

**AVALON: A CENTER FOR WOMEN
AND CHILDREN
D/B/A AVALON CENTER**

FINANCIAL REPORT

JUNE 30, 2024



ASSURANCE, TAX & ADVISORY SERVICES

AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Avalon: A Center for Women and Children
d/b/a Avalon Center

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Avalon: A Center for Women and Children d/b/a Avalon Center (the Center), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the 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 March 25, 2025 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

PBMares, LLP

Newport News, Virginia
March 25, 2025

FINANCIAL STATEMENTS

AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER

STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 180,238	\$ 290,538
Grants receivable	388,660	134,420
Inventory	11,223	9,068
Prepaid expenses	1,180	2,522
Total current assets	581,301	436,548
Property and Equipment, net	999,852	1,060,827
Other Assets		
Operating right-of-use assets	512,320	532,763
Finance right-of-use assets	9,745	1,774
Security deposits	4,400	4,400
Beneficial interest in assets held by others	18,242	16,403
Total other assets	544,707	555,340
Total assets	\$ 2,125,860	\$ 2,052,715
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of operating lease liabilities	\$ 90,835	\$ 63,828
Current portion of finance lease liabilities	2,460	1,796
Accounts payable and accrued expenses	29,753	60,689
Line of credit	308,081	-
Total current liabilities	431,129	126,313
Other Liabilities		
Operating lease liabilities, net of current maturities	424,075	470,722
Financing lease liabilities, net of current maturities	7,473	-
Total liabilities	862,677	597,035
Net Assets		
Without donor restrictions	1,184,183	1,376,680
With donor restrictions	79,000	79,000
Total net assets	1,263,183	1,455,680
Total liabilities and net assets	\$ 2,125,860	\$ 2,052,715

AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 294,854	\$ -	\$ 294,854
In-kind contributions	53,253	-	53,253
Special events, net of expenses of \$12,060	21,969	-	21,969
United Way	22,277	-	22,277
Foundation grants	23,842	-	23,842
Federal and state grants	964,553	-	964,553
Local grants	-	79,000	79,000
Net assets released from restriction	79,000	(79,000)	-
Total support	1,459,748	-	1,459,748
Revenue			
Miscellaneous	12,192	-	12,192
Change in beneficial interest in assets held by others	1,839	-	1,839
Total revenue	14,031	-	14,031
Total support and revenue	1,473,779	-	1,473,779
Expenses			
Program services	1,496,023	-	1,496,023
Management and general	96,683	-	96,683
Fundraising	73,570	-	73,570
Total expenses	1,666,276	-	1,666,276
Change in net assets	(192,497)	-	(192,497)
Net Assets - beginning of year	1,376,680	79,000	1,455,680
Net Assets - end of year	\$ 1,184,183	\$ 79,000	\$ 1,263,183

AVALON: A CENTER FOR WOMEN AND CHILDREN
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STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 257,533	\$ -	\$ 257,533
In-kind contributions	87,429	-	87,429
Special events, net of expenses of \$10,029	19,777	-	19,777
United Way	8,957	-	8,957
Foundation grants	23,377	-	23,377
Federal and state grants	1,030,503	-	1,030,503
Local grants	-	79,000	79,000
Net assets released from restriction	93,000	(93,000)	-
Total support	1,520,576	(14,000)	1,506,576
Revenue			
Miscellaneous	5,312	-	5,312
Gain on sale of assets	930	-	930
Change in beneficial interest in assets held by others	1,726	-	1,726
Total revenue	7,968	-	7,968
Total support and revenue	1,528,544	(14,000)	1,514,544
Expenses			
Program services	1,456,997	-	1,456,997
Management and general	103,155	-	103,155
Fundraising	78,551	-	78,551
Total expenses	1,638,703	-	1,638,703
Change in net assets	(110,159)	(14,000)	(124,159)
Net Assets - beginning of year	1,486,839	93,000	1,579,839
Net Assets - end of year	\$ 1,376,680	\$ 79,000	\$ 1,455,680

AVALON: A CENTER FOR WOMEN AND CHILDREN
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STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Client Assistance	\$ 78,086	\$ -	\$ -	\$ 78,086
Contractual Services	26,417	20,886	9,777	57,080
Depreciation	51,829	9,146	-	60,975
Dues and Subscriptions	2,000	-	-	2,000
Employee Benefits and Taxes	115,967	3,970	5,403	125,340
Insurance	28,920	5,103	-	34,023
Interest	25,569	-	-	25,569
Licenses	-	574	-	574
Office	2,826	-	-	2,826
Other Program Expenses	735	-	-	735
Printing and Postage	321	437	9,584	10,342
Lease Expense	86,593	14,515	4,880	105,988
Repairs and Maintenance	15,915	2,808	-	18,723
Salaries and Wages	929,958	29,508	43,319	1,002,785
Supplies	54,287	2,046	133	56,466
Telephone and Communications	7,823	848	-	8,671
Training	-	5,898	395	6,293
Travel	3,491	-	-	3,491
Utilities	62,863	944	79	63,886
Vehicle	2,423	-	-	2,423
Total functional expenses	\$ 1,496,023	\$ 96,683	\$ 73,570	\$ 1,666,276

AVALON: A CENTER FOR WOMEN AND CHILDREN
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STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Client Assistance	\$ 81,301	\$ -	\$ -	\$ 81,301
Contractual Services	28,838	21,775	9,428	60,041
Depreciation	46,285	8,168	-	54,453
Dues and Subscriptions	2,720	-	-	2,720
Employee Benefits and Taxes	108,605	7,902	8,285	124,792
Insurance	26,160	4,617	-	30,777
Interest	8,001	-	-	8,001
Licenses	-	450	-	450
Office	2,541	-	74	2,615
Other Program Expenses	859	-	-	859
Printing and Postage	255	494	12,127	12,876
Rent	60,188	9,530	4,871	74,589
Repairs and Maintenance	14,780	2,592	-	17,372
Salaries and Wages	892,726	39,346	41,252	973,324
Supplies	97,703	4,098	1,493	103,294
Telephone and Communications	6,655	619	-	7,274
Training	-	2,502	925	3,427
Travel	3,989	-	-	3,989
Utilities	74,209	1,062	96	75,367
Vehicle	1,182	-	-	1,182
Total functional expenses	\$ 1,456,997	\$ 103,155	\$ 78,551	\$ 1,638,703

AVALON: A CENTER FOR WOMEN AND CHILDREN
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STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (192,497)	\$ (124,159)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	60,975	54,453
Gain on sale of assets	-	(930)
Change in beneficial interest in assets held by others	(1,839)	(1,726)
Changes in:		
Grants receivable	(254,240)	30,419
Inventory	(2,155)	(2,390)
Prepaid expenses	1,342	(83)
Operating right-of-use assets	20,443	64,497
Finance right-of-use assets	(7,971)	1,935
Security deposits	-	10,000
Operating lease liabilities	(19,640)	(62,710)
Finance lease liabilities	8,137	(1,913)
Accounts payable and accrued expenses	(31,390)	31,976
Net cash used in operating activities	(418,835)	(631)
Cash Flows from Investing Activities		
Proceeds from the sale of property and equipment	-	930
Purchases of property and equipment	-	(81,681)
Net cash used in investing activities	-	(80,751)
Cash Flows from Financing Activities		
Net borrowings on revolving line of credit	308,535	-
Net cash provided by financing activities	308,535	-
Net change in cash and cash equivalents	(110,300)	(81,382)
Cash and Cash Equivalents:		
Beginning of year	290,538	371,920
End of year	\$ 180,238	\$ 290,538

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STATEMENTS OF CASH FLOWS (Continued)
Years Ended June 30, 2024 and 2023

	2024	2023
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 22,369	\$ 4,736
Payments on leases	106,036	72,780
Supplemental Disclosures of Non-Cash Activity		
Donated goods and services	\$ 53,253	\$ 87,429
Operating right-of-use assets obtained in exchange for lease obligations	43,188	597,260
Finance right-of-use assets obtained in exchange for lease obligations	9,745	3,709

**AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization

Avalon: A Center for Women and Children d/b/a Avalon Center (the Center) is a non-stock, not-for-profit corporation that provides programs and services which include prevention, education, advocacy, and crisis intervention. The Center offers a 24-hour helpline, emergency shelter, transitional housing, individual counseling and support groups, accompaniment, legal advocacy and a youth program. The Center also provides educational presentations to the community on a number of issues including domestic violence, sexual assault, and agency services. The Center offers its regional services from Williamsburg, Virginia to the middle peninsula including Gloucester County.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation: The Center reports information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The classes of net assets are described as follows:

- *Without donor restrictions* amounts are those currently available, at the discretion of the Board of Directors, for use in the Center's operations.
- *With donor restrictions* amounts are those that are stipulated by donors for specific purposes or time periods or restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. When a donor restriction expires or is otherwise satisfied, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. When a donor restriction is met in the year the contribution is recorded, it is recorded as without donor restrictions on the statement of activities.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Cash and cash equivalents: The Center considers all highly liquid investments including time deposits with an initial maturity of three months or less to be cash equivalents.

Credit risk: Financial instruments that subject the Center to concentrations of credit risk consist principally of cash and cash equivalents. The Center maintains cash accounts with high credit quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances in the Center's cash accounts may exceed the FDIC insured levels.

Grants receivable: Grants receivable are stated as unpaid balances, less an allowance for doubtful accounts. It is the policy of management to review outstanding grants receivable at year-end, as well as any bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts. In management's opinion, all grants receivable are fully collectible; accordingly, an allowance for doubtful accounts is not required.

AVALON: A CENTER FOR WOMEN AND CHILDREN
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NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Inventory: Inventories are stated at the lower of standard cost (which approximates average cost) or net realizable value.

Property and equipment: Property and equipment are stated at cost net of accumulated depreciation. Donated property is recorded at fair market value at date of receipt. The Center follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000. When an asset is sold, retired, or otherwise disposed, the asset cost and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the statement of activities. Depreciation is calculated using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Machinery and equipment	3 - 10
Furniture and fixtures	5 - 10
Building and improvements	5 - 27.5

Leases: The Center accounts for leases in accordance with ASC 842. The Center has made accounting policy elections such as exclusion of short-term leases (leases with terms of 12 months or less and which do not include a purchase option that they are reasonably certain to exercise) from the statement of financial position presentation.

At contract commencement, the Center determines if a contract is or contains a lease and whether it is an operating lease or a finance lease. The Center does not separate lease components for real estate leases.

For leases that have a lease term greater than one year, the Center initially recognizes current and non-current lease liabilities and ROU assets at the lease commencement date, which is the date that the lessor makes an underlying asset available for use by the Center. ROU assets represent the Center's right to use an underlying asset for the lease term and current and non-current lease liabilities represent the present value of the Center's obligation to make lease payments over the lease term. The discount rate used to determine the present value of the lease payments is generally the rate implicit in the lease agreement. If the discount rate in the lease agreement is not readily determinable, the Center uses its incremental borrowing rate.

The incremental borrowing rate for the lease term is determined by adjusting the Center's unsecured borrowing rate for a similar term to approximate a collateralized borrowing rate. The Center's lease terms for each of its lease represents the non-cancelable period for which the Center has the right to use an underlying asset, together with all of the following: (i) periods covered by an option to extend the lease, if the Center is reasonably certain to exercise that option, (ii) periods covered by an option to terminate the lease if the Center is reasonably certain to not exercise that option, and (iii) periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. The Center recognizes lease expense as an operating expense on a straight-line basis over the lease term.

See Note 8 for additional information regarding leases.

Support and Revenue: The Center recognizes its special event revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

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NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Support and Revenue (continued): All other support is recognized under ASC 958. Grant revenue is recognized as qualified expenditures are incurred and/or services are provided. Grant payments received in advance of incurring qualified expenditures are recorded in deferred revenue until earned. Direct contributions are recorded as received with donor restrictions or without donor restrictions, as appropriate. The Center does not have outstanding promises to give.

Functional expenses: The Center allocates its expenses, on a functional basis, among its various programs and supporting services. Expenses that relate to a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated statistically based on personnel time applicable to the three functional expense classifications.

Income taxes: The Center is classified as an exempt organization under Section 501(c)(3) of the Internal Revenue Code for federal income tax purposes. Contributions to the Center qualify as charitable contribution deductions to the extent provided by law.

FASB ASC 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Center's management has evaluated the impact of the guidance to its financial statements. The Center's income tax returns are subject to examination by taxing authorities, generally for a period of three years from the date they were filed.

The Center's policy is to classify income tax related interest and penalties, if any, in general and administrative expenses.

Donated materials and services: The Center records the value of donated materials or services when there is an objective basis available to measure their value, such as similar priced goods and services. The Center recognizes the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require special skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

The Center receives a significant amount of donated services from unpaid volunteers who assist in its program services. These services have not been recognized in the statement of activities because the criteria for recognition under applicable accounting standards have not been satisfied.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Contributed goods and services of \$53,253 and \$87,429 have been reflected in the statement of activities as in-kind contributions for the year ended June 30, 2024 and 2023, respectively.

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NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Subsequent events: In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through March 25, 2025, the date the financial statements were available to be issued. The Center determined that there are no subsequent events, that are required to be disclosed pursuant to the FASB ASC.

Note 3. Property and Equipment

Property and equipment at June 30, 2024 and 2023 consists of the following:

	2024	2023
Machinery and equipment	\$ 168,443	\$ 168,443
Furniture and fixtures	19,517	19,517
Land	200,000	200,000
Building and improvements	1,120,403	1,120,403
	1,508,363	1,508,363
Less accumulated depreciation	(508,511)	(447,536)
	<u>\$ 999,852</u>	<u>\$ 1,060,827</u>

Note 4. Beneficial Interest in Assets Held by Others

The Center established a quasi-endowment fund, The Avalon Endowment Fund (the Fund), using net assets without donor restrictions previously held by the Center. Resources were transferred to the Williamsburg Community Foundation (the Foundation) for investment. From time to time, the Center transfers additional resources without donor restrictions to the Foundation to be managed as part of the Fund. See Note 5.

Per the Fund agreement, the Center can apply for “emergency” funds for the Foundation’s Board to approve for distribution in excess of the normal distribution policy and potentially reduce the principal balance. The Foundation’s policies related to their endowment funds are as follows:

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NOTES TO FINANCIAL STATEMENTS

Note 4. Beneficial Interest in Assets Held by Others (Continued)

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to maintain or increase the real value of the endowment principal and its distributions over the long term while funding current needs at an appropriate level. Accordingly, the investment objective for the fund is to earn, over time, the highest possible total return (e.g., capital appreciation and current yield) consistent with the following considerations (1) the fund is a perpetual fund, and is subject to the Foundation's Spending Policy; (2) there is no current income requirement, outside of the Spending Policy, as the level of distributions will be based upon the total return anticipated for the fund, although it is anticipated that a material part of the annual distributions will be covered by cash income and appreciation earned on the endowment; (3) a moderate level of risk or variability is acceptable to achieve the return objectives, although this should be tempered by diversification of the fund within and across asset classes.

Spending Policy. The Finance and Investment Committee reviews the spending level annually. It recommends a level of spending to the Board of Trustees for the ensuing year, based upon historic and anticipated returns for the endowment and any other factors appropriate to the objective of maximizing spending, consistent with balancing current and future needs and maintaining relative stability of spending, year to year. The rate of spending is based upon an average for the current market value of the portfolio and the preceding twenty quarters. This average is adjusted for significant contributions or distributions during the period. Currently, the rate is three and one-half percent (3.5%) of the average adjusted market value. It is expected that over time the rate will be in the range of 3.5% to 5.0%. Amounts released from restriction and appropriated for expenditure include grants requested by donors and approved by the Board of Trustees and administrative fees of up to 1% of the average of the endowed fund balance.

Note 5. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of these instruments. The carrying value of the beneficial interest in assets held by others has been adjusted to fair value.

ASC 820 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). ASC 820 classifies the inputs used to measure fair value into a hierarchy. The Center's only asset measured under ASC 820 is the beneficial interest in assets held by others.

Level 3 Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs used in the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Level 3 consists of the board-designated endowment fund. This fund does not have readily determinable fair values. The board-designated endowment fund is valued at the estimated fair values as provided by the Williamsburg Community Foundation.

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NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value of Financial Instruments (Continued)

The following table is a roll forward of assets classified by the Center as within Level 3 of the valuation hierarchy defined above:

	2024	2023
Fair value, beginning of year	\$ 16,403	\$ 14,677
Fees	(299)	(250)
Net appreciation (depreciation)	2,138	1,976
Fair value, end of year	<u>\$ 18,242</u>	<u>\$ 16,403</u>

Note 6. Line of Credit

The Center has available a \$500,000 line of credit with Village Bank secured by real property and assignment of rents. The variable interest rate is charged at the *Wall Street Journal* prime lending rate plus 4.75% (12.00% and 13.00% at June 30, 2024 and 2023, respectively). The line of credit matures on June 30, 2025. The balance at June 30, 2024 and 2023 was \$308,081 and \$0.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of time restrictions. Time restrictions are generally related to pledges receivable and are released when collected, if not further restricted as to purpose. The Center's net assets with donor restrictions at June 30, 2024 and 2023 are as follows:

	2024	2023
Time Restricted		
Local government grants receivable	\$ 79,000	\$ 79,000
	<u>\$ 79,000</u>	<u>\$ 79,000</u>

Note 8. Leases

Effective October 1, 2021, the Center signed an operating lease agreement for office space for \$4,400 per month through July 31, 2033. Annually rent will escalate \$30 more per month on August 1 of each year starting August 1, 2023, until the lease expires on July 31, 2033.

Effective July 1, 2021, the Center signed a three-year operating lease for office space that expired July 1, 2024 for \$750 per month. This lease was not renewed.

Effective December 1, 2021, the Center signed a three-year operating lease for office space that expired December 1, 2024 for \$750 per month. This lease was not renewed.

The Center has an automatically renewing annual operating lease for residential space expiring March 31, 2025 for \$1,100 per month. The Center has sent notice that they do not intent to renew this lease.

AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER

NOTES TO FINANCIAL STATEMENTS

Note 8. Leases (Continued)

Effective July 1, 2023, the Center renewed a two-year operating lease for residential space expiring July 31, 2025 for \$1,600 per month. Annually rent will escalate \$100 more per month on July 1 of each year starting July 1, 2024, until the lease expires on July 31, 2025.

In February 2023, the Center entered into a 63-month finance lease for a copier, which expires July 2028, requiring monthly lease payments of \$205.

Operating lease cost is recognized on a straight-line basis over the terms of the lease. Finance lease cost is recognized as a combination of amortization expense for the ROU asset and interest expense for the outstanding lease liabilities and results in a front-loaded expense pattern over the lease term. Components of lease expense are as follows for the years ended June 30:

	2024	2023
Operating lease expense	\$ 106,199	\$ 72,587
Finance lease interest	366	67
Finance lease amortization	2,249	1,935
Total	\$ 108,814	74,589

Supplemental balance sheet information related to leases is as follows as of June 30:

	2024	2023
Weighted-Average Remaining Lease Term for Finance Lease	4.17 years	0.92 years
Weighted-Average Remaining Lease Term for Operating Leases	8.37 years	9.72 years
Weighted-Average Discount Rate for Finance Leases	3.37%	2.51%
Weighted-Average Discount Rate for Operating Leases	1.48%	1.45%

AVALON: A CENTER FOR WOMEN AND CHILDREN
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NOTES TO FINANCIAL STATEMENTS

Note 8. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of June 30, 2024:

Years	Finance	Operating
2025	\$ 2,460	\$ 90,835
2026	2,460	64,850
2027	2,460	54,210
2028	2,460	54,570
2029	820	-
Thereafter	-	282,950
Total lease payments	10,660	547,415
Less imputed interest	(727)	\$ (32,505)
	\$ 9,933	\$ 514,910

Note 9. Concentrations

A significant portion of the Center's support is from federal, state and local government grants. These grants were awarded to the Center based on its services. Approximately 66% and 68% of the Center's support was provided by these government grants for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the Center had \$387,713 and \$134,420 in receivables from federal, state and local governments, respectively.

Note 10. Retirement Plan

The Center offers a 403(b) plan to all employees. The plan is a defined contribution plan covering all eligible employees who have completed one year of eligible service. The Center may make a discretionary contribution each plan year to eligible participants as defined in the plan document. During the years ended June 30, 2024 and 2023, there were no discretionary contributions made to the plan.

AVALON: A CENTER FOR WOMEN AND CHILDREN
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NOTES TO FINANCIAL STATEMENTS

Note 11. Liquidity and Availability

Financial assets and liquidity resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Financial Assets:		
Cash and cash equivalents	\$ 180,238	\$ 290,538
Grants receivable	388,660	134,420
Total financial assets available within one year	568,898	424,958
Liquidity Resources:		
Bank line of credit	191,919	500,000
Total financial assets and liquidity resources available within one year	\$ 760,817	\$ 924,958

The Center monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. Although not expected to be needed, the Center potentially has available board-designated funds of \$18,242 and \$16,403 as described in Note 4 at June 30, 2024 and 2023, respectively. In addition to financial assets available to meet general expenditures over the year, the Center operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient contributions and grants, and by utilizing donor-restricted resources from current and prior year's gifts.

COMPLIANCE SECTION

AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Passed through Commonwealth of Virginia Department of Criminal Justice Services				
Crime Victim Assistance	16.575	2-D3475VP23	\$ -	\$ 420,081
Sexual Assault Services Formula Program	16.017	Various	-	46,409
Violence Against Women Formula Grants	16.588	Various	-	18,200
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violent, Stalking, or Sexual Assault	16.736	15JOVW-21-GG-02056- TRAN (Federal Grant #)	-	160,172
Total U.S. Department of Justice			-	644,862
U.S. Department of Treasury				
COVID-19 State and Local Fiscal Recovery Funds	21.027	25-B3475RPA-NC-SDV	-	34,207
			-	34,207
U.S. Department of Health & Human Services				
Passed through the Virginia Department of Social Services				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	Various	-	149,157
Social Services Block Grant	93.667	FAM-23-078-03 Mod #2	-	41,198
Temporary Assistance for Needy Families (TANF)	93.558	FAM-23-078-03 Mod #2	-	2,812
Family Violence Prevention and Services/Sexual Assault/Rape Crisis Service	93.497	FAM-22-082-02	-	17,701
Total U.S. Department of Health & Human Services			-	210,868
Total expenditures of federal awards			\$ -	\$ 889,937

AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Avalon: A Center for Women and Children d/b/a Avalon Center (the Center) under programs of the federal government for the year ended June 30, 2024. 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). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Center has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Pass-Through State Agencies

Expenditures of federal awards for funds passed through state agencies are based on information provided by the respective agencies. Pass-through entity identifying numbers are presented where available. During the year ended June 30, 2024, the Center did not pass through any federal awards to subrecipients.



**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***

To the Board of Directors
Avalon: A Center for Women and Children
d/b/a Avalon Center

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 (*Government Auditing Standards*), the statement of financial position of Avalon: A Center for Women and Children d/b/a Avalon Center (the Center), as of June 30, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which comprise the Center's financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Newport News, Virginia
March 25, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
Avalon: A Center for Women and Children
d/b/a Avalon Center

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Avalon: A Center for Women and Children d/b/a Avalon Center's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2024. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards (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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

PBMares, LLP

Newport News, Virginia
March 25, 2025

AVALON: A CENTER FOR WOMEN AND CHILDREN
d/b/a AVALON CENTER

SCHEDULE OF FINDING AND QUESTIONED COSTS
Year Ended June 30, 2024

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *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 program:

Material weakness(es) identified? _____ Yes √ No

Significant deficiency(ies) identified? _____ Yes √ None Reported

Type of auditor's report issued on compliance for major federal program: *Unmodified*

Any audit findings disclosed that are required to be

reported in accordance with Section 02 CFR 200.516(a)? _____ Yes √ No

Identification of major federal program:

FALN Number
16.575

Name of Federal Program or Cluster
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 FINDING

No matters were reported.

SECTION III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None