2021 and 2020 Consolidated Financial Statements

The Montgomery Area Family Violence Program, Inc.

Montgomery, Alabama

Independent Auditor's Report

Board of Directors
The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama

We have audited the accompanying consolidated financial statements of The Montgomery Area Family Violence Program, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Family Sunshine Center Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Montgomery Area Family Violence Program, Inc. as of September 30, 2021 and 2020, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Combining Schedules as listed on the index are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated 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 basic 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 February 15, 2022, on our consideration of The Montgomery Area Family Violence 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 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 The Montgomery Area Family Violence Program, 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 The Montgomery Area Family Violence Program, Inc.'s internal control over reporting and compliance.

Aldridge, Borden and Company, P.C.

Montgomery, Alabama
February 15, 2022

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

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Consolidated Statements of Financial Position

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
As of September 30

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,287,234	$ 915,728
Grants receivable	677,822	834,105
Accounts receivable	54,977	89,292
Pledges receivable	65,000	
Prepaid expense	2,679	2,878
Total current assets	2,087,712	1,842,003
Property and equipment:		
Construction in process	120,000	
Property and equipment	510,239	613,477
Buildings	3,834,982	3,806,423
Land	11,538	11,538
Less accumulated depreciation	(2,122,842)	(2,011,687)
Net property and equipment	2,353,917	2,419,751
Other noncurrent assets:		
Pledges receivable	80,000	
Investments	2,521,245	2,211,959
Total other noncurrent assets	2,601,245	2,211,959
Total assets	$ 7,042,874	$ 6,473,713
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 247,117	$ 270,429
Accrued expenses	105,733	90,579
Accrued annual leave	86,604	92,905
Deferred revenue	15,408	29,989
Total current liabilities	454,862	483,902
Net assets:		
Without donor restrictions	5,918,692	5,291,034
With donor restrictions	669,320	698,777
Total net assets	6,588,012	5,989,811
Total liabilities and net assets	$ 7,042,874	$ 6,473,713

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

Consolidated Statement of Activities and Changes in Net Assets

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the year ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	$ 526,813	$ 58,750	$ 585,563
Foundations and trusts	142,735		142,735
Grants and contracts	3,962,472		3,962,472
Investment return, net	365,612		365,612
Other income	14,845		14,845
Net assets released from restrictions	88,207	(88,207)	
Total revenues and other support	5,100,684	(29,457)	5,071,227
Expenses and other losses			
Program services	3,715,612		3,715,612
Supporting services:			
Management and general	607,224		607,224
Fundraising	104,865		104,865
Loss on disposal of property	45,325		45,325
Total expenses and other losses	4,473,026		4,473,026
Changes in net assets	627,658	(29,457)	598,201
Net assets - beginning of year	5,291,034	698,777	5,989,811
Net assets - end of year	$ 5,918,692	$ 669,320	$ 6,588,012

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

Consolidated Statement of Activities and Changes in Net Assets

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the year ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	$ 376,557	$ 120,058	$ 496,615
Foundations and trusts	87,819		87,819
Grants and contracts	4,052,523		4,052,523
Investment return, net	195,899		195,899
Loan forgiveness income	33,900		33,900
Other income	14,980		14,980
Net assets released from restrictions	37,379	(37,379)	
Total revenues and other support	4,799,057	82,679	4,881,736
Expenses and other losses			
Program services	3,630,687		3,630,687
Supporting services:			
Management and general	618,126		618,126
Fundraising	145,512		145,512
Loss on disposal of property	3,058		3,058
Total expenses and other losses	4,397,383		4,397,383
Changes in net assets	401,674	82,679	484,353
Net assets - beginning of year	4,889,360	616,098	5,505,458
Net assets - end of year	$ 5,291,034	$ 698,777	$ 5,989,811

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

Consolidated Statement of Functional Expenses

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the year ended September 30, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Totals
Salaries	$ 2,135,920	$ 370,494	$ 55,653	$ 2,562,067
Benefits	250,234	46,597	6,909	303,740
Payroll taxes	172,664	31,204	4,161	208,029
Total personnel costs	2,558,818	448,295	66,723	3,073,836
Advertising	1,003	3,226		4,229
Building and household supplies	13,038	822		13,860
Care of building and grounds	24,484	1,101		25,585
Conference, meeting and trips	6,636	15		6,651
Depreciation	143,590	25,950	3,460	173,000
Equipment lease and rental	4,838	1,818		6,656
Equipment repair and maintenance	58,711	1,171		59,882
Food	14,664	71		14,735
Furnishings and equipment	39,699	11,000		50,699
Insurance	74,363	16,275	1,792	92,430
Miscellaneous	8,684	13,929		22,613
Office expense	99,210	20,142	268	119,620
Organization dues	9,374	2,070	821	12,265
Outside printing	5,823	202	1,914	7,939
Postage and shipping	4,283	856	214	5,353
Professional fees and contracts	123,660	37,156		160,816
Program supplies	60,759	103		60,862
Property tax expense	1,639			1,639
Public awareness	124,952			124,952
Special events			26,639	26,639
Telephone	60,350	10,907	1,454	72,711
Transportation	41,359	267		41,626
Utilities	65,559	11,848	1,580	78,987
Victim assistance	170,116			170,116
Totals	$ 3,715,612	$ 607,224	$ 104,865	$ 4,427,701

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

Consolidated Statement of Functional Expenses

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the year ended September 30, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Totals
Salaries	$ 2,171,549	$ 399,086	$ 93,439	$ 2,664,074
Benefits	230,556	44,723	10,784	286,063
Payroll taxes	161,895	29,980	7,995	199,870
Total personnel costs	2,564,000	473,789	112,218	3,150,007
Advertising	560			560
Building and household supplies	9,111	2,453		11,564
Care of building and grounds	15,990	1,261		17,251
Conference, meeting and trips	29,489	4,105	150	33,744
Depreciation	118,009	21,854	5,827	145,690
Equipment lease and rental	5,252	2,193		7,445
Equipment repair and maintenance	64,452	3,833		68,285
Food	8,508	310		8,818
Furnishings and equipment	36,505			36,505
Insurance	61,460	11,382	3,035	75,877
Miscellaneous	4,544	22,867		27,411
Office expense	135,457	18,332	502	154,291
Organization dues	8,136	3,558	943	12,637
Outside printing	11,636	204	269	12,109
Postage and shipping	4,337	1,068	1,498	6,903
Professional fees and contracts	116,437	26,650		143,087
Program supplies	55,742	2,075	3,497	61,314
Public awareness	110,453			110,453
Special events			11,618	11,618
Telephone	51,162	9,474	2,527	63,163
Transportation	33,755	846	262	34,863
Utilities	64,112	11,872	3,166	79,150
Victim assistance	121,580			121,580
Totals	$ 3,630,687	$ 618,126	$ 145,512	$ 4,394,325

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

Consolidated Statements of Cash Flows

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the years ended September 30

	2021	2020
Cash flows from operating activities		
Cash received from grantors	$ 4,125,005	$ 3,866,573
Cash received from contributors	524,181	643,089
Interest and dividends received	96,762	82,436
Miscellaneous receipts	14,845	14,980
Cash paid to employees	(2,558,774)	(2,609,872)
Cash paid to vendors	(1,663,946)	(1,449,076)
Net cash from operating activities	538,073	548,130
Cash flows from investing activities		
Purchases of property and equipment	(152,491)	(536,632)
Proceeds from sale of investments	1,031,076	1,349,167
Purchases of investments	(1,045,152)	(1,196,836)
Net cash used in investing activities	(166,567)	(384,301)
Net increase in cash and cash equivalents	371,506	163,829
Cash and cash equivalents - beginning of year	915,728	751,899
Cash and cash equivalents - end of year	$ 1,287,234	$ 915,728

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

Notes to Consolidated Financial Statements

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
September 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

Nature of Operations – The Montgomery Area Family Violence Program, Inc. (the "Program") is a non-profit organization formed for the purpose of providing shelter and counseling to victims of domestic violence, sexual assault, and human trafficking. Services are provided primarily in a seven county area surrounding the Montgomery, Alabama area.

Consolidation of Related Entities – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, a nonprofit organization should consolidate if it has controlling interest in another nonprofit organization through majority ownership or control of a majority of board appointments, and it has an economic interest in the organization. The following is a description of the entity included in the consolidated financial statements of the Program:

The Family Sunshine Center Foundation, Inc. (the "Foundation") is a not-for-profit organization that raises, holds and invests funds on behalf of the Program. The Foundation is considered a supporting organization of the Program under Internal Revenue Code section 509(a)(3). The Program is a 501(c)(3) organization and appoints a majority of board positions. The Program requests funds from the Foundation under procedures established by the Foundation for funding requests. The funding procedure includes the Finance Committee of the Program approving the funding request and submitting it to the Program Board of Directors for approval. If approved by the Program, the request may be submitted to the Foundation for consideration. Such transfers may be made for operating expenses, providing services, or special projects as the need arises and are eliminated for presentation purposes in the consolidation of the financial statements.

Basis of Accounting – The accompanying financial statements are presented on the accrual basis of accounting.

Loan Forgiveness – During the year ended September 30, 2020, the Program recognized $33,900 related to forgiveness of a loan received through the Paycheck Protection Program ("PPP") as a conditional contribution in accordance with FASB ASC 958-605. See Note 14.

Basis of Presentation – Professional standards establish guidelines for external financial reporting by not-for-profit organizations and require resources to be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two classes of net assets are 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 specific purposes. See Note 5.

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 be maintained in perpetuity. 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. See Note 6.

Note 1 – Summary of Significant Accounting Policies (Continued)

In accordance with current accounting standards, contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as the contribution are reported as support without donor restrictions.

The Program receives its revenue from two major sources, which are grants and contributions. The Program recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Program's federal and state grants are conditioned upon the incurrence of allowable qualifying expenses. Management has determined that none of the revenues received from these sources qualify as an exchange transaction under the revenue recognition standards.

<u>Cash and Cash Equivalents</u> – All investments purchased with a maturity of three months or less are considered to be cash equivalents.

<u>Receivables</u> – Receivables consist of amounts due from grantors and pledged contributions. The direct write-off method is used for recognizing bad debts. This method is not expected to materially differ from that computed under generally accepted accounting methods. Management reviews the receivables on an ongoing basis for delinquent accounts. An account is deemed delinquent after all collections efforts have been exhausted. At September 30, 2021 and 2020, 89% and 76% of the grants receivable was due from the State of Alabama Department of Economic and Community Affairs.

During the year ended September 30, 2021, the Program received two multi-year pledges in the amounts of $150,000 and $60,000. Of these pledges, $65,000 was received during the current year and $145,000 is expected to be collected over the following three years. Management follows the same method for pledges as for accounts receivable; therefore, no allowance is recognized.

<u>Property and Equipment</u> – Expenditures for property, equipment, and improvements over $5,000 are capitalized at cost. Ordinary repairs and maintenance are charged to expense when incurred. Donated assets are capitalized, and recorded as support, at their fair market value at the date of receipt. Such donations are reported as unrestricted support 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. Absent donor stipulations regarding how long those donated assets must be maintained, the Program reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Program reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Property and equipment	5 - 10 years
Buildings	15 - 40 years

Depreciation expense for the years ending September 30, 2021 and 2020 was $173,000 and $145,690, respectively.

Note 1 – Summary of Significant Accounting Policies (Continued)

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets and Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program services and supporting services based on salaries or actual amounts expended depending on the nature of the expense.

Advertising – Advertising costs are expensed as incurred. Advertising costs were expensed for the years ended September 30, 2021 and 2020 in the amount of $4,229 and $560, respectively.

Income Tax Status – The Program and Foundation qualify as tax-exempt organizations under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code, respectively, and, therefore, have no provision for federal income taxes. The Program and Foundation follow the accounting guidance for uncertainty in income taxes on the provisions of current accounting pronouncements. Using the guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of September 30, 2021, the Program and Foundation had no uncertain tax positions that qualify for their recognition or disclosure in the financial statements.

Significant Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications – Certain reclassifications have been made to conform to the 2021 presentation.

Subsequent Events – Management has evaluated subsequent events through February 15, 2022, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

The Program had the following financial assets available for expenditure within one year of the statement of financial position date:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 1,287,234	$ 757,920
Grants and accounts receivable	732,799	923,397
Pledges receivable	65,000	
Investments	2,521,245	2,211,959
Total financial assets	$ 4,606,278	$ 3,893,276
Donor-imposed restrictions:		
Restricted funds	(265,476)	(294,933)
Endowments	(403,844)	(403,844)
Net financial assets after donor-imposed restrictions	$ 3,936,958	$ 3,194,499
Internal designations:		
Board designated reserve	(191,400)	(191,400)
Endowments subject to spending policy	(1,840,261)	(1,552,834)
Financial assets available for general expenditure within one year	$ 1,905,297	$ 1,450,265

Note 2 – Liquidity and Availability (Continued)

The Program's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $977,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was $191,400 as of September 30, 2021.

The Foundation, with assets totaling $2,258,169, is subject to annual spending as described in Note 3. Although the Program does not intend to spend from the Foundation (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 3 – Investments

Pursuant to current accounting standards, investments are carried at fair value. Fair value is based on quoted market prices. Any donations of securities during the year are sold as received. At September 30, 2021 and 2020, the Program's investments consisted of various small, medium, and large capital growth and value funds, fixed income bond funds, and equities. Net unrealized gains (losses) in the amount of $184,320 and $29,547 have been recognized for the years ended September 30, 2021 and 2020, respectively.

The following summarizes the cost and market value of the Program's investments at September 30, 2021 and 2020:

	2021		2020	
	Cost	Market	Cost	Market
Domestic capital growth and value funds	$ 790,284	$ 1,087,591	$ 849,706	$ 981,132
Int'l capital growth and value funds	270,415	286,837	137,600	157,399
Domestic fixed income bond funds	676,689	685,650	651,044	692,331
Int'l fixed income bond funds	111,759	111,558	99,543	98,903
Equities	263,576	349,609	249,865	282,194
	$ 2,112,723	$ 2,521,245	$ 1,987,758	$ 2,211,959

The Foundation maintains an endowment fund to support the operations of the Program. The Foundation's investment policy is to maintain a portfolio of 60% equities and 40% bond funds; however, this can fluctuate due to performance of the market. The endowment includes $396,546 of permanently donor-restricted funds which represents approximately 18% of the total endowment at September 30, 2021. The Foundation's policy is to spend, as necessary in support of the Program, any funds not restricted and only the income generated by the permanently donor-restricted funds. Any losses sustained by the endowment will be allocated 100% to net assets without donor restrictions.

Note 3 – Investments (Continued)

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ 1,552,834	$ 417,908	$ 1,970,742
Investment return, net	292,493		292,493
Contributions	770		770
Insurance and accounting fees	(5,836)		(5,836)
Endowment net assets, end of year	$ 1,840,261	$ 417,908	$ 2,258,169

Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ 1,657,083	$ 417,908	$ 2,074,991
Investment return, net	176,009		176,009
Contributions	500		500
Insurance and accounting fees	(5,258)		(5,258)
Transfers to the Program	(275,500)		(275,500)
Endowment net assets, end of year	$ 1,552,834	$ 417,908	$ 1,970,742

Professional standards establish a framework for using fair value to measure assets and liabilities and define fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). Under these standards a fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, and the risk of nonperformance. Standards require disclosures that stratify amounts on the statement of financial position measured at fair value based on inputs the Program uses to derive fair value measurements. These strata include:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market, and

Note 3 – Investments (Continued)

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Association-specific data. These unobservable assumptions reflect the Program's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

The Program's investments represent assets measured on a recurring basis at September 30, 2021. These financial assets are valued using level 1 inputs and based on unadjusted quoted market prices within active markets. There were no level 2 or level 3 inputs as of September 30, 2021 and 2020.

Note 4 – Accrued Annual Leave

The Program has an annual leave policy which pays employees their accrued, but unpaid, annual leave benefits up to 96 hours upon separation of service. Full-time employees earn annual leave for each two weeks of service based on their length of employment. Part-time employees may earn a pro rata share of annual leave depending on the number of hours worked based on their length of employment. The maximum amount employees can carry forward to the next benefit year is 160 hours. The total annual leave unpaid at September 30, 2021 and 2020 was $86,604 and $92,905 respectively, which was computed based on hours earned by the employee times their rate of pay as of September 30, 2021 and 2020.

Note 5 – Net Assets without Donor Restrictions

The Board of the Program has designated $191,400 of net assets without donor restrictions as reserved for future operating expenses and use in Project Exodus at September 30, 2021 and 2020.

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of cash and investments at September 30, 2021 and 2020 that are restricted for:

		2021	2020
Subject to expenditure for specified purposes:			
Prim Scholarship Fund		$ 17,851	$ 17,851
Program Expenses		133,591	208,048
Project Exodus		114,034	69,034
	Total	265,476	294,933
Perpetual in nature, earnings from which are subject to spending policy and appropriation:			
Endowments		403,844	403,844
	Total	403,844	403,844
Total net assets with donor restrictions		$ 669,320	$ 698,777

Note 7 – Profit Sharing Plan

The Program maintains a profit sharing plan for employees. Employer contributions are allocated to the employees' account based on employee compensation to total compensation. There is a 5 year vesting period at a rate of 20% per year. Employees are allowed to make voluntary contributions to the plan. The contribution for the years ended September 30, 2021 and 2020 was $87,244 and $48,974, respectively, and was included in benefits on the Consolidated Statements of Functional Expenses.

Note 8 – Credit Risk Concentration

At various times during the year, the Program maintained deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limitations and Securities Investor Protection Corporation (SIPC) limitations. The FDIC covers balances up to $250,000 per financial institution. At September 30, 2021 and 2020, the Program had $318,855 and $208,304, respectively, in excess of the FDIC limit. The SIPC covers securities up to $500,000, which includes cash up to $250,000. At September 30, 2021 and 2020, the Program had $226,189 and $8,141 in excess of the SIPC limit. The Program has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 9 – Economic Dependence

The Program's income depends upon continuation of grants and contracts from State and local agencies and Federal grants. The Program is subject to audits from the various funding sources. Expenditures may be considered disallowed and could result in amounts being required to be reimbursed or termination of the Program.

Note 10 – Contingent Liabilities

The Program is contingently liable on a mortgage to the City of Montgomery funded by HUD HOME grant monies. If the Program complies with all terms and regulations stipulated in the agreement, the debt will be considered satisfied in March 2025. The mortgage bears interest at 8.75% per annum. The outstanding balance of this contingent debt was principal of $969,505 and accrued interest of $1,805,707 at September 30, 2021.

Note 11 – Lease Obligations

During the year ended September 30, 2019, the Program entered into two new leases for office space in Wetumpka and Prattville. Both leases are for office space only and expire in 2022.

The Program has leases with service companies for internet, cable, and telephone service through 2024. The following is a schedule of lease payments for the years ended September 30:

2022	37,989
2023	10,189
2024	5,144

The Program incurred rental expense of $63,938 and $63,064 during the years ended September 30, 2021 and 2020, respectively, which was included in equipment lease and rental and office expense on the Consolidated Statements of Functional Expenses.

Note 12 – Contributed Materials and Services

The Program records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Program received contributed public awareness services during the years ended September 30, 2021 and 2020, with approximate fair value on the dates of donation of $55,203 and $8,724, respectively. The Program also received donated office space during the years ended September 30, 2020 and 2021, with approximate fair value of $8,412 and $6,684, respectively. During the year ended September 30, 2021, the Program received donated supplies with total approximate value of $8,986.

The Program received donated investments during the years ended September 30, 2021 and 2020, with fair values on the dates of donation totaling $52,819 and $166,320, respectively, which were immediately converted into cash.

In addition, a number of volunteers have donated significant amounts of their time to the Program. These in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

Note 13 – Risk Management

From time to time, the Program can be involved in routine litigation that arises in the ordinary course of business. There are no significant pending legal proceedings to which the Program is a party to or that management believes the ultimate outcome would have a material adverse effect on the Program's financial position.

Note 14 – COVID-19 Pandemic

The Program believes it understands the risk associated with COVID-19 and has implemented risk mitigation tactics for the impact, if any, of COVID-19 related outcomes to all aspects of business transactions. As a result of the Pandemic, the Program incurred approximately $51,200 of expenses related to utilizing hotels to mitigate the spread of the virus among clients, purchasing additional cleaning products and personal protective equipment (PPE), purchasing COVID tests for clients, continuing to equip staff to telecommute and deliver telecounseling, and equipping the facilities with devices to clean the air and limit contact with paper products. All of these expenses were incurred in an effort to prevent and reduce the spread of the COVID-19 virus and were covered through additional federal, state, and local grants. Additionally, the Program witnessed a continued decline in the number of volunteers. As long as the pandemic continues, the Program expects to incur costs for supplies, PPE, hotels, and telecounseling costs during the year ended September 30, 2022.

Note 14 – COVID-19 Pandemic (Continued)

During the year ended September 30, 2020, the Program received a loan of $33,900 through the Paycheck Protection Program as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The loan is eligible for forgiveness if the funds are used for eligible payroll costs, payments on business mortgage interest payments, rent, or utilities during the 24-week period after disbursement. As of September 30, 2020, the Program has met the stated requirements and as such has recognized the full amount of the loan as forgiveness income on the Consolidated Statement of Activities and Changes in Net Assets. The Program received forgiveness of the loan in March 2021.

Note 15 – New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 will increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASU No. 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. ASU No. 2016-02 retains a distinction between finance leases (i.e. capital leases under current GAAP) and operating leases. The classification criteria for distinguishing between finance leases and operating leases will be substantially similar to the classification criteria for distinguishing between capital leases and operating leases under current GAAP. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2021, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Program is evaluating the impact of this new standard on its current policies and reporting methodologies.

Supplemental Information

Combining Schedule for the Consolidated Statement of Financial Position

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
As of September 30, 2021

	Program	Foundation	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 1,188,251	$ 98,983	$ 1,287,234
Grants receivable	677,822		677,822
Accounts receivable	54,977		54,977
Pledges receivable	65,000		65,000
Prepaid expense	2,168	511	2,679
Total current assets	1,988,218	99,494	2,087,712
Property and equipment:			
Construction in progress	120,000		120,000
Property and equipment	510,239		510,239
Buildings	3,834,982		3,834,982
Land	11,538		11,538
Less accumulated depreciation	(2,122,842)		(2,122,842)
Net property and equipment	2,353,917		2,353,917
Other noncurrent assets:			
Pledges receivable	80,000		80,000
Investments	362,570	2,158,675	2,521,245
Total other noncurrent assets	442,570	2,158,675	2,601,245
Total assets	$ 4,784,705	$ 2,258,169	$ 7,042,874
Liabilities and net assets			
Current liabilities:			
Accounts payable	$ 247,117		$ 247,117
Accrued expenses	105,733		105,733
Accrued annual leave	86,604		86,604
Deferred revenue	15,408		15,408
Total current liabilities	454,862		454,862
Net assets:			
Without donor restrictions	4,078,431	$ 1,840,261	5,918,692
With donor restrictions	251,412	417,908	669,320
Total liabilities and net assets	$ 4,784,705	$ 2,258,169	$ 7,042,874

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

Combining Schedule for the Consolidated Statement of Activities and Changes in Net Assets

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the year ended September 30, 2021

	Program			Foundation				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
Revenues and other support								
Contributions	$ 526,043	$ 58,750	$ 584,793	$ 770		$ 770		$ 585,563
Foundations and trusts	142,735		142,735					142,735
Grants and contracts	3,962,472		3,962,472					3,962,472
Investment return, net	73,119		73,119	292,493		292,493		365,612
Other income	14,845		14,845					14,845
Net assets released from restrictions	88,207	(88,207)						
Total revenues and other support	4,807,421	(29,457)	4,777,964	293,263		293,263		5,071,227
Expenses and other losses								
Program services	3,715,612		3,715,612					3,715,612
Supporting services:								
Management and general	601,388		601,388	5,836		5,836		607,224
Fundraising	104,865		104,865					104,865
Loss on disposal of property	45,325		45,325					45,325
Total expenses and other losses	4,467,190		4,467,190	5,836		5,836		4,473,026
Changes in net assets	$ 340,231	$ (29,457)	$ 310,774	$ 287,427		$ 287,427		$ 598,201

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

Combining Schedule for the Consolidated Statement of Cash Flows

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the year ended September 30, 2021

	Program	Foundation	Total
Cash flows from operating activities			
Cash received from grantors	$ 4,125,005		$ 4,125,005
Cash received from contributors	523,411	$ 770	524,181
Interest and dividends received	9,298	87,464	96,762
Miscellaneous receipts	14,845		14,845
Cash paid to employees	(2,558,774)		(2,558,774)
Cash paid to vendors	(1,631,749)	(32,197)	(1,663,946)
Net cash flow from operating activities	482,036	56,037	538,073
Cash flows from investing activities			
Purchase of property and equipment	(152,491)		(152,491)
Proceeds from sale of investments	49,338	981,738	1,031,076
Purchase of investments	(54,729)	(990,423)	(1,045,152)
Net cash flow used in investing activities	(157,882)	(8,685)	(166,567)
Net increase in cash and cash equivalents	324,154	47,352	371,506
Cash and cash equivalents - beginning of year	864,097	51,631	915,728
Cash and cash equivalents - end of year	$ 1,188,251	$ 98,983	$ 1,287,234

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

Schedule of Expenditures of Federal Awards

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
September 30, 2021

Federal Grantor/ Pass Through Grantor Agency	Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed through to Subrecipients	Expenditures
United States Department of Justice					
Direct programs					
	Office on Violence Against Women Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.805	2015-WH-AX-001	$ 0	$ 174,136
	Office for Victims of Crime Enhanced Collaborative Model Task Force to Combat Human Trafficking Project	16.320	2020-VW-BX-K010	0	67,490
Passed through the Alabama Coalition Against Rape					
	COVID-19 Sexual Assault Services Formula Grant Program	16.017	18-SA-SV-001	0	997
Passed through the Alabama Department of Economic and Community Affairs					
	Crime Victim Assistance	16.575	18-VA-VS-063	0	1,842,592
	Violence Against Women Formula Grants	16.588	20-WF-VS-009	0	21,033
	Violence Against Women Formula Grants	16.588	19-WF-VS-011	0	9,119
Total United States Department of Justice				0	2,115,367
United States Department of Housing and Urban Development					
Direct programs					
	Phase I Transitional Housing				
	Transitional Housing	14.235	AL0054L4C042013	0	76,992
	Transitional Housing	14.235	AL0054L4C041912	0	76,005
	Joint Rapid Rehousing and Transitional Housing				
	Continuum of Care Program	14.267	AL0160L4C042003	0	115,550
	Continuum of Care Program	14.267	AL0160L4C041902	0	113,425
Passed through Montgomery Area Coalition for the Homeless, Inc.					
	Emergency Solutions Grants Program	14.231	HESG-20-015	0	4,317
	Emergency Solutions Grants Program	14.231	HESG-19-012	0	6,161
	COVID-19 Emergency Solutions Grants Program	14.231	HESG-CV-20-009		25,230
Passed through City of Montgomery					
	Community Development Block Grant	14.225	N/A	0	120,000
	Emergency Solutions Grants Program	14.231	HUD-ESG-E-20-MC-01-0007	0	19,779
	Emergency Solutions Grants Program	14.231	HUD-ESG-E-19-MC-01-0007	0	6,146
	COVID-19 Emergency Solutions Grants Program	14.231	HUD-ESG-E-20-MW-01-0007	0	24,755
Total United States Department of Housing and Urban Development				0	588,360

Schedule of Expenditures of Federal Awards (Continued)

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
September 30, 2021

Federal Grantor/ Pass Through Grantor Agency	Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed through to Subrecipients	Expenditures
United States Department of Health and Human Services					
Direct programs					
	Substance Abuse and Mental Health Services Administration Center for Mental Health Services	93.243	5U79SM063263-02	0	457,351
Passed through State of Alabama Child Abuse and Neglect Prevention Board					
	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	ETF 2021-207	0	43,000
Passed through State of Alabama Department of Public Health					
	Centers for Disease Control and Prevention				
	Rape Prevention and Education	93.136	C10114112	0	28,010
	Rape Prevention and Education	93.136	C90116184	0	14,852
	Suicide Prevention	93.243	C10114024	0	50,000
	Preventative Health and Health Services Block Grant	93.991	C10114028	0	18,165
Passed through Alabama Coalition Against Domestic Violence					
	Temporary Assistance for Needy Families	93.558	SAIL	0	42,750
Passed through Alabama Department of Economic and Community Affairs					
	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to State and Indian Tribes	93.671	20-FV-VS-013	0	110,575
	COVID-19 Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to State and Indian Tribes	93.671	20-FC-VS-013	0	41,223
Total United States Department of Health and Human Services				0	805,926
United States Department of Homeland Security					
Passed through Federal Emergency Management Agency					
	Emergency Food and Shelter Program	97.024	013800004	0	4,396
	Emergency Food and Shelter Program	97.024	008000002	0	2,075
Total United States Department of Health and Human Services				0	6,471

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
September 30, 2021

Federal Grantor/ Pass Through Grantor Agency	Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed through to Subrecipients	Expenditures
United States Department of Treasury					
Passed through Alabama Department of Finance					
	Coronavirus Relief Funds	21.019		0	14,847
Total United States Department of Treasury				0	14,847
Total Federal Expenditures				$ 0	$ 3,530,971

Notes to Schedule

1. The Montgomery Area Family Violence Program, Inc. follows the accrual basis of accounting in preparing this schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This method is consistent with the preparation of the Program's financial statements.
2. The Program uses the 10% de minimis indirect cost rate.

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*

Board of Directors
The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Montgomery Area Family Violence Program, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2022. The financial statements of Family Sunshine Center Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Family Sunshine Center Foundation, Inc.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Montgomery Area Family Violence Program, Inc.'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 Montgomery Area Family Violence Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Montgomery Area Family Violence Program, 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Montgomery Area Family Violence Program, Inc.'s financial statements are free of 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 entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldridge, Borden and Company, P.C.

Montgomery, Alabama
February 15, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama

Report on Compliance for Each Major Federal Program

We have audited The Montgomery Area Family Violence 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 The Montgomery Area Family Violence Program, Inc.'s major federal programs for the year ended September 30, 2021. The Montgomery Area Family Violence Program, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Montgomery Area Family Violence 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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Montgomery Area Family Violence 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 The Montgomery Area Family Violence Program, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Montgomery Area Family Violence 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 September 30, 2021.

Report on Internal Control over Compliance

Management of The Montgomery Area Family Violence 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 The Montgomery Area Family Violence 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 The Montgomery Area Family Violence Program, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aldridge, Borden and Company, P.C.

Montgomery, Alabama
February 15, 2022

Schedule of Findings and Questioned Costs

The Montgomery Area Family Violence Program, Inc.
Montgomery, Alabama
For the year ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	**Unmodified**
Internal control over financial reporting:	
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 programs:	
Material weakness(es) identified?	☐ Yes ☒ No
Significant deficiency(ies) identified?	☐ Yes ☒ None reported
Type of auditor's report issued on compliance for major programs:	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR Part 200.516(a)?	☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.575	**Crime Victim Assistance**

Dollar threshold used to distinguish between Type A and Type B programs:	**$ 750,000**
Auditee qualified as low-risk auditee?	☒ Yes ☐ No

Section II - Financial Statement Findings

No matters are reported.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.

February 15, 2022

Board of Directors, Finance Committee
The Montgomery Area Family Violence Program, Inc.
P.O. Box 5160
Montgomery, Alabama 36103

To the Finance Committee of the Board of Directors:

We have audited the consolidated financial statements of The Montgomery Area Family Violence Program, Inc. for the year ended September 30, 2021, and have issued our report thereon dated February 15, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Montgomery Area Family Violence Program, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the current year. We noted no transactions entered into by The Montgomery Area Family Violence Program, Inc. during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the financial statements were:

> Management's estimate of the useful lives of the depreciable assets is based on the type of asset, prior experience, and current economic conditions. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allocation of expenses to program and supportive functions was based on an estimate of time spent by administrative personnel on program services, overall salary allocation, and actual expenditures by nature. We evaluated the key factors and assumptions used to develop the allocation and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the fair value of investments is based on quoted market prices. We evaluated the key factors and assumptions used to develop the estimated fair values and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the value of donated materials and services is based on average market prices for similar items and services. We evaluated the key factors and assumptions used to develop the estimated fair values and determined that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 3 to the financial statements discloses the investment and spending policies set by the Board with regards to the endowment fund investments maintained by the Family Sunshine Center Foundation, Inc.

Note 10 to the financial statements discloses the contingent liability. The Montgomery Area Family Violence Program, Inc. is contingently liable on a mortgage to the City of Montgomery funded by HUD HOME grant monies.

Note 14 to the financial statements discloses the risks associated with the COVID-19 pandemic and describes the impacts of the pandemic on the Program's operations. A Paycheck Protection Program loan was obtained to provide economic relief and is eligible for forgiveness.

Note 15 to the financial statements discloses new accounting standards that have been issued in the past couple of years that will be implemented for the financial statements issued for fiscal year September 30, 2022.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. A listing of these journal entries is attached this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 15, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to The Montgomery Area Family Violence Program, Inc.'s financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as The Montgomery Area Family Violence Program, Inc.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the finance committee, board of directors, and management of The Montgomery Area Family Violence Program, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Aldridge, Borden and Company, P.C.