CRISIS CENTER

Financial Statements As Of December 31, 2018

Together With Independent Auditors' Report

JDS professional group

certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Crisis Center:

Report on the Financial Statements

We have audited the accompanying financial statements of Crisis Center (the "Organization"), a not-for-profit organization, which comprise the statement of financial position as of December 31, 2018, 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.

Auditors' 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. 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 auditors' 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 Crisis Center as of December 31, 2018, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

JDS Professional Group

April 12, 2019

CRISIS CENTER

Statement Of Financial Position
As Of December 31, 2018

ASSETS

Current Assets:	
Cash and cash equivalents	$ 124,405
Prepaid expenses	632
Accounts receivable	147,552
Promises to give	67,927
Inventory	4,125
Total Current Assets	344,641
Property And Equipment:	
Land	5,970
Building and improvements	1,986,683
Furniture and equipment	111,677
	2,104,330
Less: accumulated depreciation and amortization	(438,266)
Net Property and Equipment	1,666,064
TOTAL ASSETS	$ 2,010,705

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued liabilities	$ 36,015
Current portion - capitalized lease obligation	4,318
Total Current Liabilities	40,333
Long-term Liabilities:	
Long term portion - capitalized lease obligation	15,001
Total Long-term Liabilities	15,001
Total Liabilities	55,334
Net Assets:	
Without donor restrictions	1,887,444
With donor restrictions	67,927
Total Net Assets	1,955,371
TOTAL LIABILITIES AND NET ASSETS	$ 2,010,705

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

		Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenue:				
Support -				
Contributions and grants		$ 1,052,308	$ 105,427	$ 1,157,735
Special events	$193,704			
Less: Direct benefit to donors	(47,264)	146,440		146,440
Total Support		1,198,748	105,427	1,304,175
Revenue -				
Service fees		4,553		4,553
Sales revenue		370		370
Interest income		102		102
Miscellaneous		33,876		33,876
Total Revenue		38,901		38,901
Net assets released from restrictions -				
Satisfaction of time and purpose restrictions		152,101	(152,101)	
Total Support And Revenue		1,389,750	(46,674)	1,343,076
Expenses:				
Program Services -				
Shelter		206,452		206,452
Therapy		401,706		401,706
Legal		177,108		177,108
Outreach/community education		39,478		39,478
Community advocacy		159,549		159,549
Total Program Services		984,293		984,293
Supporting Services -				
General administrative		156,143		156,143
Fundraising		98,996		98,996
Total Supporting Services		255,139		255,139
Total Expenses		1,239,432		1,239,432
CHANGES IN NET ASSETS FROM OPERATIONS		150,318	(46,674)	103,644
Net Assets, Beginning Of Year		1,737,126	114,601	1,851,727
NET ASSETS, END OF YEAR		$ 1,887,444	$ 67,927	$ 1,955,371

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

CRISIS CENTER

Statement Of Functional Expenses
For The Year Ended December 31, 2018

	Program Services						Supporting Services			
	Shelter	Therapy	Legal	Outreach/ Community Education	Community Advocacy	Total	General Admin.	Fundraising	Total	2018 Total
Salaries	$130,568	$276,938	$126,945	$ 26,263	$111,711	$ 672,425	$ 82,570	$ 68,243	$150,813	$ 823,238
Payroll taxes and employee benefits	14,608	30,984	14,202	2,938	12,498	75,230	24,022	7,635	31,657	106,887
Total employee related expenses	145,176	307,922	141,147	29,201	124,209	747,655	106,592	75,878	182,470	930,125
Professional services	1,268	2,689	1,232	998	1,085	7,272	9,243	663	9,906	17,178
Food and office supplies	2,183	4,630	2,122	439	1,868	11,242	1,380	1,141	2,521	13,763
Dues and publications	644	1,367	627	130	551	3,319	408	337	745	4,064
Utilities	2,673	5,251		835	2,341	11,100	1,827	1,575	3,402	14,502
Telephone	6,096	9,149	3,487	721	3,068	22,521	3,811	1,874	5,685	28,206
Maintenance and repair	11,720	23,915	5,522	3,030	10,150	54,337	7,722	6,528	14,250	68,587
Occupancy	2,428	11,663	6,892	759	2,126	23,868	1,660	1,431	3,091	26,959
Postage and printing	93	198	90	19	80	480	59	49	108	588
Travel and staff expense	4,406	9,346	4,284	886	3,770	22,692	2,787	2,303	5,090	27,782
Program and other expense	17,110	40				17,150				17,150
Special events								924	924	924
Insurance and taxes	1,735	3,680	1,687	349	1,485	8,936	2,997	907	3,904	12,840
Miscellaneous	624	17	7	40	6	694	11,146	4	11,150	11,844
Depreciation and amortization	10,296	21,839	10,011	2,071	8,810	53,027	6,511	5,382	11,893	64,920
Total	$206,452	$401,706	$177,108	$ 39,478	$159,549	$ 984,293	$156,143	$ 98,996	$255,139	$1,239,432

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

CRISIS CENTER

Statement Of Cash Flows
For The Year Ended December 31, 2018

Cash flows from operating activities:	
Changes in net assets	$ 103,644
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	64,920
Changes in operating assets and liabilities -	
Decrease in accounts receivable	53,428
Decrease in promises to give	46,674
(Increase) in prepaid expenses	(632)
(Increase) in inventory	(1,957)
(Decrease) in accounts payable and accrued liabilities	(106,599)
Net cash provided by operating activities	159,478
Cash flow from investing activities	
Purchases of property and equipment	(239,725)
Net cash (used in) investing activities	(239,725)
Cash flows from financing activities:	
Payments on capitalized lease obligation	(3,748)
Proceeds from line of credit	85,000
Payments on line of credit	(205,204)
Net cash (used in) financing activities	(123,952)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(204,199)
Cash And Cash Equivalents, Beginning Of Year	328,604
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 124,405
Supplemental Disclosure:	
Cash paid for interest	$ 7,710

(1) **Nature Of The Organization**

The purpose of the Crisis Center (the "Organization") is to provide a wide range of services to battered women and children residing primarily in Douglas County, Colorado. The majority of the Organization's support and revenue is derived from contributions and grants.

(2) **Summary Of Significant Accounting Policies**

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis of Accounting

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Center's ongoing program services. Nonoperating activities are limited to resources that generate other activities considered to be of a more unusual or nonrecurring nature.

Use Of Estimates

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

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and money market accounts. The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalent.

Accounts Receivable

Accounts receivable consists primarily of amounts due from government agencies for grants awarded to the Organization. As of December 31, 2018, management believes all grants receivable are fully collectible and thus there is no allowance for doubtful accounts. Accounts receivable are written off when collection appears doubtful.

Promises To Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. As of December 31, 2018, the promises to give are expected to be collected within one year of the financial statement date.

Inventory

Inventory is stated at lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Property And Equipment

Property and equipment is stated at acquisition cost or fair market value at the contribution date. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Building and improvements	20-40 years
Furniture and equipment	5-7 years

Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included or netted with expenses.

The Organization's capitalization policy is to capitalize purchases of $500 and greater with a useful life in excess of one year, and to expense purchases under $500.

Fair Value Measurements

The carrying amount reported in the statement of financial position for cash and cash equivalents, promises to give, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Contributions and Grants

Contributions and grants received are recorded as unrestricted or temporarily restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is 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 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 Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such expenses include salaries and benefits, depreciation and amortization, food and office supplies, membership dues, travel and staff expense, and insurance and taxes. These expenses are allocated on the basis of estimates of time and effort.

Adoption of New Accounting Pronouncement

During the year ended December 31, 2018, the Organization adopted the Financial Accounting

Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The change required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Subsequent Events

The Organization has performed an evaluation of subsequent events through April 12, 2019, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) **Tax Exempt Status**

The Organization has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A). Accordingly, the accompanying financial statements contain no provision for income taxes.

The Organization follows *Accounting for Uncertainty in Income Taxes* which requires them to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2018, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to December 31, 2015. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no material issues would arise.

(4) Contingencies And Concentration Of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash deposits in excess of federally insured limits of $250,000. As of December 31, 2018, all deposits were fully covered by FDIC Insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, the Organization may be required to refund amounts to the federal government.

As of December 31, 2018, 63% of the promises to give is due from two grantors. Additionally, as of December 31, 2018, 27% of support and revenue was from one grantor.

(5) Capital Leases Obligations

The following represents obligations under capital lease for copier equipment as of December 31, 2018:

Due in monthly installments of principal and interest of $566 through August 2022, interest rate of 14%, secured by equipment.

Future minimum lease payments for the above lease is as follows:

Total payments	$ 24,912
Less interest	(5,593)
Present value of future minimum lease payments	19,319
Less current portion	(4,318)
Total long-term obligations	$ 15,001

Future annual maturities of capital lease obligations outstanding as of December 31, 2018 are as follows:

Year Ending December 31		
2019	$	4,318
2020		4,974
2021		5,731
2022		4,296
	$	19,319

(6) **Line Of Credit**

The Organization has a line of credit in the amount of $175,000 with a financial institution at the Wall Street Journal Prime published interest rate, plus 2% which matures on September 29, 2019. The interest rate as of December 31, 2018 was 7.50%. A minimum payment of interest only is due each month. As of December 31, 2018, there was no balance owed on the line of credit.

(7) **Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of restrictions subject to the passage of time for periods after December 31, 2018.

(8) **Liquidity and Availability of Financial Assets**

The following represents the Organization's financial assets as of December 31, 2018:

Financial assets, as of year-end		
Cash and cash equivalents	$	124,404
Accounts receivable		147,552
Promises to give		67,927
Financial assets available to meet cash needs for general expenditures within one year	$	339,883

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses, or 25% of the annual operating budget. Subsequent to year end, as part of its liquidity plan, the Organization adopted a board designated reserve policy that states it will intentionally work towards building a 90 day reserve by setting aside up to 5% of excess cash each quarter in short-term investments, including a money market account. Additionally, the Organization has a $175,000 line of credit available to meet cash flow needs.

(9) **Grants**

Grants received from government agencies consisted of the following for the year ended December 31, 2018:

ACT	$ 73,656
Colorado Department of Local Affairs - Division of Housing	25,017
Douglas County	207,076
Town of Castle Rock	17,500
Town of Parker	50,000
Victim Assistance and Law Enforcement Board (VALE)	125,000
Victims of Crimes Act (VOCA)	366,088
	$ 864,337

(10) **Expenses**

Total expenses incurred during the year ended December 31, 2018, are as follows:

Total expenses reported by function	$ 1,239,432
Cost of direct benefit to donors	47,264
Total expenses	$ 1,286,696

(11) **New Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method.

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for the Organization's year ended December 31, 2019. Early application is permitted for the Organization. The Organization is evaluating the effect that No. 2015-14 will have on its financial statement and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer off assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-For-Profit*

Entities - Revenue Recognition, which exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarifies how entities will determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional. The new standard is effective for the Organization's financial statements for December 31, 2019. Early adoption is permitted. The Organization is evaluating the effect that ASU No. 2018-08 will have on its financial statements and related disclosures.

In December of 2018, FASB issued ASU No. 2018-20, *Leases*. ASU No. 2018-20 which requires the Organization to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for the Organization's financial statements for the year ended December 31, 2020. The Organization has not evaluated the impact due to the timing of implementation of this standard.