Chrysalis Shelter for Victims of Domestic Violence, Inc.
Single Audit Reporting Package
for the Year Ended June 30, 2020

Chrysalis Shelter for Victims of Domestic Violence, Inc.

Single Audit Reporting Package Year Ended June 30, 2020

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. YEAR ENDED JUNE 30, 2020 TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of Chrysalis Shelter for Victims of Domestic Violence, Inc. which comprise the statement of financial position as of June 30, 2020, 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The 2019 financial statements of the Organization were audited by other auditors whose report dated February 13, 2020, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021, 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.

Heinfeld Meeth & Co. PC

Heinfeld, Meech & Co., P.C. Phoenix, Arizona January 26, 2021

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

<u>Assets</u>		2020		2019
Cash and cash equivalents	\$	1,143,710	\$	1,089,566
Accounts receivable		2,994		
Contributions receivable		4,000		
Grants and contracts receivable		608,961		446,267
Bequest receivable				187,850
Prepaid expenses		79,022		35,793
Other current assets		21,500		11,500
Property and equipment, net		4,293,597		4,294,144
Total assets	\$	6,153,784	\$	6,065,120
<u>Liabilities</u>				
Accounts payable	\$	75,566	\$	70,849
Accrued payroll	Ψ	181,421	Ψ	154,297
Unearned revenue		2,673		13 1,277
Refundable advance		71,055		
Total liabilities	•	330,715		225,146
Total Intollities	•	330,713		223,110
Net assets				
Without donor restrictions:				
Expended for property and equipment		4,293,597		4,294,144
Available for operations		1,438,135		1,294,505
Total without donor restrictions		5,731,732		5,588,649
With donor restrictions:				
Purpose restricted		91,337		251,325
Total net assets	•	5,823,069		5,839,974
Total liabilities and net assets	\$	6,153,784	\$	6,065,120

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

						T	ota	ls
		Without Donor		With Donor	•			_
Revenue, support, and gains:		Restrictions	_	Restrictions		2020		2019
Grants and contracts revenue	\$	3,261,219	\$	_	\$	3,261,219	\$	3,090,074
Contributions		411,444		5,000		416,444		836,977
Contributions - in kind		218,913				218,913		240,353
Special events		448,503				448,503		470,136
Client fees		108,005				108,005		132,794
Bequests								187,850
PPP loan forgiveness		188,245				188,245		
Other support and revenue		16,299				16,299		3,139
Net assets released from restrictions		164,988	_	(164,988)				
Total revenue, support, and gains	_	4,817,616	-	(159,988)		4,657,628		4,961,323
Expenses and losses:								
Program services								
Shelter services		2,218,688				2,218,688		1,949,104
Transition		363,862				363,862		444,509
PAC		212,013				212,013		234,009
Victim's advocate		756,161				756,161		783,207
Outpatient		373,460				373,460		322,032
Total program expenses	_	3,924,184				3,924,184		3,732,861
Supporting services								
Management and general		358,489				358,489		390,789
Fundraising	_	391,860	_			391,860		400,484
Total supporting services	_	750,349				750,349		791,273
Total expenses and losses		4,674,533				4,674,533		4,524,134
Change in net assets		143,083		(159,988)		(16,905)		437,189
Net assets, beginning of year	_	5,588,649		251,325		5,839,974		5,402,785
Net assets, end of year	\$_	5,731,732	\$	91,337	\$	5,823,069	\$	5,839,974

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	_	Program Services						_	Supporting Services			Totals								
		Shelter						Victim's					_	Management						
	_	Services		Transition	_	PAC		Advocate	_	Outpatient	_	Total	_	and General	_	Fundraising		2020	_	2019
Salaries and wages	\$	1,362,727	\$	168,402	\$	151,174	\$	393,787	\$	264,995	\$	2,341,085	\$	59,914	\$	248,046	\$	2,649,045	\$	2,317,155
Payroll taxes and benefits		288,001		33,450		35,253		75,968		52,237		484,909		13,445		43,825		542,179		544,494
Professional services		53,491		7,346		5,858		85,553		8,604		160,852		99,004				259,856		352,750
Program supplies		107,183		5,626		76		8,335		9,833		131,053		9,120				140,173		237,414
Equipment rental		82,336		18,718		4,428		16,814		14,357		136,653		12,613				149,266		207,345
Depreciation		108,543		42,943				7,667				159,153		41,106				200,259		178,902
In-kind expenses		50,002		17,923		246		117,458		584		186,213		32,422		278		218,913		240,352
Direct donor benefits																99,711		99,711		88,794
Utilities		44,616		23,655		1,471		595		2,509		72,846		5,633				78,479		84,348
Maintenance and repairs		40,954		29,544		1,420		1,191		2,458		75,567		6,152				81,719		80,415
Telephone and communication		21,087		7,171		6,665		12,803		10,042		57,768		29,037				86,805		53,343
Office expenses		25,753		3,774		2,934		13,829		4,217		50,507		13,430				63,937		51,742
Insurance		16,765		2,768		1,709		11,241		2,417		34,900		8,315				43,215		43,130
Travel		8,715		1,285				7,564		104		17,668		1,340				19,008		20,034
Fees and licenses		7,352		1,064		679		3,006		1,021		13,122		7,170				20,292		16,261
Miscellaneous expenses		(227)				53						(174)		18,966				18,792		4,586
Dues and subscriptions	_	1,390		193	_	47	_	350		82		2,062	_	822			_	2,884	_	3,069
Total expenses	\$	2,218,688	\$	363,862	\$	212,013	\$	756,161	\$	373,460	\$	3,924,184	\$	358,489	\$	391,860	\$	4,674,533	\$	4,524,134

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	_	2020		2019
Cash flows from operating activities:				
Change in net assets	\$	(16,905)	\$	437,189
Adjustments to reconcile change in net assets to net				
cash provided by/used for operating activities:				
Depreciation		200,259		178,902
Changes in assets and liabilities:				
Accounts receivable		(2,994)		
Contributions receivable		(4,000)		
Grants and contracts receivable		(162,694)		(135,408)
Bequest receivable		187,850		(187,850)
Prepaid expenses		(43,229)		9,608
Other current assets		(10,000)		
Accounts payable		4,717		(36,821)
Accrued payroll		27,124		31,841
Unearned revenue		2,673		
Refundable advance	-	71,055	_	
Net cash provided by/used for operating activities	-	253,856	_	297,461
Cash flows from investing activities:				
Purchases of property and equipment	-	(199,712)	_	(52,856)
Net cash provided by/used for investing activities	-	(199,712)	_	(52,856)
Net increase/decrease in cash and cash equivalents		54,144		244,605
Cash and cash equivalents, beginning of year	-	1,089,566	_	844,961
Cash and cash equivalents, end of year	\$	1,143,710	\$_	1,089,566

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Chrysalis Shelter for Victims of Domestic Violence, Inc. (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 forms of grants and contracts.

Basis of 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.

Basis of Presentation

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Organization is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

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

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Organization's deposits was \$1,143,710 and the bank balance was \$1,123,322. At year end, \$863,155 of the Organization's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution.

Revenue Recognition

Grants and contracts revenue. Revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the Statement of Financial Position. The Organization was awarded cost-reimbursable grants of \$825,444 that have not been recognized at June 30, 2020 because qualifying expenses have not yet been incurred.

Contributions. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization did not have any conditional promises to give at June 30, 2020.

Special events revenue. The Organization records special events revenue when the event takes place.

Client fees. The Organization recognizes revenue as payments are received.

Contributions Receivable

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with donors, and accordingly has made no allowance for doubtful accounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grants and Contracts Receivable

Government grants receivable consists of amounts due from the federal government. Government grants receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of \$5,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 5 to 40 years. Depreciation expense for the current fiscal year was \$200,259.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Organization's policy to recognize the cost of compensated absence when leave is earned by employees.

Donated Services and In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to the Organization program services, administration, and fundraising activities; however the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Professional services	Time and effort
Occupancy	Square footage
Depreciation	Square footage

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled \$31,946. Advertising expenses are funded by grants and in-kind donations.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

New Accounting Pronouncement

During the fiscal year, the Organization adopted Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Analysis of the provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 26, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,143,710
Accounts receivable	2,994
Contributions receivable	4,000
Grants and contracts receivable	608,961
Total financial assets	1,759,665
Less amounts not available to be used within one year:	
Net assets with donor restrictions	91,337
Less: Net assets with purpose restrictions to be met in	
less than a year	(91,337)
Financial assets available to meet general expenditures	
over the next twelve months	\$ 1,759,665

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.

NOTE 3 – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consisted of the following at June 30, 2020:

Arizona Department of Public Safety	\$ 294,274
Arizona Department of Housing	107,971
Arizona Department of Economic Security	103,552
Arizona Department of Health Services	56,994
Other receivables	46,170
Total grants and contracts receivable	\$ 608,961

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

Land	\$ 224,941
Buildings and improvements	5,889,480
Vehicles	113,000
Furniture and equipment	284,794
Total property and equipment	6,512,215
Less: Accumulated depreciation and amortization	(2,218,618)
Net property and equipment	\$ 4,293,597

NOTE 5 – NET ASSETS

Net assets with donor restrictions were as follows:

Specific Purpose	
Capital campaign	\$ 86,337
Victim services	 5,000
Total	\$ 91,337

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	
Capital campaign	\$ 45,488
Victim services	29,500
Outpatient counseling	 90,000
Total	\$ 164,988

NOTE 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. 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, 2020.

NOTE 7 – OPERATING LEASE COMMITMENTS

The Organization leases office equipment under noncancelable operating leases with terms of one to three years. Total rent expense incurred under operating leases totaled \$9,859 during the fiscal year.

At June 30, 2020, the future minimum rental payment required under the operating lease, due in fiscal year 2021, was \$7,248.

NOTE 8 – SPECIAL EVENTS

Special event activity for the year ended June 30, 2020 consisted of:

		D	irect Expense	Expenses		
		Donated		0:1	0.1	
		Services		Other	Other	
		and		Direct	Indirect	Net
	Revenue	Materials	Rent	Costs	Costs	Revenue
Driving Out Domestic						
Violence	\$ 448,503	\$ 33,149	\$ 16,050	\$ 50,512	\$ 4,485	\$ 344,307

Indirect

Special event expenses reported above for the year ended June 30, 2020 include direct donor benefit costs and other expenses allocated to fundraising activities on the Statement of Functional Expenses.

NOTE 9 – CONCENTRATIONS

The Organization received approximately 67 percent of its grants and contracts revenue from two providers. These two providers accounted for 44 percent and 23 percent of grants and contracts revenue, respectively. If the Organization were to lose its government grants and contracts, it would have a severe near term impact upon the Organization and its operations.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Organization is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its activities. In the opinion of management, the liability, if any, for such contingencies will not have a material effect on the Organization's financial position.

In addition, amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

NOTE 11 – EMPLOYEE BENEFIT PLANS

Tax-deferred Annuity Plan

The Organization has adopted the Chrysalis Shelter for Victims 401(k) Profit Sharing Plan and Trust (Plan). In January 2020, the Organization closed the 401(k) plan and opened a 403(b) plan. The plan 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 \$26,567 to the Plan during the year ended June 30, 2020.

NOTE 12 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Organization received approval for a Payroll Protection Program (PPP) loan under the CARES Act on April 10, 2020. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities within 24 weeks of loan approval (at least 60 percent of the forgiven amount must be used for payroll). Loan payments will also be deferred for ten months, however interest will continue to accrue. Neither the government nor lenders will charge any fees for the loans. Forgiveness is based on the Organization maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Recipients must also comply with certain Small Business Administration (SBA) requirements and make certain certifications. The PPP loan has a maturity of two years, an interest rate of 1 percent if not forgiven, and no prepayment penalty.

The Organization intends to seek forgiveness of the PPP loan, therefore the loan is considered a cost-reimbursement grant from the Federal government for which revenue is recognized when qualifying expenses are incurred. The Organization recognized \$188,245 of revenue for the PPP loan forgiveness during the year. The Organization recognized a refundable advance of \$71,055 for the loan amount for which the conditions of qualifying expenses have not been substantially met at year end.

NOTE 12 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Organization must complete and submit a loan forgiveness application to the lender in order to receive loan forgiveness. Upon receipt of the loan forgiveness application the lender will determine if the Organization is entailed to forgiveness of some or all of the loan amount. The lender has 60 days from the receipt of the application to issue a decision to the SBA. As of January 26, 2021 the Organization has not submitted the loan forgiveness application to the lender.

The Organization must retain all records relating the PPP loan, including documentation necessary to support the loan forgiveness application and documentation supporting material compliance with program requirements. The Organization must retain all documentation for six years after the loan is forgiven. The loan forgiveness is subject to audit and adjustment by the SBA. Any ineligible loan amounts may result in the SBA requiring the Organization repay the loan forgiven in part, or in whole.

SINGLE AUDIT SECTION



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chrysalis Shelter for Victims of Domestic Violence, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chrysalis Shelter for Victims of Domestic Violence, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chrysalis Shelter for Victims of Domestic Violence, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Chrysalis Shelter for Victims of Domestic 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chrysalis Shelter for Victims of Domestic Violence, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meach & Co. PC

Heinfeld, Meech & Co., P.C. Phoenix, Arizona January 26, 2021



Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Chrysalis Shelter for Victims of Domestic 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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'s major federal programs for the year ended June 30, 2020. Chrysalis Shelter for Victims of Domestic 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

Our responsibility is to express an opinion on compliance for each of Chrysalis Shelter for Victims of Domestic Violence, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we 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 Chrysalis Shelter for Victims of Domestic Violence, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chrysalis Shelter for Victims of Domestic Violence, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Chrysalis Shelter for Victims of Domestic 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, 2020.

Report on Internal Control Over Compliance

Management of Chrysalis Shelter for Victims of Domestic 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 our audit of compliance, we considered Chrysalis Shelter for Victims of Domestic 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chrysalis Shelter for Victims of Domestic 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, 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Chrysalis Shelter for Victims of Domestic Violence, Inc. as of and for the year ended June 30, 2020, and have issued our report thereon dated January 26, 2021, which contained an unmodified opinion on those financial statements. Our 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Heinfeld Meach & Co. PC

Heinfeld, Meech & Co., P.C. Phoenix, Arizona January 26, 2021

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Fiscal Period 7/1/2019 - 6/30/2020

	Federal	Name of Funder	ldentifying Number Assigned By Funder		Federal		
	CFDA	Pass-Through	Pass-Through	Federal	Program	Cluster	Cluster
Federal Awarding Agency/Program Title	Number	Entity	Entity	Expenditures	Total	Name	Total
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	14.218	CITY OF GLENDALE	N/A	\$5,000 \$5,000	\$5,000	CDBG - ENTITLEMENT GRANTS CLUSTER	\$5,000
DEPARTMENT OF JUSTICE							
CRIME VICTIM ASSISTANCE CRIME VICTIM ASSISTANCE CRIME VICTIM ASSISTANCE TOTAL DEPARTMENT OF JUSTICE	16.575 16.575 16.575	ARIZONA DEPARTMENT OF PUBLIC SAFETY ARIZONA DEPARTMENT OF PUBLIC SAFETY ARIZONA DEPARTMENT OF PUBLIC SAFETY	2018-251 2018-252 2018-253	\$721,014 \$581,481 \$136,731 \$1,439,226	\$1,439,226 \$1,439,226 \$1,439,226	N/A N/A N/A	50 50 50
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES FAMILY VIOLENCE PREVENTION AND SERVICES/DOMESTIC VIOLENCE SHELTER AND SUPPORTIVE SERVICES TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	93.558 93.671	ARIZONA DEPARTMENT OF ECONOMIC SECURITY ARIZONA DEPARTMENT OF HEALTH SERVICES	ADES17-178639 ADHS17-185588	\$759,475 \$178,311 \$937,786	\$759,475 \$178,311	N/A N/A	\$759,475 \$0
TOTAL EXPENDITURE OF FEDERAL AWARDS				\$2,382,012			

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Fiscal Period 7/1/2019 - 6/30/2020

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Chrysalis Shelter for Victims of Domestic Violence, Inc. under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee used the de minimis cost rate.

Catalog of Federal Domestic Assistance Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or through beta.sam.gov. If the three-digit CFDA extension is unknown, there is a U followed by a two-digit number in the CFDA extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

CHRYSALIS SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE, INC. SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: 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 §200.516 of Uniform Guidance: No

Identification of major programs:

<u>CFDA Number</u>
16.575

Name of Federal Program or Cluster
Crime Victim Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No