

**REACH BEYOND DOMESTIC VIOLENCE, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JUNE 30, 2020 AND 2019**

Smith  Sullivan  
& Brown PC  
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581  
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**REACH BEYOND DOMESTIC VIOLENCE, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**Our Vision**

*Healthy and safe relationships for individuals and communities.*

**Mission Statement**

*REACH works with survivors of domestic violence to foster safety and support while engaging communities to promote healthy relationships.*

**Geographic Communities Served**

*(Listed cities and towns are considered the agency's primary service area - emergency and advocacy services are provided to all victims of domestic violence regardless of town of residence)*

Acton	Concord	Sudbury
Arlington	Dedham	Waltham
Bedford	Lexington	Watertown
Belmont	Lincoln	Wayland
Billerica	Littleton	Wellesley
Boxborough	Maynard	Weston
Brookline	Needham	Wilmington
Burlington	Newton	Winchester
Carlisle	Reading	Woburn

REACH BEYOND DOMESTIC VIOLENCE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

**C O N T E N T S**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
REACH Beyond Domestic Violence, Inc.  
Waltham, Massachusetts

We have audited the accompanying financial statements of REACH Beyond Domestic Violence, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of REACH Beyond Domestic Violence, Inc. as of June 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
REACH Beyond Domestic Violence, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020 on our consideration of REACH Beyond Domestic Violence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on REACH Beyond Domestic Violence, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering REACH Beyond Domestic Violence, Inc.'s internal control over financial reporting and compliance.

*Smith, Sullivan & Brown, PC.*

Westborough, Massachusetts  
November 2, 2020

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2020 AND 2019

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash	\$ 743,630	\$ 288,944
Restricted Cash	-	100,000
Accounts Receivable, Contracts	237,477	170,082
Grants, Contributions and Pledges Receivable	65,444	179,196
Prepaid Expenses	43,153	33,491
Total Current Assets	<u>1,089,704</u>	<u>771,713</u>
<b><u>PROPERTY AND EQUIPMENT:</u></b>		
Net of Accumulated Depreciation	<u>2,059,769</u>	<u>2,189,039</u>
<b><u>OTHER ASSETS:</u></b>		
Security Deposits	<u>29,150</u>	<u>29,150</u>
Total Other Assets	<u>29,150</u>	<u>29,150</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,178,623</u></b>	<b><u>\$ 2,989,902</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES:</u></b>		
Notes Payable, Current Portion	\$ 16,141	\$ 15,355
Accounts Payable	13,610	23,232
Accrued Payroll and Related Costs	234,369	160,354
Deferred Rent	8,329	8,329
Conditional Grant Advance	267,647	-
Total Current Liabilities	<u>540,096</u>	<u>207,270</u>
<b><u>NON-CURRENT LIABILITIES:</u></b>		
Deferred Forgivable Debt	1,215,000	1,215,000
Long-Term Debt, Net of Current Portion	406,450	422,032
Deferred Rent	8,328	16,656
Total Non-Current Liabilities	<u>1,629,778</u>	<u>1,653,688</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>2,169,874</u></b>	<b><u>1,860,958</u></b>
<b><u>NET ASSETS:</u></b>		
Net Assets Without Donor Restrictions:		
Undesignated	640,693	691,052
Board Designated Independence Fund	99,092	99,092
Board Designated Building Reserve	85,000	130,870
Total Net Assets Without Donor Restrictions	<u>824,785</u>	<u>921,014</u>
Net Assets With Donor Restrictions	<u>183,964</u>	<u>207,930</u>
Total Net Assets	<u>1,008,749</u>	<u>1,128,944</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 3,178,623</u></b>	<b><u>\$ 2,989,902</u></b>

**REACH BEYOND DOMESTIC VIOLENCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
*(With Summarized Comparative Totals for 2019)*

	WITHOUT DONOR RESTRICTIONS			WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES	
	UNDESIGNATED	BOARD DESIGNATED	TOTAL WITHOUT DONOR RESTRICTIONS		2020	2019
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>						
<i>Support and Revenues:</i>						
Mass. Department of Public Health	\$ 946,424	\$ -	\$ 946,424	\$ -	\$ 946,424	\$ 888,107
U.S. Department of Justice Elder Grant	-	-	-	-	-	15,522
Mass. Office for Victim Assistance Grant (VOCA)	301,638	-	301,638	-	301,638	275,702
Cities, Towns and Other Program Service Revenue	79,225	-	79,225	-	79,225	67,640
Private Gifts, Grants and Contributions	864,222	-	864,222	222,097	1,086,319	1,040,711
Government Grants	68,541	-	68,541	-	68,541	35,196
Proceeds from Special Events	150,909	-	150,909	-	150,909	158,256
Less: Cost of Direct Benefits to Donors	(120,498)	-	(120,498)	-	(120,498)	(126,455)
Donated Goods and Services	88,817	-	88,817	-	88,817	132,141
Interest Income	564	-	564	-	564	600
<i>Reclassifications of Net Assets:</i>						
Satisfaction of Donor Restrictions	246,063	-	246,063	(246,063)	-	-
Release of Board-Designated Funds	45,870	(45,870)	-	-	-	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b>2,671,775</b>	<b>(45,870)</b>	<b>2,625,905</b>	<b>(23,966)</b>	<b>2,601,939</b>	<b>2,487,420</b>
<b><u>EXPENSES:</u></b>						
<i>Program Services:</i>						
Shelter	818,802	-	818,802	-	818,802	749,092
Community Based	976,215	-	976,215	-	976,215	971,957
Prevention/Education	347,826	-	347,826	-	347,826	282,539
Total Program Services	2,142,843	-	2,142,843	-	2,142,843	2,003,588
<i>Supporting Services:</i>						
Administrative	156,962	-	156,962	-	156,962	171,456
Fund Raising	422,329	-	422,329	-	422,329	443,379
<b><u>TOTAL EXPENSES</u></b>	<b>2,722,134</b>	<b>-</b>	<b>2,722,134</b>	<b>-</b>	<b>2,722,134</b>	<b>2,618,423</b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b>(50,359)</b>	<b>(45,870)</b>	<b>(96,229)</b>	<b>(23,966)</b>	<b>(120,195)</b>	<b>(131,003)</b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b>691,052</b>	<b>229,962</b>	<b>921,014</b>	<b>207,930</b>	<b>1,128,944</b>	<b>1,259,947</b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b>\$ 640,693</b>	<b>\$ 184,092</b>	<b>\$ 824,785</b>	<b>\$ 183,964</b>	<b>\$ 1,008,749</b>	<b>\$ 1,128,944</b>

REACH BEYOND DOMESTIC VIOLENCE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	WITHOUT DONOR RESTRICTIONS				
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED</u>	<u>TOTAL WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>
<i>Support and Revenues:</i>					
Mass. Department of Public Health	\$ 888,107	\$ -	\$ 888,107	\$ -	\$ 888,107
U.S. Department of Justice Elder Grant	15,522	-	15,522	-	15,522
Mass. Office for Victim Assistance Grant (VOCA)	275,702	-	275,702	-	275,702
Cities, Towns and Other Program Service Revenue	67,640	-	67,640	-	67,640
Private Gifts, Grants and Contributions	716,797	-	716,797	323,914	1,040,711
Government Grants	35,196	-	35,196	-	35,196
Proceeds from Special Events	158,256	-	158,256	-	158,256
Less: Cost of Direct Benefits to Donors	(126,455)	-	(126,455)	-	(126,455)
Donated Goods and Services	132,141	-	132,141	-	132,141
Interest Income	600	-	600	-	600
<i>Reclassifications of Net Assets:</i>					
Satisfaction of Donor Restrictions	332,682	-	332,682	(332,682)	-
Release of Board-Designated Funds	86,896	(86,896)	-	-	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>2,583,084</u></b>	<b><u>(86,896)</u></b>	<b><u>2,496,188</u></b>	<b><u>(8,768)</u></b>	<b><u>2,487,420</u></b>
 <b><u>EXPENSES:</u></b>					
<i>Program Services:</i>					
Shelter	749,092	-	749,092	-	749,092
Community Based	971,957	-	971,957	-	971,957
Prevention/Education	282,539	-	282,539	-	282,539
Total Program Services	2,003,588	-	2,003,588	-	2,003,588
<i>Supporting Services:</i>					
Administrative	171,456	-	171,456	-	171,456
Fund Raising	443,379	-	443,379	-	443,379
<b><u>TOTAL EXPENSES</u></b>	<b><u>2,618,423</u></b>	<b><u>-</u></b>	<b><u>2,618,423</u></b>	<b><u>-</u></b>	<b><u>2,618,423</u></b>
 <b><u>CHANGE IN NET ASSETS</u></b>	 <b><u>(35,339)</u></b>	 <b><u>(86,896)</u></b>	 <b><u>(122,235)</u></b>	 <b><u>(8,768)</u></b>	 <b><u>(131,003)</u></b>
 <b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	 <b><u>726,391</u></b>	 <b><u>316,858</u></b>	 <b><u>1,043,249</u></b>	 <b><u>216,698</u></b>	 <b><u>1,259,947</u></b>
 <b><u>NET ASSETS - END OF YEAR</u></b>	 <b><u>\$ 691,052</u></b>	 <b><u>\$ 229,962</u></b>	 <b><u>\$ 921,014</u></b>	 <b><u>\$ 207,930</u></b>	 <b><u>\$ 1,128,944</u></b>



REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

*(With Summarized Comparative Totals for 2019)*

		<u>COMMUNITY</u>	<u>PREVENTION/</u>	<u>TOTAL</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>COST OF</u>	<u>TOTAL</u>	
	<u>SHELTER</u>	<u>BASED</u>	<u>EDUCATION</u>	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>DIRECT BENEFIT</u>	<u>FUNCTIONAL EXPENSES</u>	
							<u>TO DONORS</u>	<u>2020</u>	<u>2019</u>
Salaries and Wages	\$ 393,716	\$ 505,055	\$ 234,413	\$ 1,133,184	\$ 67,544	\$ 262,350	\$ -	\$ 1,463,078	\$ 1,336,958
Payroll Taxes	43,243	44,350	21,727	109,320	7,035	25,390	-	141,745	132,943
Fringe Benefits	38,078	58,074	16,273	112,425	7,702	16,818	-	136,945	112,593
Sabbatical Expenses	5,595	4,917	1,865	12,377	1,187	3,391	-	16,955	55,733
Staff/Volunteer Recruitment	2,572	4,049	1,301	7,922	500	638	-	9,060	6,818
Volunteer Services	13,020	60,040	5,810	78,870	915	2,140	-	81,925	113,365
Occupancy	63,433	111,551	34,624	209,608	12,095	34,624	-	256,327	307,215
Cost of Direct Benefit to Donors	-	-	-	-	-	-	120,498	120,498	126,455
Direct Client Assistance	96,890	69,226	-	166,116	-	-	-	166,116	45,737
Program Supplies and Activities	44,273	10,365	2,356	56,994	2,656	3,325	-	62,975	43,253
General Liability Insurance	5,088	5,344	1,659	12,091	552	1,658	-	14,301	17,884
Audit Fees	-	-	-	-	24,027	-	-	24,027	21,039
Other Professional Fees	30,159	24,867	3,679	58,705	565	29,832	-	89,102	134,698
Telephone Expense	16,147	6,782	1,213	24,142	406	1,213	-	25,761	25,308
Office Supplies and Expenses	1,009	845	991	2,845	1,260	8,195	-	12,300	18,804
Printing, Copying and Design	110	55	1,101	1,266	950	8,443	-	10,659	15,352
Directors and Officers Liability Insurance	-	-	-	-	2,470	-	-	2,470	2,366
Meeting and Conferences/Training	739	1,377	296	2,412	37	1,499	-	3,948	13,956
Postage and Delivery	181	708	233	1,122	283	3,527	-	4,932	6,448
Dues, Fees and Subscriptions	2,461	2,163	820	5,444	5,080	1,822	-	12,346	10,856
Staff Travel	3,092	12,338	2,672	18,102	3,594	671	-	22,367	31,089
Payroll Processing	-	-	-	-	3,408	-	-	3,408	3,351
Small Equipment and Maintenance	-	3,709	1,152	4,861	384	1,151	-	6,396	6,395
Credit Card and Bank Fees	-	-	-	-	7,116	-	-	7,116	10,500
Depreciation and Amortization Expense	58,996	50,400	15,641	125,037	5,214	15,642	-	145,893	145,230
Miscellaneous Expenses	-	-	-	-	1,982	-	-	1,982	532
<b>Total Functional Expenses</b>	<b>818,802</b>	<b>976,215</b>	<b>347,826</b>	<b>2,142,843</b>	<b>156,962</b>	<b>422,329</b>	<b>120,498</b>	<b>2,842,632</b>	<b>2,744,878</b>
Cost of Direct Benefits to Donors	-	-	-	-	-	-	(120,498)	(120,498)	(126,455)
<b>Expenses as Presented on the</b>									
<b>Statement of Activities</b>	<b>\$ 818,802</b>	<b>\$ 976,215</b>	<b>\$ 347,826</b>	<b>\$ 2,142,843</b>	<b>\$ 156,962</b>	<b>\$ 422,329</b>	<b>\$ -</b>	<b>\$ 2,722,134</b>	<b>\$ 2,618,423</b>

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>SHELTER</u>	<u>COMMUNITY BASED</u>	<u>PREVENTION/ EDUCATION</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>COST OF DIRECT BENEFIT TO DONORS</u>	<u>TOTAL FUNCTIONAL EXPENSES</u>
Salaries and Wages	\$ 388,271	\$ 491,278	\$ 157,882	\$ 1,037,431	\$ 74,671	\$ 224,856	\$ -	\$ 1,336,958
Payroll Taxes	41,483	46,260	15,247	102,990	7,233	22,720	-	132,943
Fringe Benefits	14,287	53,085	15,181	82,553	8,599	21,441	-	112,593
Sabbatical Expenses	7,059	27,613	11,030	45,702	4,862	5,169	-	55,733
Staff/Volunteer Recruitment	2,730	1,275	50	4,055	-	2,763	-	6,818
Volunteer Services	22,185	84,335	2,220	108,740	100	4,525	-	113,365
Occupancy	111,626	113,347	35,178	260,151	11,886	35,178	-	307,215
Cost of Direct Benefit to Donors	-	-	-	-	-	-	126,455	126,455
Direct Client Assistance	14,031	31,706	-	45,737	-	-	-	45,737
Program Supplies and Activities	12,533	6,687	5,747	24,967	4,245	14,041	-	43,253
General Liability Insurance	7,548	5,790	1,838	15,176	682	2,026	-	17,884
Audit Fees	-	-	-	-	21,039	-	-	21,039
Other Professional Fees	35,456	27,362	8,342	71,160	2,975	60,563	-	134,698
Telephone Expense	16,230	6,482	1,078	23,790	359	1,159	-	25,308
Office Supplies and Expenses	1,301	1,198	1,126	3,625	2,517	12,662	-	18,804
Printing, Copying and Design	165	1,455	988	2,608	1,583	11,161	-	15,352
Directors and Officers Liability Insurance	-	-	-	-	2,366	-	-	2,366
Meeting and Conferences/Training	3,200	3,276	3,660	10,136	3,314	506	-	13,956
Postage and Delivery	166	959	329	1,454	229	4,765	-	6,448
Dues, Fees and Subscriptions	3,118	2,740	1,039	6,897	2,069	1,890	-	10,856
Staff Travel	9,369	13,000	4,542	26,911	3,278	900	-	31,089
Payroll Processing	-	-	-	-	3,351	-	-	3,351
Small Equipment and Maintenance	-	3,709	1,151	4,860	384	1,151	-	6,395
Credit Card and Bank Fees	-	-	-	-	10,500	-	-	10,500
Depreciation and Amortization Expense	58,334	50,400	15,641	124,375	5,214	15,641	-	145,230
Miscellaneous Expenses	-	-	270	270	-	262	-	532
<b>Total Functional Expenses</b>	<b>749,092</b>	<b>971,957</b>	<b>282,539</b>	<b>2,003,588</b>	<b>171,456</b>	<b>443,379</b>	<b>126,455</b>	<b>2,744,878</b>
Cost of Direct Benefits to Donors	-	-	-	-	-	-	(126,455)	(126,455)
<b>Expenses as Presented on the Statement of Activities</b>	<b>\$ 749,092</b>	<b>\$ 971,957</b>	<b>\$ 282,539</b>	<b>\$ 2,003,588</b>	<b>\$ 171,456</b>	<b>\$ 443,379</b>	<b>\$ -</b>	<b>\$ 2,618,423</b>

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (120,195)	\$ (131,003)
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation and Amortization Expense	145,893	145,230
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts	(67,395)	(18,589)
Grants, Contributions and Pledges Receivable	113,752	(102,871)
Prepaid Expenses	(9,662)	46,987
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	(9,622)	(4,472)
Accrued Payroll and Related Costs	74,015	53,197
Conditional Grant Advance	267,647	-
<i>Increase (Decrease) in Non-Current Liabilities:</i>		
Deferred Rent	(8,328)	(8,328)
Net Adjustment	<u>506,300</u>	<u>111,154</u>
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>386,105</u></b>	<b><u>(19,849)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchases of Property and Equipment	<u>(16,623)</u>	<u>(14,450)</u>
Net Cash Flows From Investing Activities	<u>(16,623)</u>	<u>(14,450)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Principal Reduction on Long-Term Debt	<u>(14,796)</u>	<u>(14,122)</u>
Net Cash Flows From Financing Activities	<u>(14,796)</u>	<u>(14,122)</u>
<b><u>NET INCREASE (DECREASE) IN CASH</u></b>	<b>354,686</b>	<b>(48,421)</b>
<b><u>CASH BALANCES - BEGINNING OF YEAR</u></b>	<b><u>388,944</u></b>	<b><u>437,365</u></b>
<b><u>CASH BALANCES - END OF YEAR</u></b>	<b><u>\$ 743,630</u></b>	<b><u>\$ 388,944</u></b>
<i>Supplemental Disclosures :</i>		
Interest Paid	<u>\$ 21,894</u>	<u>\$ 22,567</u>
<i>Cash Balances :</i>		
Cash	\$ 743,630	\$ 288,944
Restricted Cash	-	100,000
	<u>\$ 743,630</u>	<u>\$ 388,944</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1      ORGANIZATION

REACH Beyond Domestic Violence, Inc. (“REACH” or the “Organization”) was incorporated in April 1981 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. REACH has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

In 2007, the Board of Directors established a limited liability company (“LLC”) on behalf of REACH. The LLC was created to acquire the facility purchased during 2007, and was converted to a nominee trust during 2012. For the years presented, there were no financial transactions between REACH and the nominee trust, and all activities reported in the accompanying financial statements represent the activities of REACH. The former LLC and recently created Trust exist to preserve the confidential nature and location of the shelter.

NOTE 2      PROGRAM SERVICES

REACH Beyond Domestic Violence, Inc. is a nonprofit organization committed to creating healthy communities by ending domestic violence. REACH, which stands for Refuge, Education, Advocacy, and Change, provides direct services to domestic violence survivors and their children through the following intervention, prevention, and advocacy programs. REACH works with government and private agencies on behalf of abuse survivors, educates the community as to the seriousness and extent of domestic violence, and works in partnership with others to prevent domestic and dating violence.

**Intervention**

**Residential Program** - REACH’s emergency shelter is a place where survivors can feel safe, breathe the air of freedom, and start the long process of recovering from abuse and starting over. We provide a secure, confidential location where individuals and families can regroup, obtain the physical and psychological services they need, and join a community that supports and encourages them.

While the majority of our 45 - 50 annual guests are women (often with their children), we serve all survivors, regardless of gender, gender identity, or sexual orientation. Our eight-family shelter is one of the first to welcome male survivors of domestic violence, parents with teenage sons, and LGBTQ/T survivors, all of whom may still have difficulty finding placement in more traditional programs. Shelter guests come to us from all over Massachusetts and occasionally beyond. Shelter services are provided free of charge to participants.

We do not place a time limit on how long guests may stay at the shelter because recovering from trauma is an ongoing process and each person’s emotional, familial, and financial situation is different. Also, affordable housing or even transitional living programs can be incredibly difficult to find. Currently, the average length of stay is approximately 160 days.

**Hotline** - REACH provides a 24-hour, toll-free hotline, answered by staff and volunteers every day of the year. The hotline is a resource to anyone experiencing abuse in a relationship or who knows someone in an abusive relationship. Through the hotline, survivors receive support concerning both physical and emotional abuse, education, advocacy, and resource information. The hotline is often a first step for survivors of domestic violence to regain control over their lives.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 2     *(Continued)*

**Support Groups** - The agency offers ongoing support groups in English and Spanish. The groups are a structured way for survivors to know that they are not alone, and to gain greater understanding of domestic abuse and its physical and emotional impact. Our self-care group helps survivors who have stabilized their housing and employment, but who are still feeling long-term emotional impact of years of abuse.

**Children’s Program** - REACH supports the healing process of children in the shelter and in the community through discussion and play and art therapy with our adolescent and child therapist. The individual counseling and group sessions help children to process what has occurred in their lives and understand that the violence was not their fault. REACH works with each child to explore and voice his or her fears, concerns, and feelings of guilt, shame, and anger.

**Advocacy**

**Individual Support and Advocacy** - Not everyone is in a position to leave their home and go to a shelter. Our community-based advocacy program helps survivors who remain in the community, often with their abuser, achieve greater stability, social connectedness, and access to the resources they need to keep themselves and their children safe and working toward their goals.

Our advocates - both in shelter and in our community-based program - develop safety plans, help survivors obtain benefits that will allow them to live more independently, and drive them to medical and school appointments. We help survivors search for jobs and find new homes (and often collect donations of furniture and supplies to get them set up). Advocates spend a lot of time in court because program participants often need someone to stand with them as they face a judge and their abuser at divorce, custody, or restraining order hearings. Because of our location in Waltham, which has a large and growing immigrant population, many of the people who come to REACH need help sorting out issues pertaining to their immigration status in addition to other needs around safety, mental health, and/or economic stability.

**Legal Advocacy** - REACH offers legal advocacy programs in all 27 cities and towns of our service area. We utilize volunteer court advocates in the Waltham and Woburn District Courts to assist victims with restraining orders, civil matters, accompaniment to court appointments, and assistance with completing legal paperwork. This advocacy program is an important aid to victims facing a legal system that can be intimidating, especially to someone who may never have participated in the court process before and has no financial resources to hire an attorney. REACH also participates in victim advocacy programs with the police departments in Arlington, Belmont, Brookline, Burlington, Concord, Dedham, Lincoln, Needham, Newton, Sudbury, Waltham, Watertown, Wayland, Wellesley, and Weston.

REACH partners with Greater Boston Legal Services to offer the “Latinas Know Your Rights” project. Initiated as a 13-week training program for Latina women in the Waltham community, the program is now a forum for community activism where survivors engage in advocacy on the legislative level as well as other leadership activities within their community.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 2 *(Continued)*

**Prevention/Education**

REACH's long-term vision is a world without domestic violence. The way to get there is through changing social norms, attitudes and behaviors. Using an innovative combination of youth work and community outreach and mobilization, REACH's prevention program is at the forefront of this critical educational effort. We prefer not to deliver one-off workshops at a company, school, or faith community (though we will do so as needed). Rather, REACH enters into dialog with those around us. We not only raise awareness, we seek to strengthen connection and involve community members in identifying ways to change social norms to prevent domestic violence.

Our prevention programs help people recognize and respond to signs of abuse. We train police departments, medical professionals, social service agencies, corporations, faith organizations, and middle, high school, and college students to deepen their understanding of and increase their capacity to respond to signs of domestic and dating abuse and sexual violence.

Our prevention programming includes work in 10-15 middle and high schools and several colleges each year. Peers Against Violence Educators ("PAVE") teaches youth about dating abuse and healthy relationships, and how to become active leaders in dating and domestic violence prevention. In our PAVE Peer Leadership program, students gain the skills to create dating violence awareness events at their school, facilitate workshops on dating violence, and engage their peers in conversations about healthy and unhealthy relationships. We also develop and present curricula for individual classrooms and school-wide programs, conduct teacher training and professional development workshops on trauma in the classroom and creating safe and supportive spaces, and do support and consultation with individual teachers and students. Domestic violence thrives in the darkness of secrecy. REACH's prevention efforts shine light on what domestic violence is and how it works. We replace risk and fear with safety, awareness, and connection.

REACH's approach is relational, trauma-informed, and strengths-based. This means that we build trusting connections with survivors and become a presence in their lives, we are aware of and sensitive to the physical and psychological impact of trauma, and we see each survivor as a whole person, drawing on all of their emotional assets rather than seeing them solely as a victim of domestic violence. We believe that the survivors are the experts about their own lives so we listen carefully, believe unreservedly, and extend compassion and practical help in equal measure. Through empathy, kindness, and unstinting education, we at REACH Beyond Domestic Violence work toward our vision of healthy and safe relationships for individuals and communities.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 2      *(Continued)*

**Impact of Covid-19 Pandemic**

When the Covid-19 pandemic hit in early 2020, the Organization took a number of steps to help ensure the continuity of its program services wherever possible and to support its ongoing financial wherewithal to do so. Survivors in our emergency shelter were initially moved to hotel rooms, and over the ensuing months we have moved to a hybrid model that uses a combination of hotels rooms and the shelter. REACH has also provided financial assistance and resources to its program participants, which have included food vouchers, housing assistance and other basic needs. While much of our in-person community-based programming is currently on hold, our advocacy work continues telephonically with program participants. We were able to retain all staff members to carry out this work. We sought and received additional resources from our state, local and federal funders to cover the extra expenses associated with the pandemic, including funding under the federal Paycheck Protection Program, as described further in Note 13.

NOTE 3      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of REACH Beyond Domestic Violence, Inc. is presented to assist the reader in understanding the Organization's financial statements. 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; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

**Basis of Accounting:**

REACH's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

*Net Assets With Donor Restrictions* - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

**Accounts Receivable, Contracts:**

*Accounts Receivable, Contracts* represent amounts which are primarily due from municipalities, government agencies, and subcontracted government grants. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible accounts receivable from contracts. If amounts owed become uncollectible, a provision for uncollectible accounts will be established. REACH reported no losses from bad debts for the years presented.

**Grants, Contributions and Pledges Receivable:**

*Grants, Contributions and Pledges Receivable* represent unconditional promises to give that are recognized at net realizable value when the promise is received. Amounts are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year.

Promises to give with expected payment dates that extend beyond one year are discounted to their present value when considered material. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants, contributions and pledges. If amounts owed become uncollectible, an allowance for uncollectible grants, contributions and pledges will be established when that determination is made. There were no pledges deemed uncollectible for the years ended June 30, 2020 and 2019.

**Property and Equipment:**

Property, equipment, furnishings and improvement purchases in excess of \$2,500 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Costs for repairs to maintain the building in compliance with local building codes are expensed when incurred. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the estimated useful lives of the assets, as expressed in terms of years.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of the property. There were no impairment losses recognized in the years presented.



REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

**Deferred Rent:**

During FY 2018, in connection with a new operating lease agreement as discussed in Note 10, the Organization received rent waivers for a three-month period. Rent expense is recorded on a straight-line basis over the term of the lease; accordingly, a deferred rent liability is reported in the accompanying Statements of Financial Position. There have been no changes to this agreement since the inception in FY 2018.

**Contributions, Gifts and Grants:**

As required by the FASB Accounting Standards Codification™, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and right of return—are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are reported at their estimated fair value.

Unconditional multi-year commitments are recognized in the year during which the initial commitment was made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions. The Organization has elected to report donor-restricted contributions that were initially conditional as net assets without donor restrictions at the time the conditions are met, as permitted by the standards.

REACH is the recipient of various federal, state and local government funded service contracts. These contracts are primarily administered on a unit of service or cost-reimbursement basis. The Organization has implemented ASC Update No. 2018-08 discussed below; therefore, REACH's government contracts are considered conditional grant funding which is released to revenue when the units of services are delivered or allowable expenditures have been made, which is the point where the conditions are considered to have been met. These service contracts are subject to an annual renewal process and future funding is not guaranteed.

As more fully described in Note 7, a significant portion of REACH's revenue for providing shelter and community services is derived from unit rate contracts established by the Commonwealth of Massachusetts Department of Public Health ("DPH"). In addition, the Organization receives funding through cost-reimbursable contracts and grants through the Victims of Crime Act ("VOCA"), Massachusetts Office of Victim Assistance ("MOVA"), the Cities of Newton and Waltham, and the Federal Emergency Management Agency ("FEMA"). These contracts are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Grants administered by MOVA also require a non-federal match as a condition to funding.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

REACH invoices the above agencies after units have been delivered or expenses have been incurred and does not receive payment in advance of service delivery; accordingly there is no obligation for deferred revenue or conditional grant advances arising from these agreements in the accompanying financial statements. For the years presented, REACH's government funded contracts were billed in full within each respective fiscal year, leaving no conditional balances at year end.

**Revenue Recognition:**

REACH receives program revenue for providing domestic violence education trainings to local area cities, towns, schools and police departments. Revenue is recognized as services are delivered.

**Donated Goods and Services:**

REACH relies upon volunteer involvement in direct service, fund raising and administrative capacities of the Organization. In addition, REACH relies upon donations from the general public of expendable goods, such as food, clothing and household supplies. As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization maintains a policy whereby the value of the donated goods and services which require a specialized skill and which would have otherwise been purchased by REACH are recognized as revenue on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses. Donations of equipment and goods which meet the criteria of the Organization's capitalization policy are capitalized and depreciated pursuant to the policies previously described.

**Functional Expenses:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification.

Other expenses that are common to several functions are allocated by the Organization's cost allocation plan. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. In the accompanying Statement of Functional Expenses, *Salaries and Wages*, *Payroll Taxes*, and *Fringe Benefits* are all allocated based on estimates of time and effort, whereas *Occupancy* and *Depreciation and Amortization Expense* are allocated based on usage and square footage estimates. Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to REACH's internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds for REACH's programs. Cost of Direct Benefit to Donors related to special fundraising events are presented separately in the Statement of Functional Expenses and are also presented net of event proceeds in the accompanying Statement of Activities.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

**Recent Accounting Guidance:**

*Recently Implemented Standards*

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. This standard was adopted by the Organization effective July 1, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes in the previously issued financial statements were required on a retrospective basis.

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organization effective July 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organization has not restated its 2019 revenue balances or opening net assets for the years presented.

NOTE 4     PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of June 30, 2020 and 2019:

<u>Description</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2020</u>
<i>Shelter:</i>				
Land	-	\$ 215,450	\$ -	\$ 215,450
Buildings and Renovations	40	2,186,012	565,481	1,620,531
Furnishings and Fixtures	5	69,958	54,180	15,778
<i>General:</i>				
Office Equipment and Furniture	5 - 10	137,356	68,019	69,337
Leasehold Improvements	*	297,127	158,454	138,673
Total		<u>\$2,905,903</u>	<u>\$846,134</u>	<u>\$2,059,769</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 4 (Continued)

<u>Description</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2019</u>
<i>Shelter:</i>				
Land	-	\$ 215,450	\$ -	\$ 215,450
Buildings and Renovations	40	2,172,112	502,701	1,669,411
Furnishings and Fixtures	5	67,235	52,884	14,351
<i>General:</i>				
Office Equipment and Furniture	5 - 10	137,356	45,627	91,729
Leasehold Improvements	*	<u>297,127</u>	<u>99,029</u>	<u>198,098</u>
Total		<u>\$2,889,280</u>	<u>\$700,241</u>	<u>\$2,189,039</u>

\* Life of Lease

NOTE 5 DEBT

**Rockland Trust Company:**

On October 2, 2007, in connection with the purchase of a new shelter facility, the Organization secured a mortgage in the amount of \$556,000 from Rockland Trust Company (the "Bank"). On February 28, 2011, REACH signed a loan modification agreement with Rockland Trust Company. This agreement, while keeping the term at 30 years, changed the interest rate to an adjustable interest rate with an initial rate of 5% per annum (5% as of June 30, 2020 and 2019). The adjusted rate may be increased or decreased annually up to the original fixed rate of 7%. As of June 30, 2020 and 2019, the outstanding balance was \$422,591 and \$437,387, respectively. The note is secured by the property, a first priority security interest in all fixed assets associated with the real estate, and an assignment of capital campaign pledges.

As of June 30, 2020, the current principal portion of the mortgage note was \$16,141 and the principal maturities for the following five-year period are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2022	\$ 16,967
June 30, 2023	17,835
June 30, 2024	18,747
June 30, 2025	19,706
June 30, 2026	20,715
Thereafter	<u>312,480</u>
Total	<u>\$406,450</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 5      *(Continued)*

**Department of Housing and Community Development (“DHCD”):**

*Housing Innovations Fund (“HIF”)* - On June 30, 2009, REACH received a permanent mortgage in the amount of \$800,000 under the Housing Innovations Fund program, as funded by the Massachusetts Department of Housing and Community Development and administered by the Community Economic Development Assistance Corporation (“CEDAC”). The terms of the note stipulate a 30-year term with a maturity date of June 30, 2039. CEDAC has the option to extend the note for additional 10-year terms, provided that the project remains in compliance with the affordable housing regulations. The note is non-interest bearing and does not require periodic payments. However, within 45 days after the end of each fiscal year, REACH shall pay CEDAC the amount by which Gross Cash Receipts, for the fiscal year, exceed 105% of the Gross Cash Expenditures, as defined in the debt instrument. The property is not used for revenue generating activities and program participants do not pay rent; therefore, there is no excess cash flow and none is expected in the future. As of June 30, 2020 and 2019, the outstanding balance amounted to \$800,000.

*Housing Stabilization Fund (“HSF”)* - On June 30, 2009, REACH received a permanent mortgage in the amount of \$400,000 under the Housing Stabilization Fund, as funded by the DHCD and administered by CEDAC. The terms of the note stipulate a 50-year term with a maturity date of June 30, 2059. CEDAC has the option to extend the note for additional 10-year terms, provided that the project remains in compliance with the affordable housing regulations. The loan is non-interest bearing and is due at the maturity date in one lump sum.

The above funding requires that the facility will consist of eight units of affordable family housing for victims of domestic violence. The eight affordable family units will be subject to HIF affordable housing regulations. Of these eight units, six units will be reserved for residents with incomes equal to or less than 30% of area median income and two units will be reserved for residents with incomes equal to or less than 50% of area median income. The notes payable to DHCD are secured by a shared second priority security interest in the underlying real estate.

Each of the real estate financing obligations imposes a restriction on the use of the facilities. The primary purpose of these restrictions are to assure the lenders and funders that the premises will be retained as affordable housing for the long-term occupancy and use by low and very low-income families. Noncompliance with the affordable housing provisions of the various debt instruments may result in default.

**City of Waltham:**

The City of Waltham, through its Department of Planning and Development, loaned \$15,000 for de-leading the facility. The note, dated July 21, 2009, is secured by a third priority interest in the underlying real estate. This is an interest-free loan with no required payments. The note would become payable in full upon the sale or refinancing of the property. The note imposes a deed restriction pursuant to affordable housing regulations.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 5     *(Continued)*

The mortgages held by DHCD and the City of Waltham have been reported as *Deferred Forgivable Debt* in the accompanying Statements of Financial Position. These obligations have deferred payment of interest and principal unless and until certain trigger events occur. The underlying properties are subject to heavy regulation, deed restrictions and the debts are not transferrable on an open market. Management has concluded that the carrying value reflects the fair value of the debt instruments and, therefore, the Organization has not discounted the notes to reflect imputed interest.

NOTE 6     DESIGNATIONS AND RESTRICTIONS OF NET ASSETS

**Net Assets Without Donor Restrictions:**

As of June 30, 2020 and 2019, net assets without donor restrictions were designated by the Board of Directors for the following purposes:

<u>Nature and Type of Designation</u>	<u>2020</u>	<u>2019</u>
Board Designated Independence Fund	\$ 99,092	\$ 99,092
Board Designated Building Reserve	<u>85,000</u>	<u>130,870</u>
Total	<u>\$184,092</u>	<u>\$229,962</u>

**Net Assets With Donor Restrictions:**

As of June 30, 2020 and 2019, net assets with donor restrictions reflects donations restricted for the following donor-specified purposes:

<u>Nature and Type of Restriction</u>	<u>2020</u>	<u>2019</u>
Shelter and Safe Home	\$ 34,010	\$ 65,857
Community Based	63,334	41,496
Education and Prevention	86,620	100,000
Office Relocation, Occupancy and Technology	<u>-</u>	<u>577</u>
Total	<u>183,964</u>	<u>\$207,930</u>

For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Nature and Type of Restriction</u>	<u>2020</u>	<u>2019</u>
Shelter and Safe Home	\$ 54,537	\$148,983
Child and Adolescent Therapy	-	15,337
Community Based	115,820	83,278
Education and Prevention	70,597	20,684
Office Relocation, Occupancy and Technology	577	60,410
Staff Development	<u>4,532</u>	<u>3,990</u>
Total	<u>\$246,063</u>	<u>\$332,682</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 7     GOVERNMENT FUNDED SERVICE CONTRACTS

**Commonwealth of Massachusetts - Department of Public Health (“DPH”):**

During each of the years presented, REACH has contracted with the DPH in several purchase-of-service arrangements under domestic violence programs for Community Based Services, Emergency Shelter and Housing Stabilization programs. During the years ended June 30, 2020 and 2019, revenues from all DPH contracts amounted to \$946,424 and \$888,107, respectively, which represents approximately 36% of total support and revenues for those years. As of June 30, 2020 and 2019, the Organization was owed \$89,296 and \$67,981, respectively, on its DPH contracts, which is included in *Accounts Receivable, Contracts* in the Statements of Financial Position. These amounts represent approximately 38% and 40% of *Accounts Receivable, Contracts* as of June 30, 2020 and 2019, respectively.

**U.S. Department of Justice (“DOJ”):**

REACH contracted with the U.S. Department of Justice Office on Violence Against Women to increase training related to violence against older victims (the “Elder Grant”). The total award under the grant agreement is \$375,431 for the period October 1, 2014 through September 30, 2018 and is administered on a cost-reimbursement basis. Total revenue attributable to this grant for the year ended June 30, 2019 was \$15,522. No amounts were due from this contract during FY 2020.

**Massachusetts Office for Victim Assistance (“VOCA”):**

During each of the years presented, REACH was the recipient of a grant from the Massachusetts Office for Victim Assistance. The total award under the grant agreement was \$301,638 and \$275,702 for FY 2020 and FY 2019, respectively. The grant is administered on a cost-reimbursement basis and renews annually. The VOCA grant funded personnel costs and other direct program costs under the essential services for domestic violence program. Amounts owed to the Organization as of June 30, 2020 and 2019 amounted to \$48,436 and \$50,952, which represents 20% and 30% of *Accounts Receivable Contracts*, respectively.

**Cities and Towns:**

In addition to the above contracts, REACH receives annual funding from the Cities of Waltham and Newton in the form of Emergency Shelter Grants and Community Development Block Grants, which are funded by the United States Department of Housing and Urban Development.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 8     FUND RAISING ACTIVITIES

REACH hosts an annual artist and celebrity plate auction, *Reach for the Stars*, which is a major fund raising event and is summarized below. Sponsorships and general donations from this event are reflected as *Private Gifts, Grants and Contributions* in the accompanying Statement of Activities in the year of sponsorship commitment (\$291,758 and \$237,633 in FY 2020 and FY 2019, respectively), while gross proceeds shown below consist of ticket sales and auction revenue.

*“Reach for the Stars”*

	<u>2020</u>	<u>2019</u>
Gross Proceeds	\$ 150,909	\$ 158,256
Direct Costs *	<u>(120,498)</u>	<u>(126,455)</u>
Net Event Revenue	<u>\$ 30,411</u>	<u>\$ 31,801</u>

\* Includes donated goods and services *(See Note 9)*

NOTE 9     DONATED GOODS AND SERVICES

A summary of donated goods and services for the years presented is summarized below:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Volunteer Services	\$81,925	\$113,365
Meeting, Conference and Training Facility	-	1,790
<i>Reach for the Stars</i> Event Donations	3,611	15,160
Professional Services	<u>3,281</u>	<u>1,826</u>
Total	<u>\$88,817</u>	<u>\$132,141</u>

NOTE 10     OCCUPANCY - SHELTER AND OUTREACH OFFICE

Occupancy includes the costs of owning and operating a residential facility used to provide shelter to victims of domestic violence and the costs associated with space that is leased for its outreach office in Waltham, Massachusetts.

REACH is a party to a five-year lease agreement for its outreach office which commenced on April 1, 2017. The facility is located in Waltham, MA and includes approximately 11,000 square feet which is used for the Organization’s headquarters. The first payment was due on July 1, 2017, three months following the commencement date; therefore, there were no amounts due during the first three months of the lease term. Total rent payments under the lease total \$743,325 over the term of the lease which REACH recognizes evenly over the lease term. Lease payments for the year ending June 30, 2020 totaled \$174,900, while the expense recognized was \$166,571. A security deposit of \$29,150 was paid at the inception of the lease and is included in *Security Deposit* in the accompanying Statements of Financial Position.



REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 10 (Continued)

The following is a schedule of future rental payments due under the lease, while the rent expense will be recognized in conjunction with the deferred rent discussed in Note 3.

<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	\$174,900
June 30, 2022	<u>174,900</u>
Total	<u>\$349,800</u>

The costs associated with these facilities are included in the Organization's occupancy costs and, as required by the *FASB Accounting Standards Codification*<sup>TM</sup>, is allocated on a functional basis to the various programs and supporting services according to percentages derived from the usage of the space as expressed in terms of square feet (shelter) and time usage (outreach office).

The *Occupancy* category includes the following costs:

	<u>2020</u>	<u>2019</u>
<i>Shelter:</i>		
Mortgage Interest	\$ 21,894	\$ 22,567
Utilities	28,225	26,258
Repairs and Maintenance	<u>13,315</u>	<u>62,801</u>
Total Shelter	<u>63,434</u>	<u>111,626</u>
<i>Outreach Office:</i>		
Rent	166,571	166,571
Utilities	24,802	28,031
Repairs and Maintenance	<u>1,520</u>	<u>987</u>
Total Outreach Office	<u>192,893</u>	<u>195,589</u>
Total Occupancy Expense	<u>\$256,327</u>	<u>\$307,215</u>

NOTE 11 EMPLOYEE RETIREMENT PLAN

REACH maintains a Savings Incentive Match Plan (SIMPLE-IRA). Under the plan, any employee who earned \$5,000 or more in the previous year may participate in a tax-deferred salary reduction retirement plan to which they may contribute up to \$12,500 annually during the years presented, excluding "catch-up" provisions, to their retirement account, and the Organization is required to match any contribution up to 3% of each participant's salary (subject to statutory limitations on eligible earnings). For the years ended June 30, 2020 and 2019, total employer contributions to the plan amounted to \$23,134 and \$23,983, respectively.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 12    CONCENTRATION OF CREDIT RISK

**Cash:**

REACH is subject to concentrations in credit risk relating primarily to cash. The Organization's cash is held in major financial institutions. As of June 30, 2020 and 2019, REACH had \$456,355 and \$145,733, respectively, in excess of FDIC limits. However, the Organization has not experienced any losses on such accounts and management considers credit risk on cash to be low.

NOTE 13    CONTINGENCIES

**Paycheck Protection Program:**

REACH received a loan in the amount of \$267,647 from Rockland Trust Bank through the Paycheck Protection Program established by the U.S. CARES Act (the "PPP Loan") on April 22, 2020. The Organization has elected to account for the expected forgivable portion of this loan as a conditional grant commitment as permitted by the AICPA. REACH intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a two-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) the Organization decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. The Organization expects to meet the requirements for loan forgiveness. REACH must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration ("SBA") and then approved. The Organization elected to use a 24-week covered period which expires in October 2021. As of June 30, 2020 the Organization has incurred qualifying costs yet it is management's position that the application for forgiveness is a conditional barrier, and therefore the full loan balance is reported on the accompanying statement of financial position as a *Conditional Grant Advance*, a current liability, as of June 30, 2020. The expended funds will be recognized as grant income in the fiscal year in which the SBA approves the loan forgiveness.

**Surplus Revenue Retention:**

The Commonwealth of Massachusetts Operational Services Division ("OSD") regulates some aspects of programs that receive state funding, including components of REACH Beyond Domestic Violence, Inc.'s programs. Under OSD guidance, (808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*), REACH may not retain a surplus in excess of twenty percent of state funding in any given year. Management concludes that REACH is in compliance with OSD requirements.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 14 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, which are available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Statement of Financial Position date or because the governing board has set aside the funds for a specific use or when restricted by donors for purposes more limited than general expenditures.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$ 743,630	\$388,944
Accounts Receivable, Contracts	237,477	170,082
Grants, Contributions and Pledges Receivable	<u>65,444</u>	<u>179,196</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u>\$1,046,551</u>	<u>\$738,222</u>

As part of the Organization's liquidity management, the Board of Directors has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's cash flows have seasonal variations during the year attributable to billing for program services, which are invoiced monthly, as well as the timing of its special fundraising event.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating its program, as described in Note 2, as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 15 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through November 2, 2020, the date which the financial statements were available for issue, and noted no events which met the criteria.