



WEINLANDER FITZHUGH

BAY AREA WOMEN'S CENTER
BAY CITY, MICHIGAN

FINANCIAL STATEMENTS
DECEMBER 31, 2019

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-16
INDEPENDENT AUDITOR'S 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	17-18
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	19



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

May 12, 2020

Board of Directors
Bay Area Women's Center
Bay City, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area Women's Center (Organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 Bay Area Women's Center as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Board of Directors
Bay Area Women's Center
May 12, 2020

Emphasis of Matter

As discussed in Note 10 to the financial statements, in 2019, the Organization adopted new accounting guidance, FASB ASU No. 2014-09, Revenue from Contracts with Customers and FASB ASU No. 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2020, on our consideration of Bay Area Women's Center'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 Bay Area Women's Center'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 Bay Area Women's Center's internal control over financial reporting and compliance.

Weinlander Fitzhugh

BAY AREA WOMEN'S CENTER
Statement of Financial Position
December 31, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 629,302
Investments	26,505
Receivables:	
Contributions receivable	85,875
Accounts receivable - federal and state grants and contracts	137,910
Prepaid expense	8,328
Total current assets	887,920

Property and Equipment

Building	2,350,882
Land improvements	103,089
Furniture and fixtures	66,636
Computer equipment and software	40,873
Office equipment	99,409
Construction in progress	49,640
	2,710,529
Accumulated depreciation	(1,330,104)
	1,380,425
Land	9,039
Total property and equipment	1,389,464

Other Assets

Beneficial interest in assets held by Community Foundation	1,162
Total Assets	\$ 2,278,546

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 11,433
Accrued payroll and payroll taxes	61,945
Deferred revenue	2,650
Other liabilities	4,300
Total current liabilities	80,328

Net Assets

Without donor restrictions	2,087,878
With donor restrictions	110,340
Total net assets	2,198,218
Total Liabilities and Net Assets	\$ 2,278,546

See accompanying notes to financial statements.

BAY AREA WOMEN'S CENTER
Statement of Activities
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support</u>			
Contributions	\$ 195,593	\$ 51,870	\$ 247,463
Donated material	78,672	0	78,672
United Way allocations	0	123,500	123,500
Special events:			
Gross special events revenue	129,486	0	129,486
Less direct expenses	(26,759)	0	(26,759)
Net special events	<u>102,727</u>	<u>0</u>	<u>102,727</u>
Total support	<u>376,992</u>	<u>175,370</u>	<u>552,362</u>
<u>Contracts:</u>			
Federal and state grants and contracts	<u>771,758</u>	<u>0</u>	<u>771,758</u>
<u>Other revenue</u>			
Net investment return	7,120	0	7,120
Unrealized gain	225	0	225
Miscellaneous	<u>27,505</u>	<u>0</u>	<u>27,505</u>
Total other revenue	<u>34,850</u>	<u>0</u>	<u>34,850</u>
Net assets released from restriction- satisfaction of program restrictions	<u>147,895</u>	<u>(147,895)</u>	<u>0</u>
Total support and revenue	<u>1,331,495</u>	<u>27,475</u>	<u>1,358,970</u>
<u>Expenses</u>			
<u>Program services:</u>			
Domestic Violence	588,667	0	588,667
Community Service	35,695	0	35,695
Sexual Assault	<u>229,972</u>	<u>0</u>	<u>229,972</u>
Total program services	<u>854,334</u>	<u>0</u>	<u>854,334</u>
<u>Support services:</u>			
Management and general	379,626	0	379,626
Fund development	<u>2,012</u>	<u>0</u>	<u>2,012</u>
Total support services	<u>381,638</u>	<u>0</u>	<u>381,638</u>
Total expenses	<u>1,235,972</u>	<u>0</u>	<u>1,235,972</u>
Change in net assets	95,523	27,475	122,998
Net assets - beginning of year	<u>1,992,355</u>	<u>82,865</u>	<u>2,075,220</u>
Net assets - end of year	<u>\$ 2,087,878</u>	<u>\$ 110,340</u>	<u>\$ 2,198,218</u>

See accompanying notes to financial statements.

BAY AREA WOMEN'S CENTER
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services				Supporting Services			
	Total	Domestic Violence	Community Service	Sexual Assault	Total Program Services	Management and General	Fund Development	Total Supporting Services
Salaries and wages	\$ 727,946	\$ 328,506	\$ 27,557	\$ 131,185	\$ 487,248	\$ 240,698	\$ 0	\$ 240,698
Payroll taxes	56,724	25,420	2,264	10,208	37,892	18,832	0	18,832
Employee benefits	54,006	21,572	1,672	7,125	30,369	23,637	0	23,637
Staff fees and contracts	31,814	0	0	24,737	24,737	7,077	0	7,077
Workers' compensation	2,246	929	83	323	1,335	911	0	911
Payroll preparation fees	1,057	0	0	0	0	1,057	0	1,057
Total salaries and related expenses	873,793	376,427	31,576	173,578	581,581	292,212	0	292,212
Specific assistance to individuals	133,830	102,159	579	26,773	129,511	4,319	0	4,319
Donated supplies	29,032	29,032	0	0	29,032	0	0	0
Fundraising expense	26,759	0	0	0	0	1,609	25,150	26,759
Utilities	25,136	12,134	0	1,938	14,072	11,064	0	11,064
Conferences and education	17,752	5,282	45	8,958	14,285	3,382	85	3,467
Office supplies	14,293	2,707	483	1,256	4,446	9,678	169	9,847
Insurance	12,084	6,991	0	0	6,991	5,093	0	5,093
Professional fees	11,350	0	0	0	0	11,350	0	11,350
Telephone and answering service	11,170	3,180	0	623	3,803	7,367	0	7,367
Maintenance	10,768	8,838	0	28	8,866	1,902	0	1,902
Travel and meals	6,641	3,095	580	1,657	5,332	1,146	163	1,309
Postage	3,585	128	9	95	232	2,194	1,159	3,353
Advertising and publicity	1,945	748	99	235	1,082	863	0	863
Bank charges	1,764	0	0	0	0	1,328	436	1,764
Dues and subscriptions	1,717	578	60	248	886	831	0	831
Other costs	1,428	40	0	0	40	1,388	0	1,388
Rent	828	0	0	0	0	828	0	828
Equipment rent and maintenance	610	0	0	0	0	610	0	610
Total before depreciation	1,184,485	551,339	33,431	215,389	800,159	357,164	27,162	384,326
Depreciation	78,246	37,328	2,264	14,583	54,175	24,071	0	24,071
Total functional expenses	1,262,731	588,667	35,695	229,972	854,334	381,235	27,162	408,397
Less expenses included with revenues on the statement of activities								
Direct special event expenses	(26,759)	0	0	0	0	(1,609)	(25,150)	(26,759)
Total expenses included in the expense section of statement of activities	<u>\$ 1,235,972</u>	<u>\$ 588,667</u>	<u>\$ 35,695</u>	<u>\$ 229,972</u>	<u>\$ 854,334</u>	<u>\$ 379,626</u>	<u>\$ 2,012</u>	<u>\$ 381,638</u>

See accompanying notes to financial statements.

BAY AREA WOMEN'S CENTER
Statement of Cash Flows
For the Year Ended December 31, 2019

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ 122,998
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	78,246
Net unrealized gain	(225)
Changes in operating assets and liabilities:	
Grants receivable	(12,875)
Pledge receivable	(31,015)
Prepaid expense	(1,606)
Accounts payable	(15,930)
Deferred revenue	(84,084)
Accrued payroll and payroll taxes	15,097
Other liabilities	1,240
Net cash flows from operating activities	<u>71,846</u>
<u>Cash Flows From Investing Activities</u>	
Purchase of equipment	(72,264)
Net change in investments	65,092
Net cash flows from investing activities	<u>(7,172)</u>
Net change in cash	64,674
Cash and cash equivalents - beginning of year	<u>564,628</u>
Cash and cash equivalents - end of year	<u>\$ 629,302</u>

See accompanying notes to financial statements.

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Bay Area Women's Center (Organization) is a nonprofit organization established to provide counseling and shelter for domestic violence and sexual assault victims in Bay and Arenac Counties. The primary funding source is federal, state and local grants, along with allocations from the United Way of Bay County.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. That is, revenue is recognized when earned and expenses when incurred.

Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less. Interest paid for the year was \$0. There were no non-cash activities during the year, except for donated services and goods described later.

Investments

Investments are recorded at fair market value as follows:

Cash and short-term investments - the carrying amount approximates fair value because of the short maturity of those instruments.

Long-term investments - the fair value of investments are generally based on quoted market prices.

Accounts Receivable

Accounts receivable are stated at the outstanding balance adjusted for any write-offs and the allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on an evaluation of receivables, past and recent experience, current economic conditions, and other pertinent factors. The allowance for doubtful accounts is increased by the provision charged to operations and reduced by write-offs. There was no allowance for doubtful accounts as of December 31, 2019.

Receivables from contracts with customers are reported as accounts receivable – federal and state grants and contracts in the accompanying Statement of Financial Position. Contract liabilities are reported as deferred revenue in the accompanying Statement of Financial Position.

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Fundraising revenue is equal to the cost of direct benefit to the donors and contribution revenue for the difference. The Organization recognizes the contribution portion immediately and the exchange portion upon completion of the event. For the year ended December 31, 2019 the Organization recognized \$129,486 in gross fundraising revenue. Management has estimated the exchange portion of fundraising revenue to be \$12,948 and was recognized upon completion of the events. The remaining \$116,538 was considered to be contribution revenue and was recognized immediately.

Management has estimated the exchange portion of the sponsorships and ticket sales that occurred prior to December 31, 2019 was \$2,650. The following table provides information about significant changes in deferred revenue for the year ended December 31, 2019:

Deferred fundraising revenue, beginning of year	\$ 86,734
Revenue recognized that was included in deferred revenue at beginning of year	(86,734)
Increases in deferred revenue due to cash received during the year	<u>2,650</u>
Deferred fundraising revenue, end of year	<u>\$ 2,650</u>

The Organization contracts with several agencies, including governmental agencies, for funding to provide services related to the Organization's mission of providing counseling and shelter for domestic violence and sexual assault victims in Bay and Arenac Counties. Service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Generally, the Organization bills the grantor agencies on a monthly basis after services have been performed. Revenue for these services is recognized at a point in time as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization and the stipulations of the grant contract. The Organization does not charge individuals who receive services. All grant contracts that the Organization has entered into have a stated annual maximum amount of reimbursement. The Organization has several ongoing grants funded through the Michigan Department of Health and Human Services.

For the year ended December 31, 2019 the Organization recognized revenue of \$771,578 from services that were provided at a point in time.

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources must be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received, (a) create or enhance non-financial assets or, (b) require a specialized skill that is provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization received contributions of nonprofessional volunteers during the year with a value of \$82,007 primarily for the VOCA program which are not recorded in the statement of activities under U.S. generally accepted accounting procedures.

Donated Goods

The Organization receives a significant amount of donated materials. These materials are recorded as contributions at their estimated fair value at the date of donation. Total value of the donated materials was \$78,672 for the year.

Fixed Assets and Depreciation

The Organization capitalizes major expenditures for land, building and equipment at cost. Donations of land, buildings and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

Building	10-40 years
Land improvements	10-20 years
Equipment	3-10 year

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services

The Organization's program services are segregated into three categories, as follows:

Domestic Violence - This program is focused on providing temporary counseling, emergency shelter and on-going support groups for victims of domestic violence and their families. No fees are charged to users. The program consists of two types, Domestic Violence Residential and Non-Residential. The first provides overnight support while the other is for single day services.

Community Service – This program provides financial and material assistance for the very low income families in Bay and Arenac counties.

Sexual Assault and the Sexual Assault Nurse Examiners Programs – The sexual assault program provides temporary counseling, emergency shelter and support groups to victims of sexual assault. No fees are charged to users. The Sexual Assault Nurse Examiners Program is a team composed of trained forensic nurses, law enforcement and advocates that respond to sexual assault victims seeking treatment after an assault, including pediatric victims of sexual abuse.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses are allocated based on staff positions and grant requirements. Many costs are allocated based on fixed percentages based on time studies related to grant activities. Other expenses are either direct as is the case with specific assistance. Remaining expenses are allocated based on the judgement of management.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying Independent Auditor's Report, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, short term investments, long term investments, beneficial interest in endowment, and line of credit. See note 6 for information about the Organization's line of credit.

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 2 - LIQUIDITY AND AVAILABILITY (CONTINUED)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing counseling and shelter for domestic violence and sexual assault victims as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2019.

As of December 2019, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 629,302
Investments	26,505
Grants receivable	85,875
Accounts receivable	137,910
Beneficial interest in endowment	1,162
Total financial assets	880,754
Investments with liquidity horizons greater than one year	(25,879)
Beneficial interest in endowment	(1,162)
Cash balance with purpose restrictions	(48,590)
Grants and contracts receivable with time restrictions	(61,750)
	(137,381)
Financial assets available to meet cash needs for general expenditures within one year	\$ 743,373

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2019:

Money market funds	\$ 307
Certificate of deposits	25,879
Stock and equities	319
	\$ 26,505
Totals	\$ 26,505

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Professional standards establish a framework for measuring value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional standards are described as follows:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not considered to be active or financial statements for which all significant inputs are observable, either directly or indirectly.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents assets at fair value on a recurring basis during the period by level within the fair value hierarchy, as of December 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 307	\$ 0	\$ 0	\$ 307
Certificate of deposits	25,879	0	0	25,879
Stock and equities	319	0	0	319
	\$ 26,505	\$ 0	\$ 0	\$ 26,505

The following methods and assumptions were used to estimate the fair value of assets and liabilities in the table above:

The fair value of the Organization's stocks and equities is based on quoted market prices.

NOTE 4 - RETIREMENT PLAN

The Organization has a 403(b) deferred annuity plan (Plan) covering all employees upon completion of one year of service. The Organization's contributions are equal to 2% of the monthly compensation of the participating employees. Total expenses related to the Plan for the year ended December 31, 2019 were \$10,625.

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 5 - RESTRICTIONS ON ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:

Program specific contributions	\$ 8,590
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Subject to the passage of time:

United Way receivable	61,750
Gerstacker grant	40,000
	101,750

	\$ 110,340
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2019.

Expiration of time restrictions	\$ 126,750
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Satisfaction of purpose restrictions:

Program specific contributions	21,145
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	\$ 147,895
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BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 6 - LINE OF CREDIT

The Organization has a \$100,000 line of credit with First State Bank. The interest rate will be equal to the Bank's index rate, not to exceed 9.0% per annum or the maximum rate allowed by applicable law. As of December 31, 2019, the balance of the line of credit is \$0.

NOTE 7 - INCOME TAXES

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2019, the Organization's federal tax return generally remains open for the last three years.

NOTE 8 - ENDOWMENT FUND WITH BAY AREA COMMUNITY FOUNDATION

The Organization is the beneficiary under an endowment fund agreement with the Bay Area Community Foundation (Foundation). A portion of the assets, \$1,162 is included in the statement of financial position of the Organization. The remaining portion, \$524,241, is included on the statement of financial position of the Foundation. The Organization does not exercise any control over the principal of the fund but, based on a formula, certain amounts of the fund may be distributed to and expended by the Organization.

Variance power has been granted to the Foundation for the assets in the endowment fund. If the Organization ceases to exist or no longer performs its functions under the provisions of the agreement, the Foundation shall continue to administer and disburse fund assets in a manner deemed appropriate.

The endowment fund includes funds designated by the Organization. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based on the existence or absence of donor-imposed restriction.

Investment and spending policies are determined by the Foundation, in accordance with established guidelines adopted by the Foundation's governing board.

Income available for spending is determined by a total return system. The amount to be spent in the coming year is calculated each September 30th and is reviewed and approved by the Finance Committee annually. The calculation formula is as follows:

- a) Each year at September 30th a 12 quarter rolling average of the market value of each Fund is determined;
- b) The annual amount available to be spent is 5% of the market value calculated in "a" above.

The "income" that may be spent, as determined in this paragraph, may be drawn from both ordinary earned income (i.e., dividends, interest, rents, royalties, etc.) and earned and unearned appreciation.

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - ENDOWMENT FUND WITH BAY AREA COMMUNITY FOUNDATION (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of December 31, 2019

	<u>Without Donor Restrictions</u>
Board designated endowment funds	<u>\$ 1,162</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>
Endowment net assets, beginning of the year	<u>\$ 1,004</u>
Investment return:	
Investment income	39
Net gain (loss) (realized and unrealized)	177
Total investment return	<u>216</u>
Appropriation of endowment assets for expenditure	(51)
Administrative and investment fees	<u>(7)</u>
Total investment return	<u>(58)</u>
Endowment net assets, end of the year	<u>\$ 1,162</u>

BAY AREA WOMEN'S CENTER
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - GRANT AND CONTRACT REVENUE

Grant and contract revenue for the year consists of:

Victims of Crime Act	\$ 329,530
Michigan Domestic and Sexual Violence Protection and Treatment	161,591
Transitional Supportive Housing Program	98,824
SANE	54,587
SACS	58,443
Bay County Safe Haven	17,673
STOP Violence Against Women	30,376
Child and Adult Care Food Program	<u>20,734</u>
	<u><u>\$ 771,758</u></u>

NOTE 10 - NEW ACCOUNTING STANDARD

For the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). This new revenue recognition standard offers amended guidance to clarify the principles for recognizing revenue from contracts with customers. The standard requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The standard also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures. The presentation of these financial statements has been adjusted accordingly and the amendments have been applied retrospectively to all periods presented, with no material effect on net assets.

For the year ended December 31, 2019, the Organization adopted FASB ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions, as well as determining whether a contribution is conditional. This standard has been implemented on a modified prospective basis, with no material effect on net assets.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENT

On February 26, 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). This new standard will move operating lease obligations from the footnotes to the statement of financial position by recognizing lease assets and lease liabilities and disclosing key information about leasing arrangements. The standard will be effective for the Organization's year ended December 31, 2021. Management is evaluating the effect of the updated lease guidance on the Organization's financial statements.



INDEPENDENT AUDITOR'S 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*

May 12, 2020

Board of Directors
Bay Area Women's Center
Bay City, Michigan

We have audited, in accordance with U.S. generally accepted auditing standards 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 Bay Area Women's Center (Organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated May 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bay Area Women's Center'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 Bay Area Women's Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Bay Area Women's Center'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 Organization's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Board of Directors
Bay Area Women's Center
May 12, 2020

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bay Area Women's Center'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 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.

Weinlander Fitzhugh

BAY AREA WOMEN'S CENTER
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

There were no matters reported in the prior year's audit.