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VIOLENCE POLICY CENTER

**Financial Statements &
Report of Independent Auditors
for the year ended December 31, 2018**

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DESAI COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Violence Policy Center

We have audited the accompanying financial statements of the Violence Policy Center (VPC) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and cash flows for the year then ended, the statement of functional expenses for the year ended December 31, 2018, 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. 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 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.

DESAI COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT (CONT.)

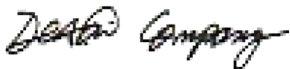
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Violence Policy Center as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 1 to the financial statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. As required by the FASB, Violence Policy Center adopted the provisions of ASU 2016-14 during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources and schedule of functional expenses. Our opinion is not modified with respect to this matter.



Bowie, Maryland
October 21, 2019

VIOLENCE POLICY CENTER

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

Current assets

Cash and cash equivalents	\$1,303,908
Prepaid expenses	11,432
Accounts receivable	-
Security deposit	26,364

Total current assets \$1,341,704

Non current assets

Furniture and equipment	191,354
less: accumulated depreciation	<u>(175,553)</u>

Total non current assets 15,801

Total assets \$1,357,505

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 2,476
Deferred grants	<u>-</u>

Total current liabilities 2,476

Net assets

Without donor restrictions	1,211,694
With donor restrictions	<u>143,335</u>

Total net assets 1,355,029

Total liabilities and net assets \$1,357,505

See accountant's notes

VIOLENCE POLICY CENTER

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Revenue and support			
Contributions and grants	\$ 974,809	\$289,670	\$1,264,479
Interest	3,220		3,220
Net assets released from restrictions	416,335	(416,335)	-
	<u>\$1,394,364</u>	<u>(126,665)</u>	<u>\$1,267,699</u>
Expenses			
Program services	677,298	-	677,298
Supporting services			
Management and general	83,039	-	83,039
Outreach and development	17,170	-	17,170
	<u>100,209</u>	<u>-</u>	<u>100,209</u>
Total supporting services			
	<u>777,507</u>	<u>-</u>	<u>777,507</u>
Change in net assets	616,857	(126,665)	490,192
Net assets at beginning of year	<u>594,837</u>	<u>270,000</u>	<u>864,837</u>
Net assets at end of year	<u>\$1,211,694</u>	<u>\$143,335</u>	<u>\$1,355,029</u>

See accountant's notes

VIOLENCE POLICY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING
Salaries	\$428,044	\$385,012	\$32,523	\$10,509
Payroll taxes	30,694	27,534	2,406	754
Employee benefits	43,578	39,092	3,416	1,070
Pension plan	25,895	23,229	2,030	636
Advertising	268	240	21	7
Bank charges	175	157	13	5
Commissary	781	700	61	20
Consultants	45,340	45,340	-	-
Depreciation	5,267	4,725	413	129
Dues and subscriptions	2,003	533	1,470	-
Equipment rental	1,019	914	80	25
Legal and professional	27,784	-	27,784	-
License and fees	2,346	2,104	184	58
Occupancy	105,856	94,957	8,299	2,600
Office insurance	5,024	4,507	394	123
Office supplies	2,382	2,137	187	58
Postage	3,885	3,485	305	95
Press release distribution	1,525	1,525	0	0
Printing	5,980	5,364	469	147
Research materials	283	283	-	-
Telephone/online services	29,450	26,418	2,309	723
Temporary help	1,317	1,317	-	-
Travel	8,611	7,725	675	211
Totals	\$777,507	\$677,298	\$83,039	\$17,170

See accountant's notes

VIOLENCE POLICY CENTER

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities	
Change in net assets	\$490,192
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	5,267
Increase in security deposit	-
Decrease in prepaid expenses	3,786
Decrease in accounts payable	(25)
Total adjustments	<u>9,028</u>
Net cash provided by operating activities	<u>499,220</u>
Cash flows from investing activities	
Purchase of furniture and equipment	<u>-</u>
Net increase in cash flow and cash equivalents	499,220
Cash and cash equivalents, beginning of year	<u>804,688</u>
Cash and cash equivalents, end of year	<u>\$1,303,908</u>

See accountant's notes

VIOLENCE POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

Violence Policy Center (VPC), is a tax exempt corporation organized under the laws of the District of Columbia in 1988. VPC works to reduce firearms violence in America by approaching firearms violence as a public health issue while illustrating the need to regulate firearms as inherently dangerous consumer products.

Summary of significant accounting policies

Basis of accounting

VPC's financial statements are prepared using the accrual basis of accounting.

Cash and cash equivalents

Cash on hand, deposits in banks, and highly liquid investments with original maturities of three months or less are considered cash and cash equivalents for purposes of these financial statements.

Property and equipment

Property and equipment are recorded at cost. Depreciation is recognized over the related assets' estimated useful lives, using the straight-line method. Repairs and maintenance are charged to expense as incurred.

Net assets

For financial statement purposes, net assets are classified as follows:

Without donor restrictions: Represents the portion of net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

With donor restrictions: Represents the portion of net assets whose use by VPC has been restricted by donors with specified time or purpose limitations.

As of December 31, 2018, net assets with donor restrictions represented contributions of \$143,335.

VIOLENCE POLICY CENTER
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Revenue recognition

Revenue is recognized during the period in which it is earned. Contributions are recognized in accordance with the provisions of Financial Accounting Standards Board Statement No. 116.

Expenses

Expenses are recognized by VPC during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Functional allocation of expenses

The costs of VPC's various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, supporting general and administrative costs have been allocated among the programs and supporting services benefited.

Subsequent events

Subsequent events have been considered through October 21, 2019.

New Accounting Principle

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). VPC adopted the provisions of ASU 2016-14 during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources and schedule of functional expenses.

Liquidity

VPC cash balances include money market funds and cash in bank. The following provides a summary of financial assets available for general expenditures at December 31, 2018:

Cash and cash equivalents	\$1,303,908
Net assets with donor restrictions	(143,335)
Financial assets available to meet cash needs for general expenditures within one year	\$1,160,573

VIOLENCE POLICY CENTER
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Pervasiveness of Estimates

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

Income tax status

VPC is exempt from federal income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia. VPC had no unrelated business income during the year ended December 31, 2018.

NOTE 2

PENSION PLAN

VPC has a defined benefit retirement plan for its employees. Employee benefits are primarily based on length of service and compensation. Under this plan, VPC makes monthly contributions to an insurance company in an amount equal to 6% of the employee's wages. For the year ended December 31, 2018 pension expense was \$25,895.

NOTE 3

MAJOR SOURCES OF FUNDING

VPC receives a substantial portion of its revenues from grants from various foundations as well as the general public.

