



WORKING AGAINST VIOLENCE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2015

WORKING AGAINST VIOLENCE, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Working Against Violence, Inc.
Rapid City, South Dakota

We have audited the accompanying financial statements of **Working Against Violence, Inc.** (the Organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Working Against Violence, Inc.** as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Working Against Violence, Inc.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and our report dated June 18, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in dark ink that reads "Ketel Thorstenson, LLP". The signature is written in a cursive, flowing style.

KETEL THORSTENSON, LLP
Certified Public Accountants

July 22, 2016

WORKING AGAINST VIOLENCE, INC.**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	----- Total Net Assets -----	
				2015	2014 Memorandum Only (Note 1)
ASSETS					
Current Assets					
Cash and Cash Equivalents (Note 3)	\$ 422,414	\$ 50,538	\$ -	\$ 472,952	\$ 444,979
Certificates of Deposit	50,604	-	-	50,604	50,514
Grant Receivables	76,179	-	-	76,179	48,044
Unconditional Promises to Give (Note 2)	-	12,790	-	12,790	9,925
Prepaid Expenses	-	-	-	-	2,100
Total Current Assets	549,197	63,328	-	612,525	555,562
Property and Equipment (Note 5)					
Building and Improvements	1,785,036	-	-	1,785,036	1,681,895
Equipment and Vehicles	82,784	-	-	82,784	119,600
	1,867,820	-	-	1,867,820	1,801,495
Less Accumulated Depreciation	636,100	-	-	636,100	630,532
	1,231,720	-	-	1,231,720	1,170,963
Land	183,348	-	-	183,348	183,348
	1,415,068	-	-	1,415,068	1,354,311
Other Assets					
Amounts Held by Foundations (Note 3)	10,701	12,122	25,000	47,823	50,710
TOTAL ASSETS	\$ 1,974,966	\$ 75,450	\$ 25,000	\$ 2,075,416	\$ 1,960,583
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts Payable	\$ 4,307	\$ -	\$ -	\$ 4,307	\$ 12,473
Accrued Liabilities	14,341	-	-	14,341	32,870
Current Maturities of Capital Lease Payable (Note 5)	-	-	-	-	3,166
Total Current Liabilities	18,648	-	-	18,648	48,509
Net Assets (Note 3)					
Unrestricted -- Undesignated	1,945,617	-	-	1,945,617	1,789,939
Unrestricted -- Designated	10,701	-	-	10,701	11,160
Total Unrestricted Net Assets	1,956,318	-	-	1,956,318	1,801,099
Temporarily Restricted	-	75,450	-	75,450	85,975
Permanently Restricted	-	-	25,000	25,000	25,000
Total Net Assets	1,956,318	75,450	25,000	2,056,768	1,912,074
TOTAL LIABILITIES AND NET ASSETS	\$ 1,974,966	\$ 75,450	\$ 25,000	\$ 2,075,416	\$ 1,960,583

The accompanying notes are an integral part of this financial statement.

WORKING AGAINST VIOLENCE, INC.**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	----- Total Net Assets ----- 2015	2014 Memorandum Only (Note 1)
Support and Revenues					
Government Grants	\$ 440,246	\$ -	\$ -	\$ 440,246	\$ 369,164
Contributions	219,009	84,167	-	303,176	225,950
In-Kind Contributions (Note 4)	173,454	-	-	173,454	197,843
Private Grants and Donations	105,296	50,000	-	155,296	195,568
United Way	72,000	-	-	72,000	76,000
Board Fundraisers	66,120	-	-	66,120	57,312
Miscellaneous Income	24,597	-	-	24,597	19,355
Net Investment Income (Loss)	545	(2,428)	-	(1,883)	2,201
Net Assets Released from Restrictions	142,264	(142,264)	-	-	-
Total Support and Revenues	1,243,531	(10,525)	-	1,233,006	1,143,393
Expenses					
<i>Program Services:</i>					
Domestic Violence	183,933	-	-	183,933	190,498
Sexual Assault	156,234	-	-	156,234	166,775
Children's Program	55,948	-	-	55,948	60,061
Shelter	449,747	-	-	449,747	444,071
Community Awareness	5,362	-	-	5,362	4,126
Total Program Services	851,224	-	-	851,224	865,531
<i>Support Services:</i>					
Management and General	181,513	-	-	181,513	165,960
Fundraising	55,575	-	-	55,575	52,630
Total Expenses	1,088,312	-	-	1,088,312	1,084,121
Increase (Decrease) in Net Assets	155,219	(10,525)	-	144,694	59,272
Net Assets - Beginning of Year	1,801,099	85,975	25,000	1,912,074	1,852,802
Net Assets - End of Year	\$ 1,956,318	\$ 75,450	\$ 25,000	\$ 2,056,768	\$ 1,912,074

The accompanying notes are an integral part of this financial statement.

WORKING AGAINST VIOLENCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Domestic Violence	Sexual Assault	Children's Programs	Shelter	Community Awareness
Salaries and Wages	\$ 90,812	\$ 34,595	\$ 17,298	\$ 289,735	\$ -
Contributed Services and Supplies (Note 4)	8,673	104,072	34,691	26,018	-
Depreciation	9,566	832	-	31,191	-
Employee Benefits	25,016	2,987	1,493	7,841	-
Payroll Taxes	7,013	2,672	1,336	22,376	-
Professional Services	6,175	5,631	-	6,357	-
Occupancy	5,702	496	-	18,594	-
Repairs and Maintenance	5,009	477	477	17,890	-
Fundraising	-	-	-	-	-
Direct Client Assistance	12,243	1,020	-	7,141	-
Insurance	2,684	233	-	8,752	-
Office Supplies	3,998	1,599	-	1,999	400
Miscellaneous	-	-	-	-	-
Food and Supplies	1,468	524	630	7,865	-
Travel and Training	2,065	235	23	23	-
Postage	207	120	-	22	742
Telephone and Communications	2,743	686	-	3,428	-
Community Education	-	-	-	-	4,002
Dues and Bank Charges	484	19	-	465	-
Printing and Publications	61	35	-	6	218
Interest	14	1	-	44	-
	<u>\$ 183,933</u>	<u>\$ 156,234</u>	<u>\$ 55,948</u>	<u>\$ 449,747</u>	<u>\$ 5,362</u>

The accompanying notes are an integral part of this financial statement.

Total Program Expenses	Management and General	Fundraising	----- Total -----	
			2015	2014 Memorandum Only (Note 1)
\$ 432,440	\$ 91,893	\$ 16,216	\$ 540,549	\$ 514,249
173,454	-	-	173,454	197,843
41,589	11,091	2,773	55,453	52,134
37,337	7,934	1,400	46,671	50,433
33,397	7,097	1,252	41,746	38,756
18,163	17,073	1,090	36,326	32,938
24,792	7,272	992	33,056	34,257
23,853	2,075	-	25,928	21,266
-	-	22,864	22,864	18,754
20,404	206	-	20,610	43,183
11,669	5,748	-	17,417	16,326
7,996	7,343	979	16,318	16,030
-	13,129	-	13,129	9,534
10,487	669	-	11,156	7,566
2,346	6,085	261	8,692	9,677
1,091	1,007	6,294	8,392	5,337
6,857	1,254	251	8,362	8,961
4,002	-	-	4,002	2,474
968	1,452	-	2,420	2,885
320	169	1,199	1,688	1,278
59	16	4	79	240
\$ 851,224	\$ 181,513	\$ 55,575	\$ 1,088,312	\$ 1,084,121

WORKING AGAINST VIOLENCE, INC.**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015****Cash Flows from Operating Activities**

Increase in Net Assets	\$ 144,694
<i>Adjustments to Reconcile Increase in Net Assets to Net Cash Flows Provided by Operating Activities:</i>	
Depreciation	55,453
Realized and Unrealized Investment Loss	2,887
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>	
Contributions Restricted for Capital Campaign:	
Cash Contributions	(81,282)
Increase in Unconditional Promises to Give	(2,865)
Grant Receivables	(28,135)
Prepaid Expenses	2,100
Accounts Payable	(8,166)
Accrued Liabilities	(18,529)
Net Cash Flows Provided by Operating Activities	66,157

Cash Flows from Investing Activities

Purchase of Property and Equipment	(116,210)
Reinvested Interest Earned on Certificates of Deposit	(90)
Cash Flows Used in Investing Activities	(116,300)

Cash Flows from Financing Activities

Cash Collections for Capital Campaign	81,282
Principal Payments on Capital Lease Payable	(3,166)
Cash Flows Provided by Financing Activities	78,116

Net Increase in Cash and Cash Equivalents **27,973**

Cash and Cash Equivalents -- Beginning of Year 444,979

Cash and Cash Equivalents -- End of Year **\$ 472,952**

Supplemental Disclosures of Cash Flow Information

Cash Paid During the Year for Interest \$ 79

The accompanying notes are an integral part of this financial statement.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

(1) Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Working Against Violence, Inc. (the Organization) is a not-for-profit organization located in Rapid City, South Dakota, that assists adults and their dependent children during crisis situations by providing temporary emergency safe shelter, food and/or supportive services to victims of domestic violence and sexual assault. The Organization is funded primarily through private and government grants and individual donor contributions.

Summary of Significant Accounting Policies

Use of 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 the amounts and disclosures reported in the financial statements. Actual results could differ from those estimates.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The December 31, 2014 financial statements are captioned "Memorandum Only." Such information is presented in total only to facilitate financial analysis. This data does not present sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America because of space limitations and to avoid cumbersome and confusing formats. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization's checking accounts and other interest-bearing deposits are maintained in various financial institutions that are insured by the Federal Deposit Insurance Corporation. The Organization's cash balances may at times exceed federally-insured limits; however, management has not experienced any losses in such accounts and does not believe they are exposed to any significant credit risk.

Certificates of Deposit

The Organization's certificates of deposit are stated at cost and have original maturities of 12 months.

Amounts Held by Foundations

Amounts held by Foundations (Note 3) are invested in accordance with the Foundations' internal investment policies and are recorded at fair market value. Investment earnings, to include unrealized and realized gains/losses, benefit general operations unless donor stipulation states otherwise.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015**

(1) Nature of Operations and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment purchases over \$600 are capitalized at cost. Donated property and equipment are stated at fair market value at the date of the donation. Depreciation is provided for on a straight-line basis over the following estimated useful lives:

Building and Improvements	7-40 Years
Equipment and Vehicles	5-10 Years

Contributions and Promises to Give

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

Unconditional promises to give are recognized as assets and revenue in the period pledged. Amounts due after more than one year are recorded at their present value, using an applicable discount rate. An estimate for uncollectible promises to give is estimated based on management's judgment, knowledge of the donor base, and collection results of similar campaigns in the community. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

All donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

In-Kind Contributions

Contributions of supplies and materials are recorded at the estimated fair value on the date of the contribution. Contributed services that create or enhance non-financial assets or those that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed are recorded at their fair value in the period received.

Revenue Recognition

Private grants are considered contributions and are recognized in the period pledged. Government grants are considered exchange transactions that are typically received as reimbursement of expenses and are recognized as the related expenses are incurred.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program, management and general, and fundraising activities.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015**

(1) Nature of Operations and Summary of Significant Accounting Policies (Concluded)

Summary of Significant Accounting Policies (Concluded)

Federal Income Tax

The Organization qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income tax. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

At December 31, 2015, the Organization believes there are no significant uncertain tax positions or liabilities, or interest and penalties associated with uncertain tax positions.

Emerging Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which removes inconsistencies and weaknesses in revenue requirements, provides a more robust framework for addressing revenue issues, improves comparability of revenue recognition practices across entities, provides more useful information to users of financial statements through improved disclosure requirements, and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The ASU outlines five steps to achieve proper revenue recognition: identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the entity satisfies the performance obligation. This standard is effective for annual reporting periods beginning after December 15, 2018. The Organization will be evaluating the impact implementation will have on the financial statements.

Subsequent Events

The Organization has assessed subsequent events through July 22, 2016, the date which financial statements were available to be issued.

(2) Unconditional Promises to Give

In 2014, the Organization began the Give Me Shelter capital campaign to raise funds to update the bedrooms, upper level floors and common areas, furniture, kitchen and dining areas, lower level common areas, office area, flooring, and security systems. Amounts to be received after one year were not significant at December 31, 2015. Management has determined all amounts to be fully collectible, and accordingly has no allowance for uncollectible amounts recorded at December 31, 2015.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015**

(3) Fair Value, Net Asset Designations and Restrictions, and Endowed Funds

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are framed in a three-level hierarchy.

- *Level 1* – Quoted prices in active markets for identical assets or liabilities. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted market prices.
- *Level 2* – Observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The type of assets and liabilities included in Level 2 are typically either comparable to actively traded securities or contracts or priced with models using observable inputs.
- *Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The type of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation.

In accordance with the fair value hierarchy, the following table shows the fair value as of December 31, 2015, of those financial assets that are measured at fair value on a recurring basis, according to the valuation techniques the Organization used to determine their fair market value. No other financial assets or liabilities are measured at fair value on a recurring or nonrecurring basis at December 31, 2015.

	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Total</u>
Money Market Funds Included in Cash and Cash Equivalents	\$ 62,097	\$ -	\$ -	\$ 62,097
Amounts Held by Foundations	-	-	47,823	47,823
	\$ 62,097	\$ -	\$ 47,823	\$ 109,920

The Organization contributed donor restricted assets to the South Dakota Area Community Foundation (SDACF) to establish, on the books of SDACF, an endowment fund in the name of Working Against Violence, Inc. Distributions from the fund shall be in accordance with the spending policies established by the board of SDACF and shall be paid and distributed at least annually; however, the intent of the fund is that earnings will revert back to the Organization. SDACF shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the governing body, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the SDACF. The total amount held in the fund as of December 31, 2015 is **\$37,122**.

The Organization also contributed board designated assets to the Black Hills Area Community Foundation (BHACF) to establish, on the books of BHACF, an endowment fund in the name of Working Against Violence, Inc., with earnings available for general operations. These funds are invested and distributed in accordance with the investment and spending policies of BHACF. The total amount held in the fund as of December 31, 2015 is **\$10,701**.

The Organization has named itself the beneficiary of these funds. Accordingly, the amounts have been recorded as other assets on the accompanying Statement of Financial Position in accordance with accounting principles generally accepted in the United States of America.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015**

(3) Fair Value, Net Asset Designations and Restrictions, and Endowed Funds (Continued)

The Amounts Held by Foundations (the Foundations) has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundations' investment pools as of the measurement date. The Foundations value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundations, which include private placements and other securities for which prices are not readily available, are determined by the management of the Foundations and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The amounts held by the Foundations are not redeemable by the Organization.

The following table represents a reconciliation of the activities for Level 3 financial instruments, which are board and donor restricted endowment funds, by net asset class.

	Board		Donor		Total
	Designated		Restricted Endowment -		
	Endowment -	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment, Net Assets - Beginning of Year	\$ 11,160	\$ 14,550	\$ 25,000	\$ 50,710	
Net Investment Losses	(459)	(2,428)	-	(2,887)	
Endowment, Net Assets - End of Year	\$ 10,701	\$ 12,122	\$ 25,000	\$ 47,823	

Accumulation of earnings representing the remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law.

Temporarily restricted net assets at December 31, 2015, are available for the following purposes:

Endowment Investment Income Available for Appropriation	\$ 12,122
Give Me Shelter Capital Campaign (Note 2)	31,536
Community Outreach and Education Efforts	31,792
	\$ 75,450

(4) In-Kind Contributions

The Organization receives donated services from numerous unpaid volunteers. These volunteers provide the actual program services to the beneficiaries of the program via the crisis line and other shelter services. The volunteers all undergo extensive training to enable them to effectively provide these services. Total hours are recognized as support and expense in the accompanying Statement of Activities and Changes in Net Assets at the applicable wage rate at the time the services are provided and total **\$52,873** for the year ended December 31, 2015. In addition, the Board of Directors provides significant volunteer hours that are not reflected in the accompanying financial statements as they do not meet the applicable recognition criteria. These hours totaled 406 for the year ended December 31, 2015.

In addition, numerous contributions of supplies and materials for use in the crisis shelter are received each year and are valued at the estimated fair market value at the time of the contribution. The accompanying Statement of Activities and Changes in Net Assets includes support and expense totaling **\$120,581** for the year ended December 31, 2015.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2015**

(5) Capital Lease Payable

The Organization had a non-cancelable capital lease for a piece of office equipment which was repaid in full in 2015. The equipment had a cost of **\$11,734** with related accumulated depreciation of **\$6,705** as of December 31, 2015.