

VIOLENCE INTERVENTION PROGRAM, INC.

**FINANCIAL STATEMENTS AND
REQUIRED REPORTING UNDER GOVERNMENT
AUDITING STANDARDS AND THE UNIFORM GUIDANCE**

**FOR THE YEAR ENDED
JUNE 30, 2018**



VIOLENCE INTERVENTION PROGRAM, INC.

**INDEX
YEAR ENDED JUNE 30, 2018**

	<u>Pages</u>
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION - JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)	EXHIBIT A 3
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)	EXHIBIT B 4
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018 (WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)	EXHIBIT C 5
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)	EXHIBIT D 6
NOTES TO FINANCIAL STATEMENTS	7 - 15
<u>COMPLIANCE AND INTERNAL CONTROL SECTION</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	17 - 18
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	19 - 20
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	21 - 23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24 - 25
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	26
CORRECTIVE ACTION PLAN	27

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Violence Intervention Program, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Violence Intervention Program, Inc., which comprise the statement of financial position as of June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider 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 Violence Intervention Program, Inc. as of June 30, 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.

Report on Comparative Information

The financial statements of Violence Intervention Program, Inc., as of and for the year ended June 30, 2017, which our audit dated November 30, 2017 expressed an unmodified opinion on those statements. The comparative information presented herein, as of and for the year ended June 30, 2017, was derived from those audited financial statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) 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 information 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 20, 2018, on our consideration of Violence Intervention Program, 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 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 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 Violence Intervention Program, Inc.'s internal control over financial reporting and compliance.



Certified Public Accountants

New York, New York
December 20, 2018

VIOLENCE INTERVENTION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	2018	2017
ASSETS		
ASSETS:		
Cash and cash equivalents	\$ 229,225	\$ 457,139
Grants receivable	1,203,303	878,292
Other receivable - other	32,667	16,699
Cash reserves	161,210	158,991
Prepaid expenses	16,689	17,524
Security deposits and other assets	53,615	52,904
Property, plant and equipment - net	1,606,672	1,739,639
TOTAL ASSETS	\$ 3,303,381	\$ 3,321,188
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 204,941	\$ 114,534
Deferred revenue and other advances	233,724	255,175
Security deposits payable	3,581	3,474
Reserve for replacement	160,970	160,970
TOTAL LIABILITIES	603,216	534,153
NET ASSETS:		
Unrestricted	2,700,165	2,719,645
Temporarily restricted	-	67,390
TOTAL NET ASSETS	2,700,165	2,787,035
TOTAL LIABILITIES AND NET ASSETS	\$ 3,303,381	\$ 3,321,188

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

VIOLENCE INTERVENTION PROGRAM, INC.

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018
 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUE:						
Government grants	\$ -	\$ 4,110,330	\$ 4,110,330	\$ -	\$ 3,615,593	\$ 3,615,593
Rent housing stability	-	47,267	47,267	-	56,453	56,453
Other grants and contributions	177,300	64,300	241,600	-	153,243	153,243
In-kind revenue	86,497	-	86,497	89,685	-	89,685
Donations and fund-raising income	317	-	317	142,026	-	142,026
Donations / fund-raising income	86	-	86	805	-	805
Miscellaneous revenue	6,000	-	6,000	50	-	50
Net assets released from restrictions	4,289,287	(4,289,287)	-	3,798,717	(3,798,717)	-
TOTAL PUBLIC SUPPORT AND REVENUE	4,559,487	(67,390)	4,492,097	4,031,283	26,572	4,057,855
EXPENSES:						
Program	3,743,498	-	3,743,498	3,292,277	-	3,292,277
Management and general	724,178	-	724,178	576,871	-	576,871
Development	111,291	-	111,291	258,242	-	258,242
TOTAL EXPENSES	4,578,967	-	4,578,967	4,127,390	-	4,127,390
CHANGE IN NET ASSETS	(19,480)	(67,390)	(86,870)	(96,107)	26,572	(69,535)
NET ASSETS - BEGINNING OF YEAR	2,719,645	67,390	2,787,035	2,815,752	40,818	2,856,570
NET ASSETS - END OF YEAR	\$ 2,700,165	\$ -	\$ 2,700,165	\$ 2,719,645	\$ 67,390	\$ 2,787,035

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

VIOLENCE INTERVENTION PROGRAM, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

PROGRAM SERVICES

	RESIDENTIAL	NON- RESIDENTIAL	COMMUNITY, EDUCATION AND OUTREACH	SUBTOTAL	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL 2018	TOTAL 2017
PERSONNEL EXPENSES:								
Salaries and wages	\$ 710,271	\$ 1,094,882	\$ 136,516	\$ 1,941,669	\$ 346,717	\$ 48,639	\$ 2,337,025	\$ 2,103,399
Fringe benefits	<u>208,249</u>	<u>360,349</u>	<u>50,888</u>	<u>619,486</u>	<u>108,610</u>	<u>11,520</u>	<u>739,616</u>	<u>686,708</u>
TOTAL PERSONNEL EXPENSES	<u>918,520</u>	<u>1,455,231</u>	<u>187,404</u>	<u>2,561,155</u>	<u>455,327</u>	<u>60,159</u>	<u>3,076,641</u>	<u>2,790,107</u>
OTHER-THAN-PERSONNEL EXPENSES:								
Rent	263,193	144,210	7,049	414,452	36,703	9,414	460,569	423,970
Consultants	41,416	81,969	10,501	133,886	20,675	27,260	181,821	126,520
Utilities	61,279	14,700	-	75,979	2,677	550	79,206	71,033
Telephone	35,280	31,997	1,255	68,532	12,525	428	81,485	76,167
Maintenance and repairs	93,523	3,315	59	96,897	6,698	-	103,595	73,274
Travel and conferences	23,696	19,416	10,575	53,687	6,071	28	59,786	51,727
Insurance	7,661	3,149	-	10,810	27,189	-	37,999	35,821
Participant activities/events	565	24,862	6,768	32,195	-	-	32,195	4,159
Household supplies	24,411	-	-	24,411	-	-	24,411	18,931
Office supplies	27,171	25,974	2,935	56,080	5,371	-	61,451	37,683
Audit fees	-	-	-	-	21,143	-	21,143	21,046
Equipment rental	6,418	14,508	-	20,926	-	-	20,926	18,243
Food supplies	5,132	3,815	-	8,947	-	-	8,947	3,630
Fund-raising expenses	-	-	-	-	-	9,022	9,022	15,727
Printing and brochure	132	4,749	13,482	18,363	-	336	18,699	28,982
Payroll services / 403(b) fees	-	-	-	-	7,753	-	7,753	7,753
Educational supplies	3,862	4,721	1,246	9,829	-	-	9,829	12,731
Childcare	10,820	40	-	10,860	-	-	10,860	8,120
Bad debt	-	-	-	-	-	-	-	12,528
Legal fees	2,438	-	-	2,438	-	-	2,438	-
Postage / courier service	404	115	-	519	4,157	-	4,676	6,396
Website branding	1,203	-	4,093	5,296	2,093	-	7,389	15,576
Advertising and recruitment	599	1,090	-	1,689	720	310	2,719	1,229
Software	6,261	7,314	-	13,575	1,027	-	14,602	13,505
Emergency funds/scholarship	-	-	-	-	-	-	-	70
Miscellaneous	4,926	369	-	5,295	12,262	3,784	21,341	24,287
In-kind expenses	-	-	-	-	86,497	-	86,497	89,685
TOTAL OTHER-THAN-PERSONNEL EXPENSES	<u>620,390</u>	<u>386,313</u>	<u>57,963</u>	<u>1,064,666</u>	<u>253,561</u>	<u>51,132</u>	<u>1,369,359</u>	<u>1,198,793</u>
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,538,910	1,841,544	245,367	3,625,821	708,888	111,291	4,446,000	3,988,900
Depreciation and amortization	<u>117,677</u>	<u>-</u>	<u>-</u>	<u>117,677</u>	<u>15,290</u>	<u>-</u>	<u>132,967</u>	<u>138,490</u>
TOTAL EXPENSES	<u>\$ 1,656,587</u>	<u>\$ 1,841,544</u>	<u>\$ 245,367</u>	<u>\$ 3,743,498</u>	<u>\$ 724,178</u>	<u>\$ 111,291</u>	<u>\$ 4,578,967</u>	<u>\$ 4,127,390</u>

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

VIOLENCE INTERVENTION PROGRAM, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (86,870)	\$ (69,535)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	132,967	138,490
Changes in operating assets and liabilities:		
(Decrease) increase in operating assets:		
Grants receivable	(325,011)	30,821
Other receivables	(15,968)	3,797
Cash reserves	(2,219)	1,176
Prepaid expenses and security deposits	124	(2,001)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	90,407	(90,082)
Deferred revenue and other advances	(21,451)	(408)
Security deposits payable	<u>107</u>	<u>-</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(227,914)</u>	<u>12,258</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(227,914)	12,258
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>457,139</u>	<u>444,881</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 229,225</u>	<u>\$ 457,139</u>

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

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - ORGANIZATION

Violence Intervention Program, Inc. ("VIP" or the "Organization") is a community-based nonprofit organization established in East Harlem in 1984. VIP's mission is to lead Latina victims of domestic violence to safety, empower them to live free of violence, and help them reach and sustain their full potential. VIP pursues its mission by raising community awareness, engaging in activism, and providing culturally competent services.

Created as a grassroots response to domestic violence and sexual assault, VIP has always centered survivors in its leadership and has worked to create a community of staff that reflects the rich national, ethnic and racial diversity of the communities it serves. The majority of VIP's clients are immigrants to the United States, who find themselves navigating unfamiliar systems during crisis. VIP collaborates with other social and legal service organizations to develop a safety net of support for survivors of domestic violence and sexual assault. VIP runs a 24/7 hotline, three nonresidential social service programs, two residential shelter and housing programs, an economic justice program, and a robust communications and outreach department targeting the most vulnerable victims of abuse. VIP advocates for systemic change that fully supports survivors and their families, and seeks true cultural change to eradicate gender-based violence.

Demographics and Client Population

One of the country's highest concentration of immigrants live in New York City. VIP operates offices out of Manhattan, Queens, and Bronx counties. Latinx women and girls in New York City have lower earnings, and suffer longer periods of unemployment. VIP's client demographics continue to reflect a growing demand for language access and culturally relevant services to immigrant populations, inclusive of addressing economic empowerment issues that pose a threat to its families' ability to live free of violence.

Bilingual Hotline 1-800-664-5880

VIP operates a live, 24/7 hotline, which provides full language access to thousands of callers a year. Callers gain immediate access to crisis counseling, safety assessments, and connection to ongoing services and shelter placement.

Communications and Outreach

VIP's Communications & Outreach (C & O) department raises awareness about the detrimental impact of domestic and sexual violence while promoting access to services and developing meaningful community partnerships. During fiscal year 2018, VIP conducted domestic violence workshops and presentations in schools, community centers, senior centers, social service agencies, faith-based organizations, as well as nontraditional settings such as restaurants, doctor's offices, and beauty salons throughout New York City.

(continued)

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - ORGANIZATION (Continued)

Our Adelante Mujer (Women Moving Forward) initiative invests in the leadership of survivors of domestic and sexual violence by training them to provide grassroots community education and outreach. Building on evidence-based community health worker (promotora) models, survivors use their own experiences of healing and empowerment to bring a powerful antiviolence message to Latin communities and communities of color. Promotoras are role models, able to bridge gaps among providers, clients, family members, communities and resources.

Morivivi Safe Dwelling Program

Morivivi is an emergency domestic violence shelter that offers immediate sanctuary to victims fleeing imminent harm to them and their families. Shelter residents have a safe place to stay for up to 180 days and are provided with intensive support services, including individual and group counseling, advocacy, case management and referrals to legal and mental health services.

Casa Sandra, Transitional Housing Program for Social Change

Since 2005, VIP has provided transitional housing to families stabilizing after violence. Founded on the human rights principles of respect, dignity, and equality, Casa Sandra is a stepping stone towards independent living, free from violence. Program participants pay a subsidized rent and learn the rights and responsibilities of being private tenants so that they are set to succeed when they move into permanent housing. Casa Sandra residents are provided social services such as DV counseling, housing and economic advocacy, and community activities.

Nonresidential Programming

VIP runs three community-based offices in Queens, Bronx and Manhattan so that survivors have accessible, confidential locations to obtain services within their communities. Culturally relevant counseling services support healing after trauma. Group counseling emphasizes peer support, and serves to educate survivors about intersecting needs and resources related to housing, immigration, and economic empowerment. Underpinning all services are ongoing, in-depth safety plans developed in partnership with VIP staff - a life-saving practice for people experiencing constant threat of harm by an abusive partner. VIP staff serve as a critical information and referral source for all clients, connecting survivors to legal, housing, benefits and additional mental health services, as needed. Nonresidential program staff participate in outreach activities and facilitate presentations and events that promote victims' rights, women's health, and available services to the community.

(continued)

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - ORGANIZATION (Continued)

Economic Justice & Survival Programming

VIP's Economic Justice and Survival Program (EJSP) addresses survivors' needs with cultural humility and a strengths-based approach. EJSP develops strategies that recognize the impact of intergenerational poverty, racism, xenophobia and misogyny, and help survivors to build assets and attain financial literacy. EJSP assists with credit repair, bankruptcy, student loan consolidation, and more. Educational workshops explore survivor's relationships with money, culture, and other systemic structures such as patriarchy and capitalism. Seed money provides survivors with a critical starting point for building small businesses. ArteSanando (Healing Arts) is a small business development initiative designed to enhance the marketing, financial, and business skills of clients who sell homemade food and jewelry, and enables clients to move their business to a level where they can sustain themselves and their families.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Organization have been prepared on an accrual basis of accounting in conformity with generally accepted accounting principles for not-for-profit organizations, which require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

(b) Financial Statement Presentation

The classification of VIP's net assets and its public support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed separately in a statement of activities.

These classes are defined as follows:

- (i) Permanently restricted - Net assets resulting from contributions and other inflows of assets whose use by VIP is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of VIP. VIP has no permanently restricted net assets at June 30, 2018.
- (ii) Temporarily restricted - Net assets resulting from contributions and other inflows of assets whose use by VIP is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of VIP pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

(continued)

VIOLENCE INTERVENTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (iii) Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.
- (c) Cash and Cash Equivalents
- VIP considers all money market accounts and all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.
- (d) Allowance for Doubtful Accounts
- VIP uses the allowance method for uncollectible accounts and grants receivables. The allowance is based on prior years' experience and management's analysis and evaluation of specific promises made. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. As of June 30, 2018, VIP does not have an amount recorded as an allowance for potentially uncollectible receivables.
- (e) Property, Plant and Equipment
- Property, plant and equipment are stated at cost (or fair value if donated), less accumulated depreciation. Items costing \$1,000 or more and with a useful life of at least one year are capitalized. Depreciation is computed using the straight-line method and is allocated over the estimated useful lives of the assets. Additions and replacements are capitalized. Expenditures for maintenance and repairs are charged to expense.

Property, plant and equipment useful lives are comprised of the following:

<u>Asset</u>	<u>Useful Life</u>
Building	27.5 years
Furniture, fixtures and equipment	3 to 5 years

(f) Revenue Recognition

All donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants and contracts revenue is recognized when qualifying expenditures are incurred and/or services are provided for the purposes specified by the contracts. Funds received in advance or any unspent funds are recorded as deferred revenue. Any unspent amounts are required to be returned, unless the grantor approves such amounts be applied to a future grant period. Grants revenue received and expended in the same fiscal year is reflected as unrestricted revenue.

(continued)

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Accounting for Income Taxes

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. VIP is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress. VIP has not incurred any unrelated business income.

VIP is exempt from federal income taxes, as a publicly supported organization, under Section 501(c)(3) of the Internal Revenue Code.

Management has determined that VIP has no uncertain tax positions that would require financial statement recognition. VIP is no longer subject to income tax examination by federal, state, or local tax authorities for years before 2014.

(h) In-Kind Revenue

In-kind revenue is also presented in accordance with Accounting Standards Codification 958-605, whereby services are recognized as revenue if such services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. In-kind services are recorded at their fair market value, and the related expense is recorded under appropriate expense accounts.

For fiscal year 2018, VIP received donated volunteer services with an estimated fair value of \$86,497.

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions on the reported amount of assets and liabilities and revenues and expenses. Actual results could differ from those estimates.

(j) Functional Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

NOTE 3 - CASH RESERVES

The cash reserves account represents the Homeless Housing and Assistance Program reserve, which is a required fund restricted by the New York State Office of Temporary Disability Assistance for VIP's Casa Sandra building. The reserve is maintained under a business savings account.

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4 - GRANTS RECEIVABLE

Grants receivable as of June 30, 2018 consisted of:

Human Resource Administration - residential	\$ 305,940
Human Resource Administration - nonresidential	393,723
Office of Victim Services	277,414
Dove Safe Horizon	88,634
Office on Violence Against Women	77,748
U.S. Department of Housing and Urban Development	24,708
Hispanic Federation	18,750
Office of Temporary and Disability Assistance	7,811
Office of Children and Family Services - legislative	5,000
New York Legal Assistance Group	<u>3,575</u>
	<u>\$ 1,203,303</u>

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of June 30, 2018 consisted of:

Land	\$ 52,170
Building	3,236,118
Furniture, fixtures and equipment	<u>646,276</u>
	3,934,564
Less, accumulated depreciation	<u>(2,327,892)</u>
	<u>\$ 1,606,672</u>

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2018 consisted of:

Accrued vacation leave	\$ 31,113
Accrued payroll and related taxes and fringe benefits	106,122
Accrued expenses	22,609
Accounts payable	<u>45,097</u>
	<u>\$ 204,941</u>

NOTE 7 - DEFERRED REVENUE AND OTHER ADVANCES

Deferred revenue and other advances as of June 30, 2018 consist of:

Advances from Office of Victim Services	\$ 137,250
Advances from Human Resources Administration - nonresidential	96,000
Rent advances	<u>474</u>
	<u>\$ 233,724</u>

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - BANK CREDIT LINE

VIP has a line of credit with a bank in the amount of \$150,000. The contract was signed on November 7, 2016. Borrower must maintain a minimum average depository balance of \$150,000, tested quarterly. A fee of 0.25% per annum, payable quarterly in arrears, shall be charged on any shortfall. Additionally, a fee of 0.25% per annum, payable quarterly in arrears, shall be assessed on the unused portion of the line of credit. The line of credit has a maturity date of May 2019, and interest is charged at the stated rate of 4.75% per annum. As of June 30, 2018, the line of credit does not have an outstanding balance.

NOTE 9 - TEMPORARILY RESTRICTED

Temporarily restricted net assets as of June 30, 2018 consist of:

	2017	Additions	Releases	Temporarily Restricted
The New York Women's Foundations	\$ 67,390	\$ 4,300	\$ (71,690)	\$ -
Hispanic Federation, Inc.	-	25,000	(25,000)	-
Government grants	-	4,110,330	(4,110,330)	-
Rent housing stability	-	47,267	(47,267)	-
Other grants and contributions	-	35,000	(35,000)	-
	<u>\$ 67,390</u>	<u>\$ 4,221,897</u>	<u>\$ (4,289,287)</u>	<u>\$ -</u>

NOTE 10 - GOVERNMENT GRANTS

Government grants as of June 30, 2018 consisted of:

NYC Human Resources Administration - residential program	\$ 1,475,595
Office of Victim Services	1,032,176
NYC Human Resources Administration - nonresidential program	708,300
U.S. Department of Housing and Urban Development	318,336
Dove Safe Horizon	148,000
The Council of the City of New York	111,100
Office on Violence Against Women - Sexual Assault	110,531
Office on Violence Against Women - Culturally Specific Services Program	173,398
Office of Temporary and Disability Assistance	7,811
Office on Violence Against Women - New York Legal Assistance Group	13,300
Office of Children and Family Services	5,000
Federal Emergency Management Agency	6,783
	<u>\$ 4,110,330</u>

The awards administered by the NYC Human Resources Administration residential and nonresidential programs consist of federal, state, and local agencies and have been allocated based on percentages provided by the administrator, which reflect amounts funded by the respective agencies for the programs.

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 11 - CONCENTRATIONS OF CREDIT RISKS

VIP's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and accounts receivable. At times during the year, VIP's cash balances were in excess of the FDIC insurance limit. However, VIP has not experienced any losses to date. VIP's accounts receivable consist primarily of amounts due from various federal and state government agencies.

NOTE 12 - CONTINGENCY

Reimbursements from grant-related expenses and overhead applicable to programs conducted under the contract funded by the U.S. federal government, the State of New York, and The City of New York are subject to audit, which may result in adjustments for disallowances. The amounts of disallowances, if any, cannot be determined as of the date of this report. Therefore, no provision is made for these potential liabilities.

The Organization derives a significant portion of its revenue from federal grants. A reduction in the amount of revenue provided by federal grants, should this occur, could have a significant impact on the Organization's ability to carry out its activities at current levels.

NOTE 13 - LEASE COMMITMENTS

The following are the future lease payments with various lessors for its offices and for the Morivivi Residential Program apartments:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 432,951
2020	296,072
2021	254,228
2022	197,618
2023	138,100
Thereafter	<u>178,064</u>
	<u>\$ 1,497,033</u>

NOTE 14 - PENSION COSTS

VIP has a defined contribution (profit sharing) pension plan (the "Plan") for its employees. The Plan is noncontributory. Employees aged 21 and over are eligible to participate after one year of service. Vesting starts at 25% for one year of service, 50% for two years, 75% for three years, and 100% for four years. Contributions to the Plan are determined by a fixed percentage of an employee's gross annual income and are subject to the approval of the board of directors on an annual basis.

The total value of the profit sharing pension plan assets amounts to \$269,744 as of June 30, 2018.

(continued)

VIOLENCE INTERVENTION PROGRAM, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 14 - PENSION COSTS (Continued)

Additionally, VIP employees maintain a separate contributory pension plan. The total value of such pension plan assets amounts to \$709,737 as of June 30, 2018.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 20, 2018, the date on which the financial statements were available for issue. There are no subsequent events of a material nature that came to our attention warranting disclosure.

COMPLIANCE AND INTERNAL CONTROL SECTION

VIOLENCE INTERVENTION PROGRAM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENT</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>Department of Health and Human Services</u>				
Pass-through the NYC Human Resources Administration				
HRA Residential Services	93.558	20171415859	\$ -	\$ 910,810
HRA Nonresidential Services	93.558	CT106920151426792	-	539,141
Total Department of Health and Human Services			-	1,449,951
<u>Department of Justice Office for Victims of Crime</u>				
Pass-through the NYC Office of Victim Services				
Crime Victim Assistance	16.575	C-100126	-	770,385
Total Justice Office for Victims of Crime			-	770,385
<u>Department of Housing and Urban Development</u>				
Supportive Housing Program	14.235	NY0410L2T001710	-	318,336
Total Department of Housing and Urban Development			-	318,336
<u>Department of Justice</u>				
Pass-through the NYC Office of Violence Against Women				
Sexual Assault Services Culturally Specific Program	16.023	Various	-	274,147
Total Department of Justice			-	274,147
<u>Department of Homeland Security / Federal Emergency Management Agency</u>				
Pass-through the United Way of New York City				
Emergency Food and Shelter National Board Program	97.024	631400-537	-	6,783
Total Department of Homeland Security / Federal Emergency Management Agency			-	6,783
Total Expenditures of Federal Awards			\$ -	\$ 2,819,602

Note: The pass-through agency identifying numbers are not available

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

VIOLENCE INTERVENTION PROGRAM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of VIP for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of VIP, it is not intended to and does not present the financial position, changes in net position, or cash flows of VIP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - FEDERAL AWARD ALLOCATIONS

The awards administered by the NYC Human Resources Administration residential and non-residential programs consist of federal, state and local agencies and have been allocated based on percentages provided by the administrator, which reflect amounts funded by the respective agencies for the programs and only the federal allocated portion has been reflected on the Schedule of Expenditures of Federal Awards.

NOTE 4 - INDIRECT COST RATE

VIP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**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 of
Violence Intervention Program, 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 Violence Intervention Program, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, 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 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding No. 2018-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2018-001.

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.


Berdon LLP
Certified Public Accountants

New York, New York
December 20, 2018

**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 of
Violence Intervention Program, Inc.

Report on Compliance for Each Major Federal Program

We have audited Violence Intervention Program, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Violence Intervention Program, Inc.'s major federal programs for the year ended June 30, 2018. Violence Intervention Program, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Violence Intervention Program, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Retirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Violence Intervention Program, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Compliance for Each of the Other Major Federal Programs

In our opinion, Violence Intervention Program, 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, 2018.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

Violence Intervention Program, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Violence Intervention Program, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Violence Intervention Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Violence Intervention Program, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Violence Intervention Program, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Finding No. 2018-001, to be a significant deficiency.

Violence Intervention Program, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Violence Intervention Program, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Berdon LLP".

Certified Public Accountants

New York, New York
December 20, 2018

VIOLENCE INTERVENTION PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified Opinion

Internal control over financial:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditors' report issued on compliance for major federal programs.

Unmodified Opinion

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

CFDA Number

93.558

Name of Federal Program or Cluster

Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

Yes No

VIOLENCE INTERVENTION PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

Finding No. 2018-001 - Reporting

Criteria

The federal data collection form submission must be completed within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

Condition

The Organization did not have a formal set of procedures that addressed the federal deadlines in its policy and procedures manual and, therefore, as a result of turnover in the finance department, the Organization filed the data collection form after the required deadline.

Questioned Costs

None

Context

The Organization did not have a set of formal procedures to ensure adherence to federal deadlines.

Effect

The Organization cannot be considered a low-risk auditee for purposes of Federal Single Audit for the next two consecutive years.

Recommendation

Management should develop a formal set of policies and procedures, which includes a timeline, to ensure that the audit has commenced before a specific deadline to ensure adherence to the Federal Audit Clearinghouse deadline.

View of Responsible Official

We are in agreement with the above recommendations and will formalize our current procedures to include a specific timeline to ensure adherence with the federal deadline.

VIOLENCE INTERVENTION PROGRAM, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Prior Year Financial Statement Findings

None.

Section II - Prior Year Federal Award Findings and Questioned Costs

Finding No. 2017-001 - Reporting

The federal data collection form submission must be completed within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

Status: Violence Intervention Program, Inc. is in the process of correcting the finding.

VIOLENCE INTERVENTION PROGRAM, INC.

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

Management is in the process of developing a formal set of policies and procedures, which includes a timeline, to ensure that the audit has commenced before a specific deadline to ensure adherence to the Federal Audit Clearinghouse deadline.