

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

FINANCIAL STATEMENTS

for the year ended June 30, 2010

**THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT**

INDEX TO FINANCIAL STATEMENTS

	<u>Page(s)</u>
Report of Independent Accountants	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5 - 6
Notes to Financial Statements	7 - 16



Certified Public Accountants

223 Highway 70
East Pointe, Suite 100
Post Office Box 1309
Garner, North Carolina 27529
(919) 662-1001 • FAX (919) 662-1002

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
The Family Violence Prevention Center, Inc. dba Interact

We have audited the accompanying statement of financial position of The Family Violence Prevention Center, Inc. dba Interact (a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Agency's 2009 financial statements and, in our report dated November 10, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Violence Prevention Center, Inc. dba Interact as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Langdon & Company

Garner, North Carolina
November 12, 2010

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF FINANCIAL POSITION

June 30, 2010
with comparative totals as of June 30, 2009

	<u>2010</u>		<u>2009</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 326,724	\$	311,541	
Grants and contracts receivable	601,311		455,491	
Contributions receivable	82,192		4,825	
Inventory	33,889		31,552	
Prepaid and other assets	22,297		18,381	
Total current assets	<u>1,066,413</u>		<u>821,790</u>	
Property and equipment:				
Land	1,741,736		1,741,736	
Building and building improvements	7,420,554		7,367,787	
Furniture and equipment	380,652		346,466	
Software	102,506		102,506	
Vehicles	15,007		15,007	
Less accumulated depreciation	<u>9,660,455</u>		<u>9,573,502</u>	
	9,191,977		9,396,105	
Other assets:				
Grants and contracts receivable in one to five years	73,212		75,399	
Contributions receivable in one to five years	74,593		-	
Contributions and grants receivable, capital campaign	-		770,690	
Total other assets	<u>147,805</u>		<u>846,089</u>	
Total assets	<u>\$10,406,195</u>		<u>\$11,063,984</u>	
LIABILITIES AND NET ASSETS				
Current liabilities:				
Line of credit	\$ 149,759	\$	149,759	
Accounts payable and accrued liabilities	103,862		114,655	
Security deposits	12,612		12,612	
Deferred revenue	24,915		25,398	
Current maturities of obligation under capital lease	56,796		56,192	
Current maturities of long-term debt	245,000		1,204,166	
Total current liabilities	<u>592,944</u>		<u>1,562,782</u>	
Long term liabilities:				
Obligation under capital lease less current maturities	34,546		109,511	
Long-term debt less current maturities	4,774,352		4,695,834	
Total long term liabilities	<u>4,808,898</u>		<u>4,805,345</u>	
Total liabilities	<u>5,401,842</u>		<u>6,368,127</u>	
Net assets:				
Unrestricted	4,114,699		3,378,748	
Temporarily restricted	889,654		1,317,109	
Total net assets	<u>5,004,353</u>		<u>4,695,857</u>	
Total liabilities and net assets	<u>\$10,406,195</u>		<u>\$11,063,984</u>	

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

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF ACTIVITIES

**for the year ended June 30, 2010
with comparative totals for 2009**

	2010			2009
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Grants	\$ 102,866	\$ 1,757,784	\$ 1,860,650	\$ 1,363,656
Contributions	485,482	415,559	901,041	1,472,478
In-kind contributions	<u>112,438</u>	<u>-</u>	<u>112,438</u>	<u>421,712</u>
Total public support	700,786	2,173,343	2,874,129	3,257,846
Revenue:				
Program services income	157,735	-	157,735	204,670
Pass It On	179,734	-	179,734	146,056
Investment income	248	-	248	3,200
Rental income	321,096	-	321,096	168,009
Other	<u>3,485</u>	<u>-</u>	<u>3,485</u>	<u>4,977</u>
Total revenue	<u>662,298</u>	<u>-</u>	<u>662,298</u>	<u>526,912</u>
Net assets released from restrictions	<u>2,600,798</u>	<u>(2,600,798)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>3,963,882</u>	<u>(427,455)</u>	<u>3,536,427</u>	<u>3,784,758</u>
Expenses:				
Program services:				
Shelter	740,087	-	740,087	592,690
Crisis intervention	650,321	-	650,321	414,752
Community education and training	556,277	-	556,277	439,717
Client assistance fund	-	-	-	7,821
Child and family services	<u>519,860</u>	<u>-</u>	<u>519,860</u>	<u>414,253</u>
Total program services	<u>2,466,545</u>	<u>-</u>	<u>2,466,545</u>	<u>1,869,233</u>
Supporting services:				
Collaborative Partners	118,978	-	118,978	37,193
Development	206,841	-	206,841	213,004
Pass It On	142,233	-	142,233	142,723
Management and general	<u>293,334</u>	<u>-</u>	<u>293,334</u>	<u>576,772</u>
Total supporting services	<u>761,386</u>	<u>-</u>	<u>761,386</u>	<u>969,692</u>
Total expenses	<u>3,227,931</u>	<u>-</u>	<u>3,227,931</u>	<u>2,838,925</u>
Change in net assets	735,951	(427,455)	308,496	945,833
Net assets at the beginning of year	<u>3,378,748</u>	<u>1,317,109</u>	<u>4,695,857</u>	<u>3,750,024</u>
Net assets at the end of year	<u>\$ 4,114,699</u>	<u>\$ 889,654</u>	<u>\$ 5,004,353</u>	<u>\$ 4,695,857</u>

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

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
d/ba INTERACT

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended June 30, 2010
with comparative totals for 2009

	2010										2009									
	Program Services					Child & Family Services					Collaborative Partners					Supporting Services				
	Shelter	Intervention	Community	Family	Total	Partners	Development	Pass It On	General	Total	Grand	Total	Grand	Total	Grand					
Salaries	\$ 358,507	\$ 296,505	\$ 260,745	\$ 232,321	\$ 1,168,078	\$ 8,250	\$ 80,638	\$ 49,181	\$ 132,598	\$ 270,667	\$ 1,438,745	\$ 1,401,499	\$ 1,401,499	\$ 1,401,499	\$ 1,401,499					
Employee benefits	40,945	38,471	34,402	29,810	143,628	-	11,090	4,629	13,622	29,341	172,969	184,493	184,493	184,493	184,493					
Payroll taxes	30,444	27,601	22,377	19,646	100,068	-	7,238	4,448	10,784	22,470	122,538	121,735	121,735	121,735	121,735					
Professional fees	22,222	16,921	14,119	15,886	69,148	-	-	5,383	15,562	20,945	90,093	50,908	50,908	50,908	50,908					
Contracted client services	52,668	52,666	61,183	52,666	219,183	-	-	-	-	-	219,183	105,056	105,056	105,056	105,056					
Supplies	17,507	5,055	6,389	3,066	32,017	365	1,981	90	2,976	5,412	37,429	45,954	45,954	45,954	45,954					
Telephone	8,010	10,870	7,293	5,564	31,737	5,190	2,718	637	4,077	12,622	44,539	56,549	56,549	56,549	56,549					
Insurance	5,729	5,059	5,030	3,914	19,732	-	1,950	437	3,136	5,523	25,255	23,955	23,955	23,955	23,955					
Postage	934	654	773	529	2,890	-	445	65	668	1,178	4,068	6,286	6,286	6,286	6,286					
Occupancy	53,235	40,262	37,942	34,126	165,565	31,127	16,046	53,764	23,962	124,899	290,464	275,571	275,571	275,571	275,571					
Maintenance, equipment rental and minor equipment	8,591	6,898	7,410	6,037	28,936	1,204	9,163	701	10,953	22,021	50,957	88,986	88,986	88,986	88,986					
Printing and publications	1,073	8,152	9,158	1,534	19,917	-	37,115	11	2,535	39,661	59,578	39,815	39,815	39,815	39,815					
Travel	8,654	4,223	6,059	1,928	20,864	-	1,147	1,628	4,447	7,222	28,086	20,817	20,817	20,817	20,817					
Conferences, conventions, meetings	733	644	2,092	2,001	5,470	-	551	74	1,831	2,456	7,926	7,146	7,146	7,146	7,146					
In-kind expense	19,233	40,088	8,878	13,602	81,801	-	2,926	2,778	4,392	10,096	91,897	51,758	51,758	51,758	51,758					
Specific assistance to clients	3,681	11,815	-	1,446	16,942	-	-	-	-	-	16,942	33,404	33,404	33,404	33,404					
Memberships	400	-	-	-	720	-	-	50	890	940	1,660	1,875	1,875	1,875	1,875					
Interest, net of capitalized interest	40,051	30,127	25,468	27,951	123,597	32,846	12,745	4,929	19,423	69,943	193,540	159,222	159,222	159,222	159,222					
Miscellaneous	7,188	6,387	6,086	6,014	25,675	-	853	3,508	1,125	15,486	41,161	24,115	24,115	24,115	24,115					
Depreciation	60,282	47,923	40,553	41,819	190,577	39,996	20,235	9,920	30,353	100,504	291,081	139,781	139,781	139,781	139,781					
Total expenses	\$ 740,087	\$ 650,321	\$ 556,277	\$ 519,860	\$ 2,466,545	\$ 118,978	\$ 206,841	\$ 142,233	\$ 293,334	\$ 761,386	\$ 3,227,931	\$ 2,838,925	\$ 2,838,925	\$ 2,838,925	\$ 2,838,925					

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

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF CASH FLOWS

for the year ended June 30, 2010
with comparative totals for 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from grantors, contributors and service recipients	\$ 2,331,146	\$ 2,216,949
Cash received from collaborative partners	320,613	195,561
Cash received from thrift shop sales	177,397	133,264
Cash paid to suppliers and employees	(2,653,458)	(2,378,365)
Interest and dividends received	248	3,200
Interest paid, net of capitalized interest	<u>(189,079)</u>	<u>(159,222)</u>
Net cash (used in) provided by operating activities	<u>(13,133)</u>	<u>11,387</u>
Cash flows used in investing activities:		
Purchase of property and equipment	<u>(71,959)</u>	<u>(4,025,997)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	1,059,745	449,924
Proceeds from issuance of long-term debt	319,054	2,649,759
Principal payments of capital lease obligation	(74,358)	(56,557)
Principal payments of long-term debt	<u>(1,204,166)</u>	<u>-</u>
Net cash provided by financing activities	<u>100,275</u>	<u>3,043,126</u>
Net increase (decrease) in cash	15,183	(971,484)
Cash and cash equivalents at beginning of year	<u>311,541</u>	<u>1,283,025</u>
Cash and cash equivalents at end of year	<u>\$ 326,724</u>	<u>\$ 311,541</u>

(Continued)

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

STATEMENT OF CASH FLOWS (Continued)

for the year ended June 30, 2010
with comparative totals for 2009

	<u>2010</u>	<u>2009</u>
Reconciliation of change in net assets		
to net cash (used in) provided by operating activities:		
Change in net assets	\$ 308,496	\$ 945,833
Adjustments to reconcile change in net		
assets to net cash provided by operating activities:		
Depreciation	291,081	139,781
Net loss on sale or disposal of equipment	-	4,412
In-kind donations of equipment	(14,994)	(370,511)
Amortization	4,461	-
Changes in assets and liabilities:		
Grants and contracts receivable	(143,633)	43,035
Contributions receivable	(151,960)	(4,825)
Inventory	(2,337)	(12,792)
Prepaid expenses	(3,916)	26,120
Accounts payable and accrued liabilities	(10,793)	84,236
Deferred revenue	(483)	14,940
Security deposits	-	12,612
Contributions restricted for capital campaign:		
Contributions	<u>(289,055)</u>	<u>(871,454)</u>
Net cash (used in) provided by operating activities	<u>\$ (13,133)</u>	<u>\$ 11,387</u>
Supplemental disclosure of noncash investing activities:		
In-kind donations of equipment	\$ 14,711	\$ 370,511
Capital lease of equipment	<u>-</u>	<u>180,976</u>
	<u>\$ 14,711</u>	<u>\$ 551,487</u>

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

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Family Violence Prevention Center, Inc. dba Interact (the "Agency") is a charitable organization located in and serving Wake County, Raleigh, North Carolina. It was incorporated in 1978. The Agency provides safety, support, and awareness to survivors, victims, and families of domestic violence and sexual assault/rape by providing services including residential shelter, counseling, crisis responders, court advocacy, 24-hour crisis hot lines, youth education, and training. The Agency also operates two thrift shops, Pass It On and Pass It On Too, which generate income to support the Agency.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers cash in the bank and all cash held on hand and highly liquid short-term investments with an original maturity of three months or less to be cash and cash equivalents. The Agency maintains its cash accounts with various financial institutions, which at times, exceed federally insured limits of \$250,000. The Agency has not experienced any losses in such accounts.

Inventory

The Agency values its inventory at fair market value, using the first-in, first-out method. Inventory consists primarily of used clothing.

Property and Equipment

Purchased and donated property and equipment are stated at cost and estimated fair market value, respectively, and are depreciated on the straight-line basis over the estimated useful lives and/or lease term of the various assets. The estimated useful lives of the building and building improvements and furniture and equipment, vehicles and software are summarized as follows:

Building and building improvements	10 to 40 years
Furniture and equipment	4 to 15 years
Vehicles	7 years
Software	3 years

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Capitalized Interest

The Agency capitalizes interest costs as a component of the cost of construction-in-progress. The amount of capitalized interest for the year ended June 30, 2009 was \$83,413.

Donated Assets and Services

Donated materials and equipment are recorded at their estimated fair market values at date of receipt and are reflected as contributions in the accompanying financial statements. The Agency does not imply time restrictions on gifts of long-lived assets. The Agency received various donated services and assets of \$112,438 and \$421,712 for the years ended June 30, 2010 and June 30, 2009, respectively. These amounts are included in the accompanying statement of functional expenses and statement of activities as in-kind expense and in-kind contribution revenue, respectively. Numerous other contributed services are performed for the Agency by volunteers. These services are significant and form an integral part of the efforts of the Agency but do not meet the criteria for recognition as contributed services.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions

Functional Classification of Expenses

Expenditures not directly attributable to specific programs or support services are allocated to program or support services by the Agency's management based on what it considers to be the best available objective criteria, such as hours worked or relative benefit.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Agency is exempt from income taxes under Internal Revenue Code Section 501(c)(3) on its exempt function income and is classified by the IRS as a publicly supported organization. There was no unrelated business income for the years ended June 30, 2010 and 2009.

The Agency evaluates its uncertain tax positions using provisions of Financial Accounting Standards Board Accounting Standards Codification (ASC) 740-10-25, Recognition of a Tax Position. Accordingly, the Agency's policy is to record a liability for any tax position taken that is beneficial to the Agency, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2010 or 2009. Tax years subsequent to 2005 remain subject to examination by major tax jurisdictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

2. GRANTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE

Grants, contracts and pledges receivable are summarized as follows:

	2010	2009
Receivable in less than one year:		
Current:		
Grants and contracts receivable in less than one year	\$ 601,311	\$ 455,491
Contributions receivable in less than one year	82,192	4,825
Noncurrent:		
Contributions receivable, capital campaign	-	694,992
Total receivables in less than one year	\$ 683,503	\$1,155,308
Receivable in one to five years:		
Grants and contracts receivable in one to five years	\$ 79,567	\$ 77,000
Less present value using a risk adjusted rate	(6,355)	(1,601)
	73,212	75,399
Contributions receivable	83,366	-
Less present value using a risk adjusted rate	(8,773)	-
	74,593	-
Contributions receivable, capital campaign	-	77,433
Less present value using a risk adjusted rate	-	(1,735)
	-	75,698
Total receivables in one to five years	\$ 147,805	\$ 151,097

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

3. LEASING TRANSACTIONS

As Lessee:

The Agency leases equipment and software under capital lease agreements with payments extending through 2013. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lesser of the related lease term or the estimated useful life. Amortization of the assets under capital lease was \$87,957 and \$22,458 for the years ended June 30, 2010 and 2009, respectively. Equipment held under the capital leases and the related accumulated amortization at June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Equipment	\$ 219,773	\$ 219,773
Less accumulated amortization	87,957	29,680
	<u>\$ 131,816</u>	<u>\$ 190,093</u>

The Agency leases space for one of its thrift stores on a month to month basis. In addition to the monthly rental payment, the Agency is responsible for certain utilities. Lease payments amounted to \$30,000 for the year ended December 31, 2010 and 2009.

During the year ended June 30, 2009, the Agency had lease agreements for shelter space and the Wade Avenue building while in the process of renovating the Oberlin Road building. Lease payments for the shelter and building for the year ended June 30, 2009 was \$109,250.

The present value of future minimum capital lease payments relating to the equipment are as follows:

<u>Year ending June 30,</u>			
2011			63,405
2012			26,472
2013			11,160
Total minimum lease payments			101,037
Less amount representing interest			9,695
Present value of net minimum capital lease payments			91,342
Less current maturities			56,796
Obligation under capital lease less current maturities			<u>\$ 34,546</u>

**THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT**

NOTES TO FINANCIAL STATEMENTS

3. LEASING TRANSACTIONS (Continued)

As Lessor:

The Agency leases space to collaborative partners. Terms of the lease agreement include base rental plus a proportionate share of certain other expenses, including utilities, taxes and certain maintenance expenses.

At June 30, 2010, minimum future rentals to be received are as follows:

Year ending June 30,

2011	\$ 286,352
2012	276,638
2013	241,894
2014	244,342
2015	<u>133,947</u>
	<u>\$1,183,173</u>

The rental property assets, which are included in property and equipment in the accompanying statement of financial position, are summarized as follows:

	<u>2010</u>	<u>2009</u>
Land	\$1,741,736	\$1,741,736
Building and improvements	<u>7,420,554</u>	<u>7,367,787</u>
	9,162,290	9,109,523
Less accumulated depreciation	<u>298,361</u>	<u>109,213</u>
	<u>\$8,863,929</u>	<u>\$9,000,310</u>

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

4. LONG-TERM DEBT

Long-term debt is summarized as follows:

	2010	2009
Noninterest bearing note payable with all unpaid principal due August 1, 2039; collateralized by a deed of trust on the shelter and land.		
Face amount	\$ 500,000	\$ -
Less unamortized discount based on imputed interest rate of 1.498%	<u>(176,482)</u>	<u>-</u>
	323,518	-
Construction note payable for an amount up to \$2,950,000; accrues interest at LIBOR plus 3%; payments of accrued interest only were required through August 15, 2009, at which time a payment for any principal amount outstanding in excess of \$2,450,000 was due, thereafter monthly principal payments of \$10,208 plus accrued interest are due; all principal plus accrued interest is due September 1, 2012; collateralized by deed of trust on property, security agreement and assignment of rents. See Note 9.	2,347,917	2,950,000
Construction note payable for an amount up to \$2,950,000; accrues interest at LIBOR plus 3%; payments of accrued interest only were required through August 15, 2009, at which time a payment for any principal amount outstanding in excess of \$2,450,000 was due, thereafter monthly principal payments of \$10,208 plus accrued interest are due; all principal plus accrued interest is due September 1, 2012; collateralized by deed of trust on property, security agreement and assignment of rents. See Note 9.	<u>2,347,917</u>	<u>2,950,000</u>
Total maturities	5,019,352	5,900,000
Less current maturities	<u>245,000</u>	<u>1,204,166</u>
	<u>\$4,774,352</u>	<u>\$4,695,834</u>

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

4. LONG-TERM DEBT *(Continued)*

Future maturities of long-term debt at June 30, 2010 are summarized as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2011	\$ 245,000
2012	245,000
2013	4,205,834
2014	-
2015	-
Thereafter	<u>323,518</u>
	<u>\$5,019,352</u>

There are several restrictive covenants contained in the debt agreements. The Agency was in compliance with financial covenants contained in the debt agreements at June 30, 2010

5. LINE OF CREDIT

The Agency has available a working capital line of credit in the amount of \$400,000 at June 30, 2010. Interest is payable monthly on all outstanding balances at a rate of prime (3.25% at June 30, 2010) plus 1%. All outstanding principal and accrued interest is due on demand. The line is collateralized by a deed of trust on property and assignment of rents. The outstanding balance at June 30, 2010 was \$149,759 and there was \$6,570 associated interest expense for the year ended June 30, 2010. See Note 9.

6. RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Phone System	\$ -	\$ 27,360
Immigrants Seeking Safety	236,047	39,000
Shelter	77,376	18,358
Building capacity	38,500	-
Direct services	50,000	25,000
Capital campaign	-	770,690
NCHFA Supporting Housing Program	176,481	-
Program services in subsequent year	311,250	360,509
Peace at Home	-	30,000
Nancy's Butterfly	-	46,192
	<u>\$ 889,654</u>	<u>\$ 1,317,109</u>

Net assets released from donor restrictions by accomplishing purpose restrictions was \$2,600,798 and \$2,684,031 in 2010 and 2009, respectively.

THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT

NOTES TO FINANCIAL STATEMENTS

7. CONDITIONAL GRANT

In fiscal year 2010, the Agency received a \$500,000 conditional grant from Robert Wood Johnson Foundation for providing safety and support to South Asian and Hispanic immigrant families affected by intimate partner violence in Wake County, North Carolina. The grant is conditioned on the Agency's progress towards satisfactory achievement of the goals of the grant. At June 30, 2010, \$341,268 remains conditional, and is collectible through 2012.

8. DEFINED CONTRIBUTION PLAN

The Agency sponsors a defined contribution plan, covering all eligible employees. The Agency may choose to match a certain percentage, determined annually, of employee pretax contributions not to exceed four percent of compensation. The plan is available to all employees meeting minimum age and service requirements. The Agency did not make any employer contributions during 2010 and 2009.

9. SUBSEQUENT EVENTS

On October 21, 2010, the Wake County Industrial Facilities and Pollution Control Financing Authority ("Authority") issued a tax-exempt Special Purpose Project Revenue Bond (Interact Project) Series 2010 (the Bond), in the aggregate principal of \$4,718,000. The Bond was issued pursuant to a Bond Purchase and Loan Agreement (Agreement), dated October 1, 2010, between the Authority, the Purchaser of the bond, and the Agency. The proceeds thereof were simultaneously loaned under a promissory note to the Agency to refinance existing long term debt.

The Promissory Note is pledged and assigned to the Purchaser as security for the bond. The Promissory Note bears interest at 68% of the One-Month LIBOR Rate plus 1.3% and is payable in varying monthly installments of interest and principal through November, 2030.

The Bond may be redeemed in whole with 180 day written notice occurring on or after October 21, 2015, on which date the Bond and promissory note shall be due and payable in full. Should the Bond be redeemed and the Agency does not provide sufficient funds to redeem the Bond in full, the holder of the bond is required to lend the Agency an amount equal to the outstanding principal amount under a Reimbursement Note. The Reimbursement Note will bear interest of Prime, plus 2%, with a minimum rate of 6% and will be due on demand.

In addition, the Purchaser has extended a Line of Credit Note up to \$400,000 to the Agency. Interest is payable monthly on all outstanding balances and bears an interest rate of One-Month LIBOR plus 2.50%. All outstanding principal and accrued interest is due at the earliest to occur of October 21, 2013, the occurrence of an Event of Default or termination of all obligations by payment in full.

All obligations payable under the Promissory Note, Reimbursement Note and Line of Credit Note are secured by a deed of trust on land and real property, security agreement and assignment of Rents and Leases.

**THE FAMILY VIOLENCE PREVENTION CENTER, INC.
dba INTERACT**

NOTES TO FINANCIAL STATEMENTS

9. SUBSEQUENT EVENTS *(Continued)*

There are numerous restrictive covenants related to the obligations. Among other covenants, there are requirements regarding Cash Flow Coverage Ratio and Indebtedness to Tangible Net Worth Ratio. Also, certain financial information must be supplied to the Authority and the Purchaser of the bond on a timely basis.

Management has evaluated subsequent events through November 12, 2010, the date which the financial statements are available for issue.