 4,601
						\$ 340,195

Special event expenses reported above for the years ended June 30, 2019 include direct donor benefit costs and other expenses allocated to fundraising activities on the schedules of functional expenses

10. Commitments

Leases

The Organization leases office equipment under two operating leases maturing in March 2021. The Organization also leases space for the special events that take place annually. Rent expense for equipment and facilities under operating leases during the years ended June 30, 2019 was \$9,664.

Future minimum lease payments due under the equipment leases are:

<u>Year Ended June 30,</u>	
2020	\$ 9,664
2021	7,248
	<u>\$ 16,912</u>

11. Concentrations

The Organization derives a significant portion of its support from grants and contracts for various programs. At June 30, 2019, three providers accounted for 88% of the Organization's grants and contracts receivable. These three providers accounted for 57%, 20% and 11% of grants and contracts receivable, respectively. No other provider accounted for more than 10% of the Organization's grants and contracts receivable at June 30, 2019.

During the year ended June 30, 2019, the Organization received approximately 68% of its grants and contracts revenue from two providers. These two providers accounted for 43% and 24% of grants and contracts revenue, respectively. No other provider accounted for more than 10% of the Organization's grants and contracts revenue during the years ended June 30, 2019.

12. Subsequent Events

The Organization was unaware of any subsequent events as of February 13, 2020, the date the financial statements were available to be issued.

See independent auditor's report.