

**REACH BEYOND DOMESTIC VIOLENCE, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JUNE 30, 2019 AND 2018**

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, 2019 AND 2018**

**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, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018 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 October 28, 2019 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 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 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  
October 28, 2019

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2019 AND 2018

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash	\$ 288,944	\$ 337,365
Restricted Cash	100,000	-
Accounts Receivable, Contracts	170,082	151,493
Grants, Contributions and Pledges Receivable	179,196	76,325
Prepaid Expenses	33,491	80,478
Total Current Assets	<u>771,713</u>	<u>645,661</u>
 <b><u>PROPERTY AND EQUIPMENT:</u></b>		
Net of Accumulated Depreciation	<u>2,189,039</u>	<u>2,319,819</u>
 <b><u>OTHER ASSETS:</u></b>		
Restricted Cash	-	100,000
Security Deposits	29,150	29,150
Total Other Assets	<u>29,150</u>	<u>129,150</u>
 <b><u>TOTAL ASSETS</u></b>	 <b><u>\$ 2,989,902</u></b>	 <b><u>\$ 3,094,630</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES:</u></b>		
Notes Payable, Current Portion	\$ 15,355	\$ 14,608
Accounts Payable	23,232	27,704
Accrued Payroll and Related Costs	160,354	107,157
Deferred Rent	8,329	8,329
Total Current Liabilities	<u>207,270</u>	<u>157,798</u>
 <b><u>NON-CURRENT LIABILITIES:</u></b>		
Deferred Forgivable Debt	1,215,000	1,215,000
Long-Term Debt, Net of Current Portion	422,032	436,901
Deferred Rent	16,656	24,984
Total Non-Current Liabilities	<u>1,653,688</u>	<u>1,676,885</u>
 <b><u>TOTAL LIABILITIES</u></b>	 <b><u>1,860,958</u></b>	 <b><u>1,834,683</u></b>
 <b><u>NET ASSETS:</u></b>		
Net Assets Without Donor Restrictions:		
Undesignated	691,052	726,391
Board Designated Independence Fund	99,092	99,092
Board Designated Building Reserve	130,870	217,766
Total Net Assets Without Donor Restrictions	<u>921,014</u>	<u>1,043,249</u>
Net Assets With Donor Restrictions	207,930	216,698
Total Net Assets	<u>1,128,944</u>	<u>1,259,947</u>
 <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	 <b><u>\$ 2,989,902</u></b>	 <b><u>\$ 3,094,630</u></b>

REACH BEYOND DOMESTIC VIOLENCE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019  
*(With Summarized Comparative Totals for 2018)*

	WITHOUT DONOR RESTRICTIONS			WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES	
	UNDESIGNATED	BOARD DESIGNATED	TOTAL WITHOUT DONOR RESTRICTIONS		2019	2018
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>						
<i>Program Service Revenues:</i>						
Mass. Department of Public Health	\$ 888,107	\$ -	\$ 888,107	\$ -	\$ 888,107	\$ 810,154
U.S. Department of Justice Elder Grant	15,522	-	15,522	-	15,522	134,234
Mass. Office for Victim Assistance Grant (VOCA)	275,702	-	275,702	-	275,702	160,535
Cities, Towns and Other Program Service Revenue	67,640	-	67,640	-	67,640	22,480
Total Program Service Revenues	<u>1,246,971</u>	<u>-</u>	<u>1,246,971</u>	<u>-</u>	<u>1,246,971</u>	<u>1,127,403</u>
<i>Public Support:</i>						
Private Gifts, Grants and Contributions	716,797	-	716,797	323,914	1,040,711	984,965
Government Grants	35,196	-	35,196	-	35,196	31,100
Proceeds from Special Events	158,256	-	158,256	-	158,256	174,006
Less: Cost of Direct Benefits to Donors	(126,455)	-	(126,455)	-	(126,455)	(133,409)
Donated Goods and Services	132,141	-	132,141	-	132,141	202,980
Total Public Support	<u>915,935</u>	<u>-</u>	<u>915,935</u>	<u>323,914</u>	<u>1,239,849</u>	<u>1,259,642</u>
<i>Other Revenues:</i>						
Interest Income	600	-	600	-	600	668
Total Other Revenues	<u>600</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>600</u>	<u>668</u>
<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)	-	-	-	-
Total Reclassifications	419,578	(86,896)	332,682	(332,682)	-	-
<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>2,387,713</u></b>
<b><u>EXPENSES:</u></b>						
<i>Program Services:</i>						
Shelter	749,092	-	749,092	-	749,092	615,561
Community Based	971,957	-	971,957	-	971,957	938,378
Prevention/Education	282,539	-	282,539	-	282,539	263,917
Total Program Services	2,003,588	-	2,003,588	-	2,003,588	1,817,856
<i>Supporting Services:</i>						
Administrative	171,456	-	171,456	-	171,456	158,975
Fund Raising	443,379	-	443,379	-	443,379	374,245
<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>2,351,076</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>36,637</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>1,223,310</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>	<b><u>\$ 1,259,947</u></b>

REACH BEYOND DOMESTIC VIOLENCE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>WITHOUT DONOR RESTRICTIONS</u>			<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>
	<u>UNDESIGNATED</u>	<u>BOARD DESIGNATED</u>	<u>TOTAL WITHOUT DONOR RESTRICTIONS</u>		
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>					
<i>Program Service Revenues:</i>					
Mass. Department of Public Health	\$ 810,154	\$ -	\$ 810,154	\$ -	\$ 810,154
U.S. Department of Justice Elder Grant	134,234	-	134,234	-	134,234
Mass. Office for Victim Assistance Grant (VOCA)	160,535	-	160,535	-	160,535
Cities, Towns and Other Program Service Revenue	22,480	-	22,480	-	22,480
Total Program Service Revenues	<u>1,127,403</u>	<u>-</u>	<u>1,127,403</u>	<u>-</u>	<u>1,127,403</u>
<i>Public Support:</i>					
Private Gifts, Grants and Contributions	800,250	-	800,250	184,715	984,965
Government Grants	31,100	-	31,100	-	31,100
Proceeds from Special Events	174,006	-	174,006	-	174,006
Less: Cost of Direct Benefits to Donors	(133,409)	-	(133,409)	-	(133,409)
Donated Goods and Services	202,980	-	202,980	-	202,980
Total Public Support	<u>1,074,927</u>	<u>-</u>	<u>1,074,927</u>	<u>184,715</u>	<u>1,259,642</u>
<i>Other Revenues:</i>					
Interest Income	668	-	668	-	668
Total Other Revenues	<u>668</u>	<u>-</u>	<u>668</u>	<u>-</u>	<u>668</u>
<i>Reclassifications of Net Assets:</i>					
Satisfaction of Donor Restrictions	135,024	427,118	562,142	(562,142)	-
Release of Board-Designated Funds	110,260	(110,260)	-	-	-
Total Reclassifications	<u>245,284</u>	<u>316,858</u>	<u>562,142</u>	<u>(562,142)</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>2,448,282</u></b>	<b><u>316,858</u></b>	<b><u>2,765,140</u></b>	<b><u>(377,427)</u></b>	<b><u>2,387,713</u></b>
<b><u>EXPENSES:</u></b>					
<i>Program Services:</i>					
Shelter	615,561	-	615,561	-	615,561
Community Based	938,378	-	938,378	-	938,378
Prevention/Education	263,917	-	263,917	-	263,917
Total Program Services	<u>1,817,856</u>	<u>-</u>	<u>1,817,856</u>	<u>-</u>	<u>1,817,856</u>
<i>Supporting Services:</i>					
Administrative	158,975	-	158,975	-	158,975
Fund Raising	374,245	-	374,245	-	374,245
<b><u>TOTAL EXPENSES</u></b>	<b><u>2,351,076</u></b>	<b><u>-</u></b>	<b><u>2,351,076</u></b>	<b><u>-</u></b>	<b><u>2,351,076</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>97,206</u></b>	<b><u>316,858</u></b>	<b><u>414,064</u></b>	<b><u>(377,427)</u></b>	<b><u>36,637</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>629,185</u></b>	<b><u>-</u></b>	<b><u>629,185</u></b>	<b><u>594,125</u></b>	<b><u>1,223,310</u></b>
<b><u>NET ASSETS - END 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>



REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

*(With Summarized Comparative Totals for 2018)*

	<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 2019</u>	<u>TOTAL FUNCTIONAL EXPENSES 2018</u>
Salaries and Wages	\$ 388,271	\$ 491,278	\$ 157,882	\$ 1,037,431	\$ 74,671	\$ 224,856	\$ -	\$ 1,336,958	\$ 1,242,225
Payroll Taxes	41,483	46,260	15,247	102,990	7,233	22,720	-	132,943	117,699
Fringe Benefits	14,287	53,085	15,181	82,553	8,599	21,441	-	112,593	109,328
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	5,121
Volunteer Services	22,185	84,335	2,220	108,740	100	4,525	-	113,365	125,235
Occupancy	111,626	113,347	35,178	260,151	11,886	35,178	-	307,215	269,325
Cost of Direct Benefit to Donors	-	-	-	-	-	-	126,455	126,455	133,409
Direct Client Assistance	14,031	31,706	-	45,737	-	-	-	45,737	35,830
Program Supplies and Activities	12,533	6,687	5,747	24,967	4,245	14,041	-	43,253	37,524
General Liability Insurance	7,548	5,790	1,838	15,176	682	2,026	-	17,884	15,597
Audit Fees	-	-	-	-	21,039	-	-	21,039	16,634
Other Professional Fees	35,456	27,362	8,342	71,160	2,975	60,563	-	134,698	125,762
Telephone Expense	16,230	6,482	1,078	23,790	359	1,159	-	25,308	23,569
Office Supplies and Expenses	1,301	1,198	1,126	3,625	2,517	12,662	-	18,804	5,648
Printing, Copying and Design	165	1,455	988	2,608	1,583	11,161	-	15,352	22,207
Directors and Officers Liability Insurance	-	-	-	-	2,366	-	-	2,366	2,641
Meeting and Conferences/Training	3,200	3,276	3,660	10,136	3,314	506	-	13,956	13,339
Postage and Delivery	166	959	329	1,454	229	4,765	-	6,448	10,272
Dues, Fees and Subscriptions	3,118	2,740	1,039	6,897	2,069	1,890	-	10,856	10,397
Staff Travel	9,369	13,000	4,542	26,911	3,278	900	-	31,089	25,347
Payroll Processing	-	-	-	-	3,351	-	-	3,351	2,284
Small Equipment and Maintenance	-	3,709	1,151	4,860	384	1,151	-	6,395	5,363
Credit Card and Bank Fees	-	-	-	-	10,500	-	-	10,500	11,174
Depreciation and Amortization Expense	58,334	50,400	15,641	124,375	5,214	15,641	-	145,230	116,097
Miscellaneous Expenses	-	-	270	270	-	262	-	532	2,458
<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>	<b>2,484,485</b>
Cost of Direct Benefits to Donors	-	-	-	-	-	-	(126,455)	(126,455)	(133,409)
<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>	<b>\$ 2,351,076</b>

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ 342,911	\$ 482,023	\$ 150,307	\$ 975,241	\$ 72,281	\$ 194,703	\$ -	\$ 1,242,225
Payroll Taxes	34,905	43,490	14,358	92,753	6,595	18,351	-	117,699
Fringe Benefits	13,661	48,941	16,414	79,016	8,972	21,340	-	109,328
Staff/Volunteer Recruitment	2,504	560	347	3,411	-	1,710	-	5,121
Volunteer Services	31,790	78,495	8,050	118,335	2,460	4,440	-	125,235
Occupancy	56,338	123,396	38,295	218,029	13,015	38,281	-	269,325
Cost of Direct Benefit to Donors	-	-	-	-	-	-	133,409	133,409
Direct Client Assistance	8,049	27,781	-	35,830	-	-	-	35,830
Program Supplies and Activities	10,235	11,249	3,146	24,630	6,642	6,252	-	37,524
General Liability Insurance	6,282	5,403	1,677	13,362	559	1,676	-	15,597
Audit Fees	-	-	-	-	16,634	-	-	16,634
Other Professional Fees	24,459	50,783	9,349	84,591	5,506	35,665	-	125,762
Telephone Expense	15,246	6,005	985	22,236	334	999	-	23,569
Office Supplies and Expenses	825	856	914	2,595	629	2,424	-	5,648
Printing, Copying and Design	322	6,025	1,105	7,452	507	14,248	-	22,207
Directors and Officers Liability Insurance	-	-	-	-	2,641	-	-	2,641
Meeting and Conferences/Training	925	2,090	3,694	6,709	3,012	3,618	-	13,339
Postage and Delivery	168	595	237	1,000	276	8,996	-	10,272
Dues, Fees and Subscriptions	2,068	2,248	673	4,989	4,145	1,263	-	10,397
Staff Travel	6,535	11,827	3,004	21,366	3,265	716	-	25,347
Payroll Processing	-	-	-	-	2,284	-	-	2,284
Small Equipment and Maintenance	-	3,111	965	4,076	322	965	-	5,363
Credit Card and Bank Fees	-	-	-	-	3,222	7,952	-	11,174
Depreciation and Amortization Expense	58,338	33,500	10,397	102,235	3,465	10,397	-	116,097
Miscellaneous Expenses	-	-	-	-	2,209	249	-	2,458
<b>Total Functional Expenses</b>	<b>615,561</b>	<b>938,378</b>	<b>263,917</b>	<b>1,817,856</b>	<b>158,975</b>	<b>374,245</b>	<b>133,409</b>	<b>2,484,485</b>
Cost of Direct Benefits to Donors	-	-	-	-	-	-	(133,409)	(133,409)
<b>Expenses as Presented on the Statement of Activities</b>	<b><u>\$ 615,561</u></b>	<b><u>\$ 938,378</u></b>	<b><u>\$ 263,917</u></b>	<b><u>\$ 1,817,856</u></b>	<b><u>\$ 158,975</u></b>	<b><u>\$ 374,245</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,351,076</u></b>

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (131,003)	\$ 36,637
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation and Amortization Expense	145,230	116,097
Donated Furniture	-	(59,865)
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts	(18,589)	(46,913)
Grants, Contributions and Pledges Receivable	(102,871)	217,331
Prepaid Expenses	46,987	(9,586)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	(4,472)	1,749
Accrued Payroll and Related Costs	53,197	14,882
<i>(Increase) Decrease in Other Assets:</i>		
Security Deposit	-	2,204
<i>Increase (Decrease) in Non-Current Liabilities:</i>		
Deferred Rent	(8,328)	(8,330)
Net Adjustment	<u>111,154</u>	<u>227,569</u>
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>(19,849)</u></b>	<b><u>264,206</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchases of Property and Equipment	<u>(14,450)</u>	<u>(369,618)</u>
Net Cash Flows From Investing Activities	<u>(14,450)</u>	<u>(369,618)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Principal Reduction on Long-Term Debt	<u>(14,122)</u>	<u>(13,426)</u>
Net Cash Flows From Financing Activities	<u>(14,122)</u>	<u>(13,426)</u>
<b><u>NET (DECREASE) IN CASH</u></b>	<b><u>(48,421)</u></b>	<b><u>(118,838)</u></b>
<b><u>CASH BALANCES - BEGINNING OF YEAR</u></b>	<b><u>437,365</u></b>	<b><u>556,203</u></b>
<b><u>CASH BALANCES - END OF YEAR</u></b>	<b><u>\$ 388,944</u></b>	<b><u>\$ 437,365</u></b>
<i>Supplemental Disclosures :</i>		
Interest Paid	<u>\$ 22,567</u>	<u>\$ 23,264</u>
<i>Noncash Investing and Financing Activities :</i>		
Donated Furniture	<u>\$ -</u>	<u>\$ 59,865</u>
<i>Cash Balances :</i>		
Cash	\$ 288,944	\$ 337,365
Restricted Cash	<u>100,000</u>	<u>100,000</u>
	<u>\$ 388,944</u>	<u>\$ 437,365</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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, 2019 AND 2018

*(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, 2019 AND 2018

*(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.

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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

*(Continued)*

NOTE 3     *(Continued)*

**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 Organizations report information regarding their 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.

*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, 2019 and 2018.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

*(Continued)*

NOTE 3 *(Continued)*

**Property and Equipment:**

Property, equipment, furnishings and improvement purchases in excess of \$1,000 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.

**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.

**Contributions, Gifts and Grants:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, 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. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

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 depending on the nature of the restriction until the restriction expires, at which time these amounts are reclassified to net assets without donor restrictions.

**Revenue Recognition:**

REACH Beyond Domestic Violence, Inc. is the recipient of several federal, state and local government funded program service contracts. These awards are administered either on a cost reimbursement basis or on a unit rate basis; accordingly, the funding sources are billed as services are provided, and program service revenues along with the related receivables are recorded in the period during which the costs were incurred and services were delivered. These service contracts are subject to an annual renewal process and future funding is not guaranteed. The primary contracts for the years presented are described in Note 7.



REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

*(Continued)*

NOTE 3      *(Continued)*

**Donated Goods and Services:**

REACH relies heavily upon volunteer involvement in direct service, outreach and administrative capacities. REACH also relies upon donations from the general public of expendable goods, such as food, clothing and household supplies. REACH maintains a policy whereby the value of the donated goods and services which require a specialized skill and/or which would have otherwise been purchased by the Organization are recognized as revenue and expense in the financial statements.

**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.

**Recent Accounting Guidance:**

*Recently Implemented Standards*

In August 2016, the Financial Accounting Standards Board ("FASB") issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. This ASU modified the current guidance over several criteria, of which the following affected the Organization's financial statements:

- The Organization's net assets are segregated into two categories, "with donor restrictions" and "without donor restrictions" as opposed to the previous requirement of three classes of net assets.
- The Organization provided qualitative and quantitative information relating to management of liquidity and the availability of financial assets to meet cash needs for general expenditures within one year of the Statement of Financial Position date.
- The Organization provided a more in-depth explanation of the methods used to allocate costs among program and supporting functions.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(Continued)

NOTE 3 (Continued)

In accordance with this ASU, the Organization has applied retrospective application. The ASU provides organizations with the option of presenting one year of liquidity and the availability of financial assets in the year of implementation; therefore, the Organization is not presenting a liquidity and availability disclosure for the year ended June 30, 2018.

*Recently Issued 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 is effective for this Organization in financial statements issued for fiscal years beginning July 1, 2019.

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 is effective for this Organization in financial statements issued for fiscal years beginning July 1, 2019.

Certain amounts in the prior year financial statements have been reclassified to conform to the FY 2019 presentation in relation to the adoption of the ASU 2016-14. In addition, other expenses have been reclassified within the Statement of Functional Expenses. Reclassifications made to the prior year financial statements have no impact on total net assets or changes in net assets.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of June 30, 2019 and 2018:

<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>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(Continued)

NOTE 4 (Continued)

<u>Description</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2018</u>
<i>Shelter:</i>				
Land	-	\$ 215,450	\$ -	\$ 215,450
Buildings and Renovations	40	2,172,112	427,203	1,744,909
Furnishings and Fixtures	5	52,785	50,093	2,692
<i>General:</i>				
Office Equipment and Furniture	5 - 10	137,356	38,112	99,244
Leasehold Improvements	*	<u>297,127</u>	<u>39,603</u>	<u>257,524</u>
Total		<u>\$2,874,830</u>	<u>\$555,011</u>	<u>\$2,319,819</u>

\* Life of Lease

As discussed in Note 10, during FY 2018, the Organization relocated its outreach and administrative office and significant capital investments were made in office equipment and leasehold improvements. Additionally, as part of this relocation, the Organization received a donation of office furniture valued at \$59,865 (See Note 9). During FY 2018, the Organization disposed of fully depreciated fixed assets with an original cost of \$19,956. The disposal had no impact on the change in net assets for the year ended June 30, 2018. There were no disposals during FY 2019.

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, 2019 and 2018). The adjusted rate may be increased or decreased annually up to the original fixed rate of 7%. As of June 30, 2019 and 2018, the outstanding balance was \$437,387 and \$451,509, 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. The note required the Organization to maintain a balance on deposit with the Bank as further security on the loan, of \$100,000 as of June 30, 2018, and is reported as *Restricted Cash* in the accompanying Statements of Financial Position. Effective July 2019, the \$100,000 collateral requirement was released in full.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(Continued)

NOTE 5 (Continued)

As of June 30, 2019, the current principal portion of the mortgage note was \$15,355 and the principal maturities for the following five-year period are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 16,141
June 30, 2022	16,967
June 30, 2023	17,835
June 30, 2024	18,747
June 30, 2025	19,706
Thereafter	<u>332,636</u>
Total	<u>\$422,032</u>

**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, 2019 and 2018, 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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(Continued)

NOTE 5 (Continued)

**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.

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, 2019 and 2018, net assets without donor restrictions were designated by the Board of Directors for the following purposes:

<u>Nature and Type of Designation</u>	<u>2019</u>	<u>2018</u>
Board Designated Independence Fund	\$ 99,092	\$ 99,092
Board Designated Building Reserve	<u>130,870</u>	<u>217,766</u>
Total	<u>\$229,962</u>	<u>\$316,858</u>

**Net Assets With Donor Restrictions:**

As of June 30, 2019 and 2018, net assets with donor restrictions reflects donations restricted for the following donor-specified purposes:

<u>Nature and Type of Restriction</u>	<u>2019</u>	<u>2018</u>
Shelter and Safe Home	\$ 65,857	\$132,500
Child and Adolescent Therapy	-	7,500
Community Based	41,496	24,011
Education and Prevention	100,000	4,200
Office Relocation, Occupancy and Technology	<u>577</u>	<u>48,487</u>
Total	<u>\$207,930</u>	<u>\$216,698</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

*(Continued)*

NOTE 6 *(Continued)*

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

<u>Nature and Type of Restriction</u>	<u>2019</u>	<u>2018</u>
Shelter and Safe Home	\$148,983	\$ 69,375
Child and Adolescent Therapy	15,337	3,550
Community Based	83,278	34,978
Education and Prevention	20,684	19,651
Office Relocation, Occupancy and Technology	60,410	427,118
Staff Development	<u>3,990</u>	<u>7,470</u>
Total	<u>\$332,682</u>	<u>\$562,142</u>

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, 2019 and 2018, revenues from all DPH contracts amounted to \$888,107 and \$810,154, respectively, which represents approximately 36% and 34% of total support and revenues for those years. As of June 30, 2019 and 2018, the Organization was owed \$67,981 and \$66,140, respectively, on its DPH contracts, which is included in *Accounts Receivable, Contracts* in the Statements of Financial Position. These amounts represent approximately 40% and 44% of *Accounts Receivable, Contracts* as of June 30, 2019 and 2018, respectively.

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

During each of the years presented, REACH has 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 years ended June 30, 2019 and 2018 was \$15,522 and \$134,234, respectively. Amounts owed to the Organization as of June 30, 2018 amounted to \$42,306, which represented 28% of *Accounts Receivable, Contracts*, and there were no amounts due as of June 30, 2019.

**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 \$275,702 and \$160,535 for FY 2019 and FY 2018, 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, 2019 and 2018 amounted to \$50,952 and \$41,547, which represents 30% and 27% of *Accounts Receivable Contracts*, respectively.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(Continued)

NOTE 7 (Continued)

**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.

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 (\$237,633 and \$300,090 in FY 2019 and FY 2018, respectively), while gross proceeds shown below consist of ticket sales and auction revenue.

*“Reach for the Stars”*

	<u>2019</u>	<u>2018</u>
Gross Proceeds	\$ 158,256	\$ 174,006
Direct Costs *	<u>(126,455)</u>	<u>(133,409)</u>
Net Event Revenue	<u>\$ 31,801</u>	<u>\$ 40,597</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>2019</u>	<u>2018</u>
Volunteer Services	\$113,365	\$125,235
Donated Furniture	-	59,865
Meeting, Conference and Training Facility	1,790	2,582
<i>Reach for the Stars</i> Event Donations	15,160	15,298
IT Services	<u>1,826</u>	<u>-</u>
Total	<u>\$132,141</u>	<u>\$202,980</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. Through October 2017, the outreach office was occupied under a lease on a tenancy-at-will basis. Rent for the outreach office was \$4,200 per month and the lease was terminated on October 31, 2017.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(Continued)

NOTE 10 (Continued)

On April 1, 2017, the Organization formalized and signed a new lease arrangement. The facility is located in Waltham, MA and includes approximately 11,000 square feet which is used for the Organization's headquarters. The term of the lease is for five years commencing on April 1, 2017. The first payment was due on July 1, 2017, three months following the commencement date and operations were relocated in October 2017 upon the substantial completion of the build-out of the space. Monthly payments for the entire lease term are \$14,575. Actual rent expense is recognized on a straight-line basis in conjunction with deferred rent, which amounted to \$24,986 and \$33,314 for the years ended June 30, 2019 and 2018, respectively. 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.

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, 2020	\$174,900
June 30, 2021	174,900
June 30, 2022	<u>174,900</u>
Total	<u>\$524,700</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>2019</u>	<u>2018</u>
<i>Shelter:</i>		
Mortgage Interest	\$ 22,567	\$ 23,264
Utilities	26,258	24,830
Repairs and Maintenance	<u>62,801</u>	<u>8,244</u>
Total Shelter	<u>111,626</u>	<u>56,338</u>
<i>Outreach Office:</i>		
Rent	166,571	183,371
Utilities	28,031	24,794
Repairs and Maintenance	<u>987</u>	<u>4,822</u>
Total Outreach Office	<u>195,589</u>	<u>212,987</u>
Total Occupancy Expense	<u>\$307,215</u>	<u>\$269,325</u>



REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

*(Continued)*

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 1% of each participant’s salary (subject to statutory limitations on eligible earnings). For the years ended June 30, 2019 and 2018, total employer contributions to the plan amounted to \$23,983 and \$23,296, respectively.

NOTE 12    CONCENTRATION OF CREDIT RISK

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, 2019 and 2018, REACH had \$166,875 and \$184,722, 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    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.

NOTE 14    LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of June 30, 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.

Financial Assets:	
Cash	\$388,944
Accounts Receivable, Contracts	170,082
Grants, Contributions and Pledges Receivable	<u>179,196</u>
Total Financial Assets Available to Meet	
General Expenditures Within One Year	<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.

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 October 28, 2019, the date which the financial statements were available for issue, and noted no events other than the release of the deposit requirement discussed in Note 5, which met the criteria.