



HELPMATE, INC.

Asheville, North Carolina

Financial Statements and
Supplementary Information

Years Ended June 30, 2022 and 2021

HELPMATE, INC.

OFFICERS

Ginny Raviotta
Rick Manske
Beverly Brignolo
Graham Reynolds
Bonnie Spradling

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Treasurer
Secretary
Chair-Elect
Immediate Past Chair

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HELPMATE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Helpmate, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Helpmate, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helpmate, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Helpmate, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Helpmate, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Helpmate, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Helpmate, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the Board of Directors
Helpmate, Inc.
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Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of Helpmate, 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 Helpmate, 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 Helpmate, Inc.'s internal control over financial reporting and compliance.

CARTER, P.C.

Asheville, North Carolina
December 6, 2022

HELPMATE, INC.

Statements of Financial Position
June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$ 1,001,514 | \$ 598,454 |
| Promises to give | 18,919 | |
| Grants receivable, current portion | 495,957 | 561,341 |
| Sales tax receivable | 13,088 | 41,979 |
| Prepaid expenses | <u>22,831</u> | <u>7,815</u> |
| Total current assets | 1,552,309 | 1,209,589 |
| | | |
| Restricted cash | 50,000 | 50,000 |
| Grants receivable, net of current portion | 37,320 | |
| Beneficial interest in endowment fund | 46,383 | 53,515 |
| Property and equipment | <u>1,087,380</u> | <u>1,084,879</u> |
| | | |
| Total assets | <u>\$ 2,773,392</u> | <u>\$ 2,397,983</u> |
| | | |
| Liabilities and net assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 15,204 | \$ 26,765 |
| Accrued salaries and payroll taxes | 88,898 | 89,973 |
| Accrued compensated absences | 82,242 | 80,158 |
| Unearned revenue | <u>66,090</u> | <u>21,469</u> |
| Total current liabilities | <u>252,434</u> | <u>218,365</u> |
| | | |
| Net assets: | | |
| Without donor restrictions | 2,261,147 | 1,984,479 |
| With donor restrictions | <u>259,811</u> | <u>195,139</u> |
| Total net assets | <u>2,520,958</u> | <u>2,179,618</u> |
| | | |
| Total liabilities and net assets | <u>\$ 2,773,392</u> | <u>\$ 2,397,983</u> |

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

HELPMATE, INC.

Statement of Activities Year Ended June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|---------------------|
| Revenues and other support | | | |
| Government grants | \$ 2,203,767 | \$ | \$ 2,203,767 |
| Foundation grants | 295,792 | 189,778 | 485,570 |
| United Way | 1,575 | 22,196 | 23,771 |
| Contributions | 496,093 | 1,000 | 497,093 |
| In-kind contributions | 121,955 | | 121,955 |
| Fundraising events, net | 174,971 | | 174,971 |
| Investment income, net | 1,625 | | 1,625 |
| Other income | 812 | | 812 |
| Net assets released from restrictions | 148,302 | (148,302) | |
| Total revenues and other support | <u>3,444,892</u> | <u>64,672</u> | <u>3,509,564</u> |
| Expenses | | | |
| Program services | 2,773,855 | | 2,773,855 |
| Supporting services | 383,083 | | 383,083 |
| Total expenses | <u>3,156,938</u> | | <u>3,156,938</u> |
| Increase in net assets before other losses | <u>287,954</u> | <u>64,672</u> | <u>352,626</u> |
| Other losses | | | |
| Losses on beneficial interest in endowment fund | (8,437) | | (8,437) |
| Loss on disposal of property and equipment | (2,849) | | (2,849) |
| Total other losses | <u>(11,286)</u> | | <u>(11,286)</u> |
| Increase in net assets | 276,668 | 64,672 | 341,340 |
| Net assets, beginning of year | <u>1,984,479</u> | <u>195,139</u> | <u>2,179,618</u> |
| Net assets, end of year | <u>\$ 2,261,147</u> | <u>\$ 259,811</u> | <u>\$ 2,520,958</u> |

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

HELPMATE, INC.

Statement of Activities Year Ended June 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|-------------------------------|---------------------|
| Revenues and other support | | | |
| Government grants | \$ 2,643,135 | \$ | \$ 2,643,135 |
| Foundation grants | 118,029 | 68,314 | 186,343 |
| United Way | 37,259 | 44,391 | 81,650 |
| Contributions | 443,438 | 3,000 | 446,438 |
| In-kind contributions | 190,783 | | 190,783 |
| Fundraising events, net | 144,080 | | 144,080 |
| Investment income, net | 309 | | 309 |
| Other income | 58 | | 58 |
| Net assets released from restrictions | <u>315,929</u> | <u>(315,929)</u> | |
| Total revenues and other support | <u>3,893,020</u> | <u>(200,224)</u> | <u>3,692,796</u> |
| Expenses | | | |
| Program services | 3,229,268 | | 3,229,268 |
| Supporting services | <u>359,884</u> | | <u>359,884</u> |
| Total expenses | <u>3,589,152</u> | | <u>3,589,152</u> |
| Increase (decrease) in net assets before other gains (losses) | <u>303,868</u> | <u>(200,224)</u> | <u>103,644</u> |
| Other gains (losses) | | | |
| Gains on beneficial interest in endowment fund | 2,428 | | 2,428 |
| Loss on disposal of property and equipment | <u>(3,843)</u> | | <u>(3,843)</u> |
| Total other gains (losses) | <u>(1,415)</u> | | <u>(1,415)</u> |
| Increase (decrease) in net assets | 302,453 | (200,224) | 102,229 |
| Net assets, beginning of year | <u>1,682,026</u> | <u>395,363</u> | <u>2,077,389</u> |
| Net assets, end of year | <u>\$ 1,984,479</u> | <u>\$ 195,139</u> | <u>\$ 2,179,618</u> |

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

HELPMATE, INC.

Statement of Functional Expenses Year Ended June 30, 2022

| | Program Services | | | Total Program Services | Supporting Services | | | Total |
|------------------------------------|-------------------------|-------------------|--------------------------|------------------------------|-------------------------|------------------|---------------------------------|---------------------|
| | Crisis Stabilization | Court Advocacy | Outreach & Prevention | | Management & General | Fundraising | Total Supporting Services | |
| Salaries | \$ 1,167,592 | \$ 132,433 | \$ 180,391 | \$ 1,480,416 | \$ 198,774 | \$ 59,802 | \$ 258,576 | \$ 1,738,992 |
| Payroll taxes | 91,487 | 10,482 | 13,970 | 115,939 | 10,558 | 4,742 | 15,300 | 131,239 |
| Health insurance | 164,288 | 17,799 | 26,775 | 208,862 | 22,318 | 9,292 | 31,610 | 240,472 |
| Workers' compensation | 5,882 | 823 | 954 | 7,659 | 578 | 296 | 874 | 8,533 |
| Retirement benefits | 19,490 | 2,420 | 3,008 | 24,918 | 7,979 | 2,962 | 10,941 | 35,859 |
| Total payroll and related | 1,448,739 | 163,957 | 225,098 | 1,837,794 | 240,207 | 77,094 | 317,301 | 2,155,095 |
| Community services line | 6,203 | | | 6,203 | | | | 6,203 |
| Client assistance | 301,821 | 22,577 | | 324,398 | | | | 324,398 |
| Hotel as non-congregate shelter | 233,944 | | | 233,944 | | | | 233,944 |
| Fundraising expenses | | | | | | 13,234 | 13,234 | 13,234 |
| Insurance | 23,153 | 2,094 | 2,400 | 27,647 | 1,362 | 740 | 2,102 | 29,749 |
| Internet and computers | 38,892 | 5,429 | 2,764 | 47,085 | 4,726 | 1,777 | 6,503 | 53,588 |
| Maintenance and repair | 52,341 | | | 52,341 | 315 | | 315 | 52,656 |
| Meetings | 723 | 3 | 851 | 1,577 | 597 | 1 | 598 | 2,175 |
| Office cleaning | 6,021 | | | 6,021 | | | | 6,021 |
| Other expenses | 62,225 | 132 | 16,972 | 79,329 | 15,808 | 247 | 16,055 | 95,384 |
| Parking and mileage | 918 | | 376 | 1,294 | 164 | | 164 | 1,458 |
| Professional fees | 3,435 | | | 3,435 | 15,245 | | 15,245 | 18,680 |
| Rental expense | 26,561 | | 7,249 | 33,810 | 2,599 | 3,611 | 6,210 | 40,020 |
| Staff training and recruiting | 12,297 | 885 | 11,927 | 25,109 | | | | 25,109 |
| Supplies, copying, and postage | 38,754 | 1,849 | 2,353 | 42,956 | 2,131 | 2,537 | 4,668 | 47,624 |
| Telephone and communication | 10,757 | 3,229 | 891 | 14,877 | 501 | 187 | 688 | 15,565 |
| Utilities | 15,844 | | | 15,844 | | | | 15,844 |
| Bad debt recovery | (35,655) | | | (35,655) | | | | (35,655) |
| Total expenses before depreciation | 2,246,973 | 200,155 | 270,881 | 2,718,009 | 283,655 | 99,428 | 383,083 | 3,101,092 |
| Depreciation | 55,832 | | 14 | 55,846 | | | | 55,846 |
| Total expenses | <u>\$ 2,302,805</u> | <u>\$ 200,155</u> | <u>\$ 270,895</u> | <u>\$ 2,773,855</u> | <u>\$ 283,655</u> | <u>\$ 99,428</u> | <u>\$ 383,083</u> | <u>\$ 3,156,938</u> |

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

HELPMATE, INC.

Statement of Functional Expenses Year Ended June 30, 2021

| | Program Services | | | | Supporting Services | | | Total |
|--|-------------------------|-------------------|--------------------------|------------------------------|-------------------------|------------------|---------------------------------|---------------------|
| | Crisis Stabilization | Court Advocacy | Outreach & Prevention | Total Program Services | Management & General | Fundraising | Total Supporting Services | |
| Salaries | \$ 1,233,020 | \$ 115,559 | \$ 161,591 | \$ 1,510,170 | \$ 194,108 | \$ 56,795 | \$ 250,903 | \$ 1,761,073 |
| Payroll taxes | 91,353 | 9,745 | 12,462 | 113,560 | 14,294 | 4,449 | 18,743 | 132,303 |
| Health insurance | 192,947 | 20,063 | 32,435 | 245,445 | 27,075 | 10,648 | 37,723 | 283,168 |
| Workers' compensation | 11,324 | | | 11,324 | | | | 11,324 |
| Retirement benefits | 18,812 | 2,403 | 4,231 | 25,446 | 7,485 | 2,700 | 10,185 | 35,631 |
| Total payroll and related | 1,547,456 | 147,770 | 210,719 | 1,905,945 | 242,962 | 74,592 | 317,554 | 2,223,499 |
| Community services line | 8,655 | | | 8,655 | | | | 8,655 |
| Client assistance | 168,717 | 22,478 | | 191,195 | | | | 191,195 |
| Hotel as non-congregate shelter | 591,330 | | | 591,330 | | | | 591,330 |
| Fundraising expenses | | | | | | 7,264 | 7,264 | 7,264 |
| Insurance | 28,048 | | | 28,048 | | | | 28,048 |
| Internet and computers | 50,944 | 5,397 | 1,571 | 57,912 | 959 | 1,756 | 2,715 | 60,627 |
| Maintenance and repair | 15,539 | | | 15,539 | | | | 15,539 |
| Meetings | 1,070 | | | 1,070 | | | | 1,070 |
| Office cleaning | 6,542 | | | 6,542 | | | | 6,542 |
| Other expenses | 31,366 | 92 | 2,662 | 34,120 | 4,924 | 235 | 5,159 | 39,279 |
| Parking and mileage | 948 | 190 | 506 | 1,644 | 3 | | 3 | 1,647 |
| Professional fees | 348 | 348 | | 696 | 14,420 | | 14,420 | 15,116 |
| Rental expense | 26,561 | | 7,249 | 33,810 | 2,599 | 3,611 | 6,210 | 40,020 |
| Staff training and recruiting | 7,652 | 1,734 | 1,815 | 11,201 | 274 | | 274 | 11,475 |
| Supplies, copying, and postage | 105,280 | 2,698 | 1,553 | 109,531 | 1,926 | 3,067 | 4,993 | 114,524 |
| Telephone and communication | 10,660 | 3,409 | 969 | 15,038 | 516 | 230 | 746 | 15,784 |
| Utilities | 10,233 | | | 10,233 | | | | 10,233 |
| Bad debt | 138,212 | | | 138,212 | | | | 138,212 |
| Total expenses before interest and depreciation | 2,749,561 | 184,116 | 227,044 | 3,160,721 | 268,583 | 90,755 | 359,338 | 3,520,059 |
| Interest | 2,684 | 252 | 352 | 3,288 | 422 | 124 | 546 | 3,834 |
| Depreciation | 65,259 | | | 65,259 | | | | 65,259 |
| Total expenses | <u>\$ 2,817,504</u> | <u>\$ 184,368</u> | <u>\$ 227,396</u> | <u>\$ 3,229,268</u> | <u>\$ 269,005</u> | <u>\$ 90,879</u> | <u>\$ 359,884</u> | <u>\$ 3,589,152</u> |

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

HELPMATE, INC.

Statements of Cash Flows Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|-------------------|
| Cash flows from operating activities | | |
| Increase in net assets | \$ 341,340 | \$ 102,229 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 55,846 | 65,259 |
| Bad debt expense (recovery) | (35,655) | 138,212 |
| Present value adjustment | 2,680 | |
| Loss on disposal of property and equipment | 2,849 | 3,843 |
| Net (gains) losses on beneficial interest in endowment fund | 8,437 | (2,428) |
| Receipt of donated stock | (16,068) | (8,675) |
| Receipt of donated property and equipment | (16,375) | |
| Paycheck Protection Program loan forgiveness | | (298,446) |
| Noncash interest expense | | 3,834 |
| Changes in working capital - sources (uses): | | |
| Promises to give | (18,919) | |
| Grants receivable | 61,039 | 155,873 |
| Sales tax receivable | 28,891 | (25,200) |
| Prepaid expenses | (15,016) | (1,217) |
| Accounts payable | (11,561) | 14,193 |
| Accrued salaries and payroll taxes | (1,075) | 51,027 |
| Accrued compensated absences | 2,084 | 11,091 |
| Unearned revenue | 44,621 | (122,941) |
| Net cash provided by operating activities | <u>433,118</u> | <u>86,654</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (44,821) | (150,000) |
| Contributions to beneficial interest in endowment fund | | (51,251) |
| Change in beneficial interest in endowment fund | (1,305) | 164 |
| Proceeds from sale of donated stock | 16,068 | 8,675 |
| Net cash used by investing activities | <u>(30,058)</u> | <u>(192,412)</u> |
| Net increase (decrease) in cash and equivalents and restricted cash | 403,060 | (105,758) |
| Cash and equivalents and restricted cash at beginning of year | <u>648,454</u> | <u>754,212</u> |
| Cash and equivalents and restricted cash at end of year | <u>\$ 1,051,514</u> | <u>\$ 648,454</u> |

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

HELPMATE, INC.

Notes to Financial Statements
June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

Organization

Helpmate, Inc. (the Organization) was formed in 1981 as a North Carolina nonprofit entity. The purpose of the Organization is to work with the community to eliminate abuse and fear by providing safety shelter, and support for victims/survivors of intimate partner domestic violence. The Organization's three primary program areas are as follows:

- *Crisis Stabilization* - Includes operating a temporary emergency shelter, 24-hour crisis line, and providing case management and counseling for victims of domestic abuse.
- *Court Advocacy* - Helping clients navigate the civil and criminal court systems while advocating on their behalf.
- *Outreach and Prevention* - Carrying out public awareness and education programs about domestic violence.

Income Tax Status

The Organization is incorporated as a nonprofit corporation under the laws of the State of North Carolina and is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as a publicly supported charitable organization under section 509(a)(1). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *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 Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions and grants received for a specific purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted support as without donor restrictions to the extent that restrictions were met in the reporting period the support was recognized.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to resources that generate return from the beneficial interest in endowment fund, loss on disposal of property and equipment, and other activities considered to be more unusual or nonrecurring in nature.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, except grants receivable and beneficial interest in endowment fund, approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for grants receivable approximates fair value due to the allowance for uncollectible accounts and net present value adjustments applied to outstanding balances.

Fair value of beneficial interest in endowment fund is discussed in Note 6.

Note 1 - Summary of Significant Accounting Policies (continued)

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. Restricted cash consists of board-designated amounts to be held for long-term purposes.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in contributions. No provision for uncollectible promises to give has been recorded, as management believes that all amounts will be collected based on significant judgment and prior collection history.

Grants Receivable

Conditional grants receivable are not recognized in the financial statements until the conditions are substantially met. Unconditional grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional grants receivable that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the grants are expected to be received. Amortization of the discount is included in foundation grants. The allowance for doubtful accounts is based on management's specific identification of amounts that may not be collected.

Sales Tax Receivable

Sales tax receivable is stated at the amount management expect to collect on outstanding balances.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities.

Investment Income and Gains

Investment income and gains are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 1 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities within the hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs, maintenance, and minor renewals that do not improve or extend the life of the asset are expensed. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than \$5,000 and an estimated useful life extending beyond one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally two to thirty-one years.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of gift. The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Note 1 - Summary of Significant Accounting Policies (continued)

Donated Assets

Donated marketable securities are recorded as contributions at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. Noncash donated assets are described in Note 8.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are described in Note 8.

Revenue Recognition

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met. The Organization received conditional contributions in the amounts of \$56,090 and \$18,150, that have not been recognized as of June 30, 2022 and 2021, respectively. These amounts will be included in unearned revenue until qualifying expenditures have been incurred.

A portion of the Organization's 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 expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statements of financial position. The Organization received \$10,000 and \$3,319, in advance payments on cost-reimbursable grants that have not been recognized as of June 30, 2022 and 2021, respectively. These amount will be included in unearned revenue until qualifying expenditures have been incurred or refunded to the grantor as unexpended grant funding. In May 2022, the Organization was awarded a conditional federal reimbursement based grant for \$2,000,000 through the American Rescue Plan Act for the construction of a new shelter. The Organization has not incurred any qualifying expenditures related to this funding as of June 30, 2022.

Certain contributions made to the Organization are designated by the donor to be paid out to other agencies. Agency grant funds received and distributed to other organizations are not reported as revenue, support, or expenses within the accompanying statements of activities as the Organization lacks variance power to direct the use of the funds. The balance of unpaid agency grant funds is included in unearned revenue until the funds are disbursed.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. Expenses for community services line, client assistance, hotel as non-congregate shelter, office cleaning, staff training and recruiting, utilities, bad debt expense (recovery), and depreciation are directly related to program services. Expenses related to fundraising expenses are directly related to fundraising which is a supporting service. All other expense classifications are allocated on the basis of a combination of estimates of time and effort and square footage of building space in which the programs are operated.

New Accounting Pronouncements

During the year ended June 30, 2022, the Organization adopted the requirements of the following standards set by the Financial Accounting Standards Board (FASB). The implementation of each of these standards did not materially impact the Organization's financial statements.

- Accounting Standards Update No. 2018-15, *Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software.
- Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 clarifies and expands the presentation and disclosure requirements of contributed nonfinancial assets for nonprofit entities for the purpose of enhancing transparency of such contributions received. These additional note disclosures are included in Note 8, In-kind Contributions.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new standard, lessees will recognize a right-of-use asset and lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments. For statement of activity purposes, leases continue to be classified as either operating or finance. Operating leases will result in straight-line expense, while finance leases will result in accelerated expense recognition, comparable to current capital leases. Classification will be based on criteria similar to those applied to current lease accounting. Additional disclosures will be required to provide details of revenue and expenses recognized and expected to be recognized from existing agreements. The new standard will be effective beginning July 1, 2022. The Organization is currently evaluating the effect this ASU will have on its financial statements.

Note 2 - Net Assets

Net assets are described as follows:

| <u>At June 30</u> | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Net assets without donor restrictions: | | |
| Undesignated | \$ 1,103,384 | \$ 822,085 |
| Board designated - endowment | 20,383 | 27,515 |
| Board designated - capital reserves | 50,000 | 50,000 |
| Investment in property and equipment | <u>1,087,380</u> | <u>1,084,879</u> |
| Net assets without donor restrictions | <u>2,261,147</u> | <u>1,984,479</u> |
| Net assets with donor restrictions: | | |
| Subject to expenditure for a specified purpose or period: | | |
| Case management and counseling | 87,500 | 8,333 |
| Restricted by passage of time | 79,516 | 60,509 |
| Youth prevention | 25,000 | 16,667 |
| Capital campaign | 11,045 | 10,045 |
| Shelter | 9,167 | 21,108 |
| Crisis services | 9,167 | 5,167 |
| Security upgrades | 7,541 | 7,541 |
| Client loans | 3,000 | 5,000 |
| Outreach | 1,875 | 8,821 |
| Volunteer program | | 18,248 |
| Camp Hope | | <u>7,700</u> |
| Total subject to expenditure for a specified purpose or period | 233,811 | 169,139 |
| Not subject to spending policy or appropriation: | | |
| Investment in perpetuity - endowment fund | <u>26,000</u> | <u>26,000</u> |
| Net assets with donor restrictions | <u>259,811</u> | <u>195,139</u> |
| Total net assets | <u>\$ 2,520,958</u> | <u>\$ 2,179,618</u> |

Note 3 - Liquidity and Availability of Financial Assets

The Organization received significant contributions and grants restricted by donors and consider those program revenues, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures.

The Organization manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Dedicated reserves to provide reasonable assurance that obligations are met.

Note 3 - Liquidity and Availability of Financial Assets (continued)

The Organization targets fiscal year-end working capital reserves of three to six months of budgeted operating expenses. To achieve this target, the Organization forecasts future cash flows and monitors liquidity on a monthly basis.

The following reflects the liquidity and availability of the Organization's financial assets:

| <u>At June 30</u> | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Financial assets: | | |
| Cash, cash equivalents, and restricted cash | \$ 1,051,514 | \$ 648,454 |
| Promises to give | 18,919 | |
| Grants receivable | 533,277 | 561,341 |
| Sales tax receivable | 13,088 | 41,979 |
| Beneficial interest in endowment fund | 46,383 | 53,515 |
| Total financial assets | <u>1,663,181</u> | <u>1,305,289</u> |
| Amounts not available for general expenditure: | | |
| Board designated endowment | (20,383) | (27,515) |
| Board designated capital reserves | (50,000) | (50,000) |
| Total net assets with donor restrictions | (259,811) | (195,139) |
| Add back: restricted grants receivable | <u>79,516</u> | <u>44,391</u> |
| Total amounts not available for general expenditure | <u>(250,678)</u> | <u>(228,263)</u> |
| Net financial assets available to meet cash needs <u>for general expenditures within one year</u> | <u>\$ 1,412,503</u> | <u>\$ 1,077,026</u> |

Line of Credit

The Organization maintains a line of credit to meet short-term working capital needs. Maximum borrowings are \$500,000 and the line is secured by essentially all assets and matures in March 2025. Monthly interest only payments are required at the highest prime rate published in the Wall Street Journal with a minimum rate of 3.25%. The interest rate as of June 30, 2022, was 4.75%. The line of credit did not have an outstanding balance at June 30, 2022 and 2021.

Note 4 - Contract Assets and Liabilities

Promises to give and grants receivable represent the Organization's contract assets with an unconditional right to receive consideration from donors and grantors. Promises to give are recorded at invoiced amounts or amounts expected to be receivable based on contractual terms without conditions. Grants receivable are recorded at net realizable value or present value of future cash flows.

Note 4 - Contract Assets and Liabilities (continued)

The following table provides information about contract assets:

| <u>At June 30</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|-------------------|
| Promises to give | \$ 18,919 | \$ | \$ |
| Grants receivable: | | | |
| Due in less than one year: | | | |
| Buncombe County | 103,253 | 134,886 | 93,748 |
| CFWNC | | | 23,205 |
| City of Asheville | 3,625 | | 5,445 |
| NC Dept of Public Safety | 102,557 | 215,457 | |
| NC Council for Women | 3,750 | 5,357 | 12,299 |
| NC Dept of Health and Human Services | 123,448 | 50,385 | |
| NC Governor's Crime Commission | 191,357 | 224,374 | 608,471 |
| United Way | 22,196 | 44,391 | 27,744 |
| University of NC at Greensboro | 6,900 | 10,070 | 30,439 |
| U.S. Dept of Justice | 18,278 | 14,129 | 47,271 |
| U.S. Dept of Housing and Urban Dev. | 3,150 | | |
| Private foundation | 20,000 | | |
| Other | | 504 | 6,804 |
| Total due in less than one year | <u>598,514</u> | <u>699,553</u> | <u>855,426</u> |
| Due in one to five years: | | | |
| Private foundation | <u>40,000</u> | | |
| Total grants receivable | <u>638,514</u> | <u>699,553</u> | <u>855,426</u> |
| Less, allowance for uncollectible grants | (102,557) | (138,212) | |
| Less, discount at 4.75% | <u>(2,680)</u> | | |
| Grants receivable | <u>533,277</u> | <u>561,341</u> | <u>855,426</u> |
| <u>Total contract assets</u> | <u>\$ 552,196</u> | <u>\$ 561,341</u> | <u>\$ 855,426</u> |

Contract liabilities are recorded when a customer pays consideration, or the Organization has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Organization has an obligation to transfer the good or service to the customer at a future date. Contract liabilities are reported as unearned revenue in the accompanying statements of financial position and are comprised of the following:

- Unearned revenue, representing conditional contributions and advance payments received from donors and grantors prior to incurring expenditures in compliance with specific contract or grant provisions.
- Agency grant funds, representing amounts received from grantors and designated for use by other specified non-profit organizations.

Note 4 - Contract Assets and Liabilities (continued)

Significant changes in contract liabilities from contracts with customers are as follows:

| <u>Years Ended June 30</u> | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Unearned revenue, beginning of year | \$ 14,569 | \$ 31,410 |
| Revenue recognized that was included in unearned revenue at the beginning of the year | (14,569) | (31,410) |
| Increase in unearned revenue due to cash received during year | <u>66,090</u> | <u>14,569</u> |
| Unearned revenue, end of year | <u>66,090</u> | <u>14,569</u> |
| | | |
| Agency grant funds, beginning of year | 6,900 | 113,000 |
| Agency grant funds paid | <u>(6,900)</u> | <u>(106,100)</u> |
| Agency grant funds, end of year | <u>6,900</u> | <u>6,900</u> |
| | | |
| <u>Total contract liabilities</u> | <u>\$ 66,090</u> | <u>\$ 21,469</u> |

Note 5 - Beneficial Interest in Endowment Fund

The beneficial interest in endowment fund is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreement grants variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify or institute court action to modify any condition or restriction on the use and distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board of Directors (without the approval of any trustee, custodian, or agent), such condition or restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the region served by the Foundation. Under the terms of the agreement, the Organization can withdraw a portion of the original principal provided that the governing board of the Organization and the Foundation approve the withdrawal. The Organization's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and is presented in the financial statements in the aggregate at fair value.

Note 6 - Fair Value Measurements

The beneficial interest in endowment fund is reported in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The fair value of the beneficial interest in endowment fund is provided by the Foundation. Due to inputs being unobservable, the instruments are categorized as Level 3. No Level 1 and Level 2 instruments were present at June 30, 2022 and 2021.

Note 6 - Fair Value Measurements (continued)

A reconciliation of changes in Level 3 inputs is as follows:

| <u>Years Ended June 30</u> | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Level 3 inputs, beginning of the year | \$ 53,515 | \$ |
| Contributions | | 51,251 |
| Interest and dividends | 1,768 | 98 |
| Investment fees | (463) | (262) |
| Net gains (losses) on beneficial interest in endowment fund | <u>(8,437)</u> | <u>2,428</u> |
| <u>Level 3 inputs, end of year</u> | <u>\$ 46,383</u> | <u>\$ 53,515</u> |

Note 7 - Property and Equipment

Property and equipment consists of the following:

| <u>At June 30</u> | <u>2022</u> | <u>2021</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 384,468 | \$ 384,468 |
| Building | 721,732 | 721,732 |
| Building improvements | 611,567 | 621,822 |
| Furniture and equipment | 128,399 | 104,823 |
| Vehicles | 32,000 | 32,000 |
| Construction in progress | <u>18,375</u> | |
| | 1,896,541 | 1,864,845 |
| Less, accumulated depreciation | <u>(809,161)</u> | <u>(779,966)</u> |
| <u>Property and equipment</u> | <u>\$ 1,087,380</u> | <u>\$ 1,084,879</u> |

Depreciation expense for the years ended June 30, 2022 and 2021, was \$55,846 and \$65,259, respectively.

Note 8 - In-kind Contributions

In-kind gifts are acknowledged for the furtherance of the various programs and mission of the Organization. During the year ended June 30, 2022, the Organization received \$16,375 in donated architectural design work for the shelter expansion and is included in construction in progress.

Volunteers also donated a significant amount of time to the Organization's operations and program services throughout the fiscal year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Organization received approximately 9,700 and 5,300 volunteer hours during the years ended June 30, 2022 and June 30, 2021, respectively.

Note 8 - In-kind Contributions (continued)

In-kind contributions are summarized as follows:

| <u>Year Ended June 30, 2022</u> | | | |
|--|-------------------|---------------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Usage in Program</u> | <u>Donor Restriction</u> |
| Hotel lodging and food | \$ 46,470 | Crisis Stabilization | None |
| Office space | 40,020 | Allocated to programs & support | None |
| Supplies | 1,722 | Crisis Stabilization | None |
| Gift cards | 5,992 | Allocated to programs | None |
| Future shelter development | <u>27,751</u> | Crisis Stabilization | None |
| Total contributions of nonfinancial assets | <u>\$ 121,955</u> | | |
| <u>Year Ended June 30, 2021</u> | | | |
| | <u>Fair Value</u> | <u>Usage in Program</u> | <u>Donor Restriction</u> |
| Hotel lodging and food | \$ 141,509 | Crisis Stabilization | None |
| Office space | 40,020 | Allocated to programs & support | None |
| Supplies | 1,589 | Crisis Stabilization | None |
| Gift cards | <u>7,665</u> | Allocated to programs | None |
| Total contributions of nonfinancial assets | <u>\$ 190,783</u> | | |

Fair valuation techniques - The fair value of the donated office space is provided by the landlord and is based on current market rates. Donated professional services are valued by the donor based on standard billing rates for the underlying services provided. All other in-kind contributions are valued at the donor provided amount, price that would be paid to purchase a comparable item, or current sales price of the item as sold by the donating vendor.

Note 9 - Fundraising Events

Fundraising events for the year are summarized as follows:

| <u>Years Ended June 30</u> | <u>2022</u> | <u>2021</u> |
|-------------------------------------|-------------------|-------------------|
| Men Who Care Luncheon | \$ 133,488 | \$ |
| Women's High Tea | | 136,710 |
| Miscellaneous special event revenue | <u>50,615</u> | <u>13,242</u> |
| | 184,103 | 149,952 |
| Less, direct event expenses | <u>(9,132)</u> | <u>(5,872)</u> |
| <u>Fundraising events, net</u> | <u>\$ 174,971</u> | <u>\$ 144,080</u> |

Note 10 - Defined Contribution Plan

The Organization participates in a 403(b) defined contribution retirement plan (the Plan). All employees aged eighteen or older are eligible to participate in the Plan. The Organization matches employee contributions up to 5% of the employee's eligible compensation as defined by the Plan. Employer contributions become vested after two years of continuous service using a graded schedule. Retirement benefit expenses under the Plan for the years ended June 30, 2022 and 2021, were \$35,859 and \$35,631, respectively.

Note 11 - Commitments and Contingencies

Federal and State Assisted Programs

The Organization has received proceeds from several federal and state grants. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in a refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss. Claims have not exceeded coverage in any year since inception.

Note 12 - Concentration of Credit Risk

The Organization maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured cash balance at June 30, 2022 and 2021, was \$470,772 and \$280,808, respectively.

Note 13 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Open Tax Years

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2021, 2020, and 2019, are subject to examination by the IRS, generally for three years after they were filed.

Note 14 - Related Party Transactions

Contributions from board members totaled \$31,976 and \$23,655, for the years ended June 30, 2022 and 2021, respectively.

Note 15 - Coronavirus Pandemic Impact

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused unprecedented business and economic disruption through mandated closings of certain businesses and industries.

The Organization received increased community support and governmental revenues to respond to and adapt the operations of the Organization to meet various regulations. Government grants received as a result of COVID-19 consist of \$424,501 in federal funding to respond to increased demands and \$171,075 in hotel based non-congregate shelter assistance for the year ended June 30, 2022.

Government grants received as a result of COVID-19 during the year ended June 30, 2021, consist of \$57,890 in federal funding to respond to increased demands, \$366,254 in hotel based non-congregate shelter assistance, and \$166,453 in Coronavirus Relief Fund grants, and \$298,446 in U.S. Small Business Administration Paycheck Protection Program loan forgiveness.

The extent of the impact of COVID-19 will depend on certain developments, including the duration and spread of the outbreak. At this point, it is unclear the extent COVID-19 will have on the Organization's financial condition or results of operations.

Note 16 - Subsequent Events

Management has evaluated subsequent events through December 6, 2022, the date on which the financial statements were available to be issued.

From July 2022 through September 2022, the Organization received notification of conditional grant funding for the construction of a new shelter for \$2,045,000 in federal reimbursement based grant funding through the American Rescue Plan Act and an additional \$3,000,000 in grant funding from a local non-profit organization.

In November 2022, the Organization entered into a contract with an architectural company for \$875,000 to provide various architectural related services for the construction of a new shelter.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' 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*

To the Board of Directors
Helpmate, Inc.

We have audited, 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, the financial statements of Helpmate, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 December 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Helpmate, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Helpmate, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Helpmate, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or significant deficiencies may exist that were not identified.

To the Board of Directors
Helpmate, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Helpmate, 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARTER, P.C.

Asheville, North Carolina
December 6, 2022

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

To the Board of Directors
Helpmate, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Helpmate, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Helpmate, Inc.'s major federal programs for the year ended June 30, 2022. Helpmate Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Helpmate, 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Helpmate, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Helpmate, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Helpmate, Inc.'s federal programs.

To the Board of Directors
Helpmate, Inc.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Helpmate, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Helpmate, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Helpmate, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Helpmate, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Helpmate, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Directors
Helpmate, Inc.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

CARTER, P.C.

Asheville, North Carolina
December 6, 2022

HELPMATE, INC.

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal AL Number</u> | <u>State/Pass-through Grantor's Number</u> | <u>Expenditures</u> |
|---|----------------------------------|--|---------------------|
| FEDERAL AWARDS | | | |
| <u>U.S. Department of Justice</u> | | | |
| Office for Victims of Crime: | | | |
| Passed through N.C. Department of Public Safety - Governor's Crime Commission: | | | |
| Crime Victim Assistance: | | | |
| Buncombe Basic Domestic Violence Services 2020 | 16.575 | PROJ013964 | \$ 131,679 |
| Buncombe Enhanced Court Advocacy Services for Domestic Violence Survivors - 2019 | 16.575 | PROJ013451 | 289,267 |
| Buncombe Comprehensive Services to Underserved Victims 2020 | 16.575 | PROJ014218 | 396,557 |
| Passed through Buncombe County, North Carolina: | | | |
| Family Justice Center Project | 16.575 | 661 & 1899 | 247,651 |
| Passed through University of North Carolina at Greensboro: | | | |
| NC LGBTQ Domestic Violence Response Initiative - 2020 | 16.575 | PROJ014256 | <u>55,606</u> |
| Total Crime Victim Assistance | | | 1,120,760 |
| Office of Violence Against Women: | | | |
| Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault | 16.736 | | 18,144 |
| Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies | 16.888 | | 18,278 |
| Passed through Buncombe County, North Carolina: | | | |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | 16.590 | PO14280 & 1985 | <u>79,454</u> |
| Total U.S. Department of Justice | | | <u>1,236,636</u> |

HELPMATE, INC.

Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2022

| Grantor/Pass-Through Grantor/Program Title | Federal AL Number | State/Pass-through Grantor's Number | Expenditures |
|---|-------------------------|--|----------------|
| FEDERAL AWARDS (continued) | | | |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Office of Community Planning and Development: | | | |
| Passed through N.C. Department of Health and Human Services - Division of Aging and Adult Services: | | | |
| Emergency Solutions Grant | 14.231 | 00041812 & 00043571 | \$ 34,824 |
| COVID-19 - Emergency Solutions Grant | 14.231 | 00042622 | <u>344,501</u> |
| Total Emergency Solutions Grants | | | 379,325 |
| Passed through City of Asheville, North Carolina: | | | |
| CDBG - Entitlement Grants Cluster: | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-21-MC-37-0001 | 17,500 |
| Continuum of Care Program | 14.267 | | <u>7,057</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>403,882</u> |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Family and Youth Services Bureau: | | | |
| Passed through NC Council for Women and Youth Involvement: | | | |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671 | 56-1276293 | 41,785 |
| COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671 | | <u>80,000</u> |
| Total U.S. Department of Health and Human Services | | | <u>121,785</u> |

HELPMATE, INC.

Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2022

| Grantor/Pass-Through Grantor/Program Title | Federal AL Number | State/Pass-through Grantor's Number | Expenditures |
|--|-------------------------|--|---------------------|
| FEDERAL AWARDS (continued) | | | |
| <u>U.S. Department of Homeland Security</u> | | | |
| Federal Emergency Management Agency: | | | |
| Passed through N.C. Department of Public Safety: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | |
| | 97.036 | 2A93 | \$ <u>26,077</u> |
| Total expenditures of federal awards | | | \$ <u>1,788,380</u> |
| STATE AWARDS | | | |
| <u>North Carolina Department of Public Safety</u> | | | |
| COVID-19 Relief Fund | | | |
| | | 2C01 | \$ <u>257,898</u> |
| <u>North Carolina Department of Administration</u> | | | |
| N.C. Council for Women and Youth Involvement: | | | |
| Domestic Violence Program | | | |
| | | 56-1276293 | 54,471 |
| Divorce Filing Fees Program | | | |
| | | 56-1276293 | 24,443 |
| Marriage License Fee Program | | | |
| | | 56-1276293 | <u>22,837</u> |
| Total North Carolina Department of Administration | | | <u>101,751</u> |
| Total expenditures of state awards | | | \$ <u>359,649</u> |

HELPMATE, INC.

Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2022

Notes to the Schedule of Expenditures of Federal and State Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state award activity of Helpmate, Inc. under programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA 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 SEFSA presents only a selected portion of the operations of Helpmate, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Helpmate, Inc.

Note B - Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are presented on the 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.

Note C - Indirect Cost Rate

Helpmate, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Disaster Grants

The Organization incurred \$26,077 in expenditures during the year ended June 30, 2021, that are included in the accompanying SEFSA under the Disaster Grants - Public Assistance (97.036). Per the grant reporting requirements, expenditures incurred related to Disaster Grants - Public Assistance are to be included on the SEFSA in the period the Federal Emergency Management Agency approves the project worksheet. Additionally, the Organization incurred \$189,380 in expenditures during the year ended June 30, 2021, that are included in the accompanying SEFSA under State awards for COVID-19 Relief Funds that relate to the State's share of disaster funding.

HELPMATE, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over compliance:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ yes X no

Identification of major federal program:
AL# 16.575 - Crime Victim Assistance

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

Helpmate, Inc. was determined to be a low risk auditee.

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

HELPMATE, INC.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

No findings were reported for the year ended June 30, 2021.

No findings were reported for the year ended June 30, 2020.