

**REACH BEYOND DOMESTIC VIOLENCE, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

Smith  Sullivan  
& Company 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 DECEMBER 31, 2009 AND 2008**

**Our Philosophy**

*REACH is committed to a philosophy of empowerment and peer support.  
It is our goal to eradicate domestic violence with a commitment to societal change.*

**Mission Statement**

*REACH is committed to advancing the safety, healing, and empowerment  
of those who experience domestic or relationship violence, through direct services and education while  
promoting social justice for individuals and families of all backgrounds.*

**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 DECEMBER 31, 2009 AND 2008

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# Smith Sullivan & Company PC

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## INDEPENDENT AUDITORS' REPORT

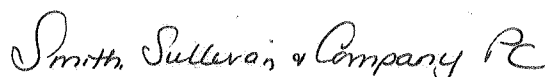
To the Board of Directors  
REACH Beyond Domestic Violence, Inc.  
Waltham, Massachusetts

We have audited the accompanying statement of financial position of REACH Beyond Domestic Violence, Inc. (a Massachusetts nonprofit corporation) as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of REACH Beyond Domestic Violence, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of REACH Beyond Domestic Violence, Inc. as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated April 21, 2009, we expressed an unqualified opinion on those financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Westborough, Massachusetts  
May 13, 2010

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents <i>(Notes 3 and 14)</i>	\$ 551,765	\$ 167,768
Accounts Receivable, Contracts <i>(Notes 3 and 4)</i>	82,449	87,253
Capital Campaign Pledges Receivable <i>(Notes 11 and 12)</i>	34,240	55,250
Prepaid Expenses	<u>3,010</u>	<u>440</u>
Total Current Assets	<u>671,464</u>	<u>310,711</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Net of Accumulated Depreciation <i>(Notes 3 and 15)</i>	<u>1,854,984</u>	<u>1,400,799</u>
<u>OTHER ASSETS:</u>		
Restricted Cash <i>(Notes 8 and 14)</i>	275,095	274,010
Security Deposits <i>(Note 6)</i>	2,203	2,203
Non-Current Capital Campaign Pledges Receivable, Net of Discount <i>(Notes 11 and 12)</i>	<u>16,348</u>	<u>22,548</u>
Total Other Assets	<u>293,646</u>	<u>298,761</u>
<u>TOTAL ASSETS</u>	<u>\$2,820,094</u>	<u>\$2,010,271</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
<u>CURRENT LIABILITIES:</u>		
Notes Payable, Current Portion <i>(Notes 8 and 12)</i>	\$ 7,120	\$ 8,048
Capital Lease Obligations, Current Portion <i>(Note 9)</i>	2,112	3,153
Accounts Payable	16,502	19,645
Accounts Payable, Construction <i>(Note 3)</i>	30,265	42,615
Accrued Payroll and Related Expenses	16,122	12,142
Deferred Revenue <i>(Note 4)</i>	<u>37,922</u>	<u>-</u>
Total Current Liabilities	<u>110,043</u>	<u>85,603</u>
<u>NON-CURRENT LIABILITIES:</u>		
Deferred Forgivable Debt <i>(Notes 8 and 15)</i>	482,301	-
Long-Term Debt, Net of Current Portion <i>(Notes 8 and 12)</i>	886,777	892,537
Capital Lease Obligation, Net of Current Portion <i>(Note 9)</i>	<u>-</u>	<u>1,811</u>
Total Non-Current Liabilities	<u>1,369,078</u>	<u>894,348</u>
<u>TOTAL LIABILITIES</u>	<u>1,479,121</u>	<u>979,951</u>
<u>NET ASSETS:</u> <i>(Note 3)</i>		
Unrestricted Net Assets	719,125	705,454
Temporarily Restricted Net Assets	<u>621,848</u>	<u>324,866</u>
Total Net Assets	<u>1,340,973</u>	<u>1,030,320</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$2,820,094</u>	<u>\$2,010,271</u>

**REACH BEYOND DOMESTIC VIOLENCE, INC.**  
**STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009**  
*(With Comparative Totals for 2008)*

<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>	<b><u>UNRESTRICTED</u></b>	<b><u>TEMPORARILY RESTRICTED</u></b>	<b><u>TOTAL ACTIVITIES</u></b>	
			<b><u>2009</u></b>	<b><u>2008</u></b>
<i>Program Service Revenues: (Note 4)</i>				
Mass. Department of Children and Families	\$ 478,860	\$ -	\$ 478,860	\$ 529,676
Mass. Committee on Criminal Justice (VAWA)	34,501	-	34,501	30,665
Close to Home Massachusetts Prevention Initiative	55,000	-	55,000	-
Local Police Departments	122,008	-	122,008	108,903
Cities, Towns and Other Program Service Revenue	<u>30,085</u>	<u>-</u>	<u>30,085</u>	<u>24,103</u>
Total Program Service Revenues	<u>720,454</u>	<u>-</u>	<u>720,454</u>	<u>693,347</u>
<i>Public Support:</i>				
Government Grants	30,000	-	30,000	20,000
Private Gifts, Grants and Contributions (Note 12)	336,408	261,848	598,256	441,775
Capital Campaign Pledges and Gifts (Notes 3, 11 and 12)	-	216,975	216,975	129,685
Special Event Revenue, Net of Direct Costs (Notes 5 and 12)	101,320	-	101,320	137,280
Donated Goods and Services (Note 7)	<u>93,458</u>	<u>-</u>	<u>93,458</u>	<u>99,302</u>
Total Public Support	<u>561,186</u>	<u>478,823</u>	<u>1,040,009</u>	<u>828,042</u>
<i>Other Revenues:</i>				
Interest Income	<u>3,001</u>	<u>-</u>	<u>3,001</u>	<u>5,757</u>
Total Other Revenues	<u>3,001</u>	<u>-</u>	<u>3,001</u>	<u>5,757</u>
<i>Reclassification of Net Assets:</i>				
Satisfaction of Donor Restrictions	<u>172,716</u>	<u>(172,716)</u>	<u>-</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>1,457,357</u></b>	<b><u>306,107</u></b>	<b><u>1,763,464</u></b>	<b><u>1,527,146</u></b>
<b><u>FUNCTIONAL EXPENSES AND LOSSES:</u></b>				
Program Services	1,032,641	-	1,032,641	1,094,490
<i>Supporting Services:</i>				
Administrative	143,362	-	143,362	118,827
Fund Raising	267,683	-	267,683	131,696
Capital Campaign	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,675</u>
Total Functional Expenses	<u>1,443,686</u>	<u>-</u>	<u>1,443,686</u>	<u>1,424,688</u>
<i>Losses:</i>				
Uncollectible Capital Campaign Pledges (Note 11)	<u>-</u>	<u>9,125</u>	<u>9,125</u>	<u>30,000</u>
<b><u>TOTAL FUNCTIONAL EXPENSES AND LOSSES</u></b>	<b><u>1,443,686</u></b>	<b><u>9,125</u></b>	<b><u>1,452,811</u></b>	<b><u>1,454,688</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>13,671</u></b>	<b><u>296,982</u></b>	<b><u>310,653</u></b>	<b><u>72,458</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>705,454</u></b>	<b><u>324,866</u></b>	<b><u>1,030,320</u></b>	<b><u>957,862</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 719,125</u></b>	<b><u>\$ 621,848</u></b>	<b><u>\$1,340,973</u></b>	<b><u>\$1,030,320</u></b>

REACH BEYOND DOMESTIC VIOLENCE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009  
*(With Comparative Totals for 2008)*

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2009</u>	<u>2008</u>
Salaries and Wages	\$ 588,969	\$ 55,231	\$176,102	\$ 820,302	\$ 676,460
Payroll Taxes	52,168	5,671	15,365	73,204	60,228
Fringe Benefits <i>(Note 10)</i>	65,720	7,400	12,530	85,650	65,984
Staff/Volunteer Recruitment	85	670	360	1,115	1,505
Volunteer Services <i>(Note 7)</i>	66,834	-	-	66,834	58,315
Occupancy, Shelter <i>(Note 6)</i>	39,306	-	-	39,306	40,648
Occupancy, Outreach Office <i>(Note 6)</i>	33,265	5,094	7,562	45,921	39,255
Direct Client Assistance <i>(Note 4)</i>	83,746	-	-	83,746	184,637
Program Supplies and Activities <i>(Note 7)</i>	6,721	-	-	6,721	28,655
General Liability Insurance	3,254	317	949	4,520	9,120
Professional Fees - Accounting	-	4,483	-	4,483	9,520
Audit Fees	-	28,725	-	28,725	31,937
Legal Fees <i>(Notes 7 and 12)</i>	-	225	-	225	4,130
Other Professional Fees <i>(Note 7)</i>	38,219	7,404	3,331	48,954	65,048
Telephone Expense	11,821	991	-	12,812	14,416
Office Supplies and Expenses	929	3,860	1,500	6,289	6,652
Printing, Copying and Design <i>(Note 7)</i>	1,962	5,076	35,396	42,434	37,549
Website	-	-	-	-	4,600
Directors and Officers Liability Insurance	-	1,787	-	1,787	1,652
Meeting and Conferences/Training <i>(Note 7)</i>	5,484	621	1,500	7,605	21,030
Postage and Delivery	192	2,651	5,173	8,016	9,556
Dues, Fees and Subscriptions	3,991	3,259	665	7,915	5,714
Staff Travel	18,733	622	730	20,085	21,203
Payroll Processing	-	4,062	-	4,062	3,507
Small Equipment and Maintenance <i>(Note 7)</i>	2,250	475	288	3,013	3,078
Depreciation Expense <i>(Note 3)</i>	8,992	1,743	-	10,735	11,372
Marketing and Public Relations	-	-	1,001	1,001	1,381
Credit Card and Bank Fees	-	945	5,231	6,176	6,288
Interest Expense	-	724	-	724	1,248
Miscellaneous Expenses	-	1,326	-	1,326	-
<b>Total Functional Expenses</b>	<b><u>\$1,032,641</u></b>	<b><u>\$143,362</u></b>	<b><u>\$267,683</u></b>	<b><u>\$1,443,686</u></b>	<b><u>\$1,424,688</u></b>

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 310,653	\$ 72,458
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Contributions Restricted for Capital Campaign	(216,975)	(126,494)
Depreciation Expense	10,735	11,372
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts	4,804	(67,495)
Prepaid Expenses	(2,570)	3,996
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	(3,143)	7,267
Accrued Payroll and Related Expenses	3,980	2,147
Deferred Revenue	<u>37,922</u>	<u>(8,421)</u>
Net Adjustment	<u>(165,247)</u>	<u>(177,628)</u>
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>145,406</u></b>	<b><u>(105,170)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Cash Outlay for Capital Expenditures	(464,920)	(174,154)
(Additions to) Restricted Cash	<u>(1,085)</u>	<u>(1,476)</u>
Net Cash Flows from Investing Activities	<u>(466,005)</u>	<u>(175,630)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Contributions Received for Capital Campaign	244,185	182,109
Proceeds from Notes Payable	482,301	-
Payment of Mortgage Principal	(6,688)	(5,510)
Payments Under Capital Lease Obligation	(2,852)	(2,617)
Increase (Decrease) in Accounts Payable, Construction	<u>(12,350)</u>	<u>26,053</u>
Net Cash Flows from Financing Activities	<u>704,596</u>	<u>200,035</u>
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>383,997</u></b>	<b><u>(80,765)</u></b>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<b><u>167,768</u></b>	<b><u>248,533</u></b>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<b><u>\$ 551,765</u></b>	<b><u>\$ 167,768</u></b>
<i>Supplemental Disclosures:</i>		
Interest and Finance Charges Paid	<u>\$ 65,271</u>	<u>\$ 64,071</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>
<i>Non-Cash Financing Transactions:</i>		
Acquisition of Debt-Financed Property	<u>\$ 15,000</u>	<u>\$ -</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

NOTE 1      ORGANIZATION

REACH Beyond Domestic Violence, Inc. (“REACH” or the “Organization”) was incorporated in April 1981 as Waltham Battered Women Support Committee, Inc. 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. Effective February 2, 2006, the Organization legally changed its name from Waltham Battered Women Support Committee, Inc. *dba* REACH to REACH Beyond Domestic Violence, Inc. 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 2003, on behalf of REACH Beyond Domestic Violence, Inc. the Board of Directors established a nominee trust, which holds the first shelter facility acquired by REACH. On September 24, 2007, the Board of Directors established a limited liability company (“LLC”) on behalf of REACH. The LLC was created to acquire the new facility purchased during 2007 and is considered a disregarded entity. These financial statements include the activity and net assets of the above entities.

NOTE 2      PROGRAM SERVICES

REACH Beyond Domestic Violence, Inc. operates as a nonprofit organization committed to creating healthy communities by ending domestic violence. REACH, an acronym that 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, and educates the community as to the seriousness and extent of domestic violence.

**Intervention:**

**Residential Program** - The Residential Program consists of two components: shelter and safe home. The shelter offers residents a safe haven for short-term stays in a 12-bed home in a confidential location. Residents receive assistance in finding longer-term housing or transitional programs for themselves and their children, and advocacy in the areas of jobs, continuing education, legal issues, transportation, children’s school, day care, and parenting. The goal of the REACH shelter program is to provide a place in which victims can feel a level of safety, begin the process of physical and emotional healing, and work towards individual goals. The safe home provides a short stay for up to three days in a confidential location. This program is designed for survivors who need a safe place temporarily. Residents receive assistance with safety planning, finding shelter, and transportation.

**Hotline Services** - REACH provides a 24-hour, toll-free hotline, operated by staff and volunteers, to anyone experiencing abuse in a relationship or who knows someone in an abusive relationship. Through the hotline, victims receive support concerning both physical and emotional violence, education, advocacy, and resource information. This empowerment is vital to providing an opportunity for victims of domestic violence to regain control over their lives and the lives of their children.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 2 *(Continued)*

**Support Group Programs** - The agency offers ongoing support groups in English and Spanish in a variety of local communities. The support group program is particularly important in reaching survivors who may have a safe place to stay, but who would benefit from the support of their peers and advocates. Additionally, the support groups provide educational information about domestic violence to group participants.

**Children's Program** - REACH supports the healing process of children in the shelter and from the community, through therapeutic discussions and play with a licensed clinical social worker. 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.

**Prevention:**

**Teen Dating Violence Prevention (Peers Against Violence)** - Working with school health departments and school nurses, REACH provides training to faculty and staff on the characteristics, effects and prevalence of dating violence. Through individual classroom education, students have the opportunity to explore their experience with dating violence and deepen their understanding of resources available to them as a part of their regularly scheduled classes. The program emphasizes how making healthy choices can make a difference in individual lives and help break the cycle of violence. REACH presents an annual summit to increase awareness and mobilize youth to prevent dating violence through anti-violence education.

**Community Education** - REACHing Out is based on a social justice model in which staff work with community members and community-based organizations to stimulate community awareness and consciousness raising to effect change around domestic violence. While staff offers education and support around community change efforts, community members are agents of change. REACHing Out seeks to engage community members in efforts to promote awareness of and end to domestic violence by working with groups including faith organizations, police departments, hospitals and community health centers, social service agencies, local business, and civic organizations.

**Advocacy:**

**Individual Support and Advocacy Project (ISAP)** - Some people are not able to attend existing support groups or prefer individualized counseling. ISAP was developed in 2003 to respond to the unmet needs of these particular survivors. A REACH advocate provides one-on-one advocacy and ongoing supportive services to survivors who have been contacted through or referred by a local police department, hospital, social service agency, or other organization. The advocacy project involves both short-term and longer-term programming: short-term for survivors who are looking for resource information and initial safety planning, and long-term advocacy to talk with an advocate about the issues of abuse, how to talk with children, etc. Each program is designed to provide support and resources to survivors specific to their situations and needs. REACH now offers much-needed individual advocacy and support in both English and Spanish.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 2 *(Continued)*

**Legal Advocacy** - REACH offers legal advocacy programs in the Waltham and Woburn District Courts to assist victims with restraining orders, a Lawyer for a Day program to provide victims consultation with an attorney on 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. Justice does not solely reside in the hands of the courts. Information and support for survivors are needed before this stage of the process. REACH participates in victim advocacy programs with the Waltham, Brookline, Billerica and Burlington Police Departments.

REACH is partnering with Greater Boston Legal Services to offer the “Latinas Know Your Rights” project. This is a 13-week training program for Latina women in the Waltham community. Under the guidance of an experienced domestic violence attorney, a legal advocate for REACH, and several law students, the group learns about the legal process and what resources are available for survivors of domestic violence, particularly those for immigrant women. A Latina survivor helps recruit community members, assists the community advocate and commit to facilitating the next training cycle. At the end of the training series, the group identifies a way that the legal system could be more efficient, more accessible, or more responsive and then organizes locally to advocate for that improvement. Each group that goes through the training is equipped to serve as peer leaders in the community, sharing information and encouraging others to exercise their rights.

The following is a summary of program service statistics:

<u>Service Provided</u>	<u>2009</u>	<u>2008</u>
Number of hotline calls	1,970	2,522
Number of adults served in shelter	29	24
Number of children served in shelter	20	24
Total nights of shelter provided	2,278	2,919
Number of individual advocacy participants	611	597
Number of support group attendees	72	65
Number of volunteer hours donated (estimated)	7,000	7,000
Number of community presentations	88	62

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. The following policies should be read in conjunction with the accompanying notes to the financial statements.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(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.

**Fair Value of Financial Instruments:**

In accordance with generally accepted accounting principles, the Organization adopted the provisions of Fair Value Measurements, and has applied its provisions to assets and liabilities that are recognized or disclosed at fair value on a recurring or nonrecurring basis (at least annually). Fair value measurement defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances the disclosure requirements for fair value measurements.

The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs to the valuation methodology are quoted market prices for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

**Financial Statement Presentation:**

In accordance with generally accepted accounting principles, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as described below.

*Unrestricted Net Assets* - consists of assets, public support and program revenues which are available and used for operations and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

*Temporarily Restricted Net Assets* - 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, bequests, contracts and investment income earned on restricted funds.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 3 (Continued)

For the years presented, temporarily restricted net assets reflects donations restricted for the following donor-specified purposes:

<u>Nature and Type of Restriction</u>	<u>2009</u>	<u>2008</u>
Peers Against Violence	\$ 72,801	\$ 17,797
Latinas "Know Your Rights" Project	23,905	2,657
Speaker's Bureau	-	25,125
Independence Fund	37,051	26,319
Silent Witness	1,405	-
Shelter and Safe Home	15,868	-
Child and Adolescent Therapy	10,000	-
Capital Campaign Expenditures	<u>460,818</u>	<u>252,968</u>
Total	<u>\$621,848</u>	<u>\$324,866</u>

*Permanently Restricted Net Assets* - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the organization to expend part or all of the income derived from the donated assets. For the years presented, REACH did not have any assets of this nature.

The accompanying financial statements include certain 2008 comparative information. With respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, 2008 expenses by line item are in total rather than by functional classification. Accordingly, such information should be read in conjunction with REACH's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

**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 market 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. Depreciation expense was \$10,735 and \$11,372 for the years ended December 31, 2009 and 2008, respectively.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 3 (Continued)

The following is a fixed asset summary as of December 31, 2009 and 2008:

<u>Description</u>	<u>Est.</u> <u>Life</u>	<u>Cost</u>	<u>Accum.</u> <u>Depreciation</u>	<u>Net Book Value</u>	
				<u>2009</u>	<u>2008</u>
<i>Current Shelter:</i>					
Land	-	\$ 189,300	\$ -	\$ 189,300	\$ 189,300
Buildings and Renovations	40	345,242	56,289	288,953	297,744
Furnishings and Fixtures	3 - 10	14,740	14,740	-	-
<i>Under Development Shelter: **</i>					
Land	-	215,450	-	215,450	215,450
Buildings and Renovations	40	1,156,723	-	1,156,723	691,803
Office Equipment and Furniture *	5-10	24,633	20,175	4,458	6,202
Leasehold Improvements	5	<u>1,000</u>	<u>900</u>	<u>100</u>	<u>300</u>
Total		<u>\$1,947,088</u>	<u>\$92,104</u>	<u>\$1,854,984</u>	<u>\$1,400,799</u>

\* Includes telephone equipment acquired under a capital lease agreement with an original cost of \$8,717 and accumulated depreciation of \$4,358 and \$2,615 as of December 31, 2009 and 2008, respectively.

\*\* On October 2, 2007, the Organization purchased a new shelter facility. The new shelter will be placed in service upon completion of a major renovation project, at which time depreciation on the facility will commence (See further discussion in Note 15).

**Contributions, Gifts and Grants:**

In accordance with generally accepted accounting principles, 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. The Organization had a conditional grant in the amount of \$25,000 as of December 31, 2008. During 2009, the conditions were met and accordingly, the conditional component of the grant was recognized as support and revenue in the accompanying financial statements. The Organization has an additional conditional grant related to the under development shelter (See Note 8 for further discussion on this funding). 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 temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 3 (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>2009</u>	<u>2008</u>
Shelter and Safe Home	\$ 73,500	\$ 27,500
Independence Fund	33,495	12,757
Capital Campaign Expenditures	-	265,933
Peers Against Violence	21,553	41,995
Latinas "Know Your Rights" Project	17,293	15,122
Speaker's Bureau	25,125	-
Close to Home Massachusetts Prevention Initiative	1,000	-
Silent Witness	750	-
Total	<u>\$172,716</u>	<u>\$363,307</u>

**Functional Expenses:**

In accordance with generally accepted accounting principles, 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. 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, indirect costs of special events, distribution of materials and other similar projects related to the procurement of funds for REACH's programs. Fund raising expenses which represent direct costs of special events are netted against the related revenues (See Note 5).

*Capital Campaign* - In 2002, REACH began fund raising for a Capital Campaign which would provide funding to purchase and renovate a permanent shelter facility. During 2007, a shelter facility was purchased and the renovation planning commenced. Management has determined that fund raising/development expenses related to the campaign would be covered by Capital Campaign Funds as well as the unfunded acquisition costs, carrying costs during renovation, and renovations of the facility. The balance of the capital campaign funds are committed for the under development shelter renovations.

Gross revenues from all fund raising efforts were \$1,072,239 and \$853,427 in 2009 and 2008, respectively. For the years ending December 31, 2009 and 2008, total fund raising expenses were \$329,913 and \$256,756, respectively.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 3      *(Continued)*

**Cash and Cash Equivalents:**

For the purpose of these financial statements, REACH Beyond Domestic Violence, Inc. considers equivalent to cash all money market funds and savings deposits which can be and are intended to be converted to cash within ninety days of issuance. Fair value approximates carrying value due to the short maturities of those instruments and are classified within Level 1 of the fair value hierarchy.

**Accounts Receivable, Contracts:**

*Accounts Receivable, Contracts* represents 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 and grants. If amounts owed become uncollectible, they will be charged to activities when that determination is made.

**Accounts Payable, Construction:**

As of December 31, 2009 *Accounts Payable, Construction* represents the amount held as retainage on the under development shelter construction, which will be due upon completion. As of December 31, 2008, this balance represents amounts due for the under development shelter planning, design and permit costs.

**Tax Position:**

The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

NOTE 4      GOVERNMENT FUNDED SERVICE CONTRACTS

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 unrestricted 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 below:

**Massachusetts Department of Children and Families (DCF):**

During each of the years presented, REACH Beyond Domestic Violence, Inc. was party to purchase-of-service contracts with the Commonwealth of Massachusetts Department of Children and Families in connection with its Domestic Violence Programs.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 4      *(Continued)*

As of December 31, 2009, the Organization had received \$37,922 in advance payments on the DCF contracts which is reflected as *Deferred Revenue* in the accompanying financial statements. As of December 31, 2009 and 2008, the Organization was owed \$31,874 and \$36,013, respectively, on its DCF contracts, which is included in *Accounts Receivable, Contracts* in the Statements of Financial Position. In the calendar years which ended December 31, 2009 and 2008, revenues from all DCF contracts amounted to \$478,860 and \$529,676, respectively, which represents approximately 27% and 35% of total support and revenues for those years.

REACH entered into cost-reimbursement contracts with DCF to administer Housing Stabilization funds in the amount of \$20,000 and \$75,000 for the contract years ending June 30, 2009 and 2008, respectively. Housing stabilization funds are distributed to clients according to DCF guidelines and are reported as *Direct Client Assistance* on the accompanying Statement of Functional Expenses.

**Close to Home Massachusetts Prevention Initiative:**

In 2009, REACH entered into an agreement with Close to Home, Inc. (“C2H”) whereby REACH agreed to engage communities with the C2H model. This program, funded by the Massachusetts Department of Public Health, Jane’s Trust, and the Robert Wood Johnson Foundation, concluded on December 31, 2009. Revenues received through this arrangement amounted to \$55,000 in 2009. Amounts due on this contract were \$6,667 as of December 31, 2009 and are included in *Accounts Receivable, Contracts*.

**Burlington Police Department:**

REACH provides direct client advocacy services to the Burlington Police Department on a fee-for-service basis. This program is funded by the United States Department of Justice through the Violence Against Women Act (VAWA) under the “Grants to Encourage Arrest Policies” and is subject to renewals every two years, funding permitting. Revenues received through this arrangement amounted to \$52,045 and \$53,973 in 2009 and 2008, respectively. Amounts due to the Organization on this contract were \$3,999 and \$8,976 as of December 31, 2009 and 2008, respectively, and are included in *Accounts Receivable, Contracts*.

**Billerica Police Department:**

REACH provides client advocacy services to the Billerica Police Department on a fee-for-service basis. This program is funded by the United States Department of Justice through the Violence Against Women Act (VAWA) under the “Grants to Encourage Arrest Policies” and is subject to annual renewals, funding permitting. Revenues received through this arrangement amounted to \$68,963 and \$38,555 in 2009 and 2008, respectively. Amounts due to the Organization on this contract were \$10,188 and \$9,991 as of December 31, 2009 and 2008, respectively, and are included in *Accounts Receivable, Contracts*.

**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

DECEMBER 31, 2009

(Continued)

NOTE 5    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 on the following table. The ticket and auction revenue from this event is reflected on the Statement of Activities net of the direct costs of the event, while the costs associated with direct mail campaigns, annual appeal letters and indirect costs of the event are reported as fund raising expenses on the Statement of Functional Expenses. Sponsorship revenue from this event is reflected as *Private Gifts, Grants and Contributions* in the accompanying financial statements (\$113,817 and \$103,876 in 2009 and 2008, respectively), while gross proceeds below consists of ticket sales and auction revenue.

*“REACH for the Stars”*

	<u>2009</u>	<u>2008</u>
Gross Proceeds	\$163,550	\$182,665
Direct Costs	<u>(62,230)</u>	<u>(45,385)</u>
Net Event Revenue	<u>\$101,320</u>	<u>\$137,280</u>

NOTE 6    OCCUPANCY - SHELTER AND OUTREACH OFFICE

REACH owns a residence which is used as its shelter. The property was purchased in 2003 through a promissory note with Boston Private Bank & Trust Company (*See Note 8*).

During each of the years presented, REACH leased space for its outreach office in Waltham, Massachusetts. Effective February 1, 2007, the lease expired and was renewed on a tenant-at-will basis with monthly payments of \$2,703. REACH is responsible for all utilities.

Each of the above costs is included in the Organization's occupancy costs and, in accordance with generally accepted accounting principles, 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>2009</u>	<u>2008</u>
<i>Shelter:</i>		
Mortgage Interest	\$23,375	\$23,439
Utilities	9,426	12,147
Repairs and Maintenance	<u>6,505</u>	<u>5,062</u>
Total Shelter	<u>\$39,306</u>	<u>\$40,648</u>
<i>Outreach Office:</i>		
Rent	\$37,443	\$32,443
Utilities	7,365	6,812
Repairs and Maintenance	<u>1,113</u>	<u>-</u>
Total Outreach Office	<u>\$45,921</u>	<u>\$39,255</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 7      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 and are summarized below:

<u>Description</u>	<u>2009</u>	<u>2008</u>
* Printing	\$ 1,950	\$ 1,128
Volunteer Services	66,834	58,315
Meeting, Conference and Training Facility	2,172	18,753
* Legal Fees	1,105	6,195
* Architect and Site Fees	-	2,635
Program Supplies and Activities	-	9,527
* Small Equipment and Maintenance	680	149
REACH for the Stars Event Donations	<u>20,717</u>	<u>2,600</u>
Total	<u>\$93,458</u>	<u>\$99,302</u>

\* In 2009, a portion of Printing, Legal Fees and Small Equipment and Maintenance were capitalized as part of the under development shelter in the amount of \$3,235. In 2008, a portion of Legal Fees and Architect and Site Fees were capitalized as part of the under development shelter in the amount of \$5,050.

NOTE 8      DEBT

Current Shelter

**Boston Private Bank & Trust Company:**

REACH Beyond Domestic Violence, Inc. received a mortgage note in 2003 from Boston Private Bank & Trust Company in the amount of \$376,000 in connection with the purchase of its current shelter (See Notes 6 and 12). The note carries a term of 15 years, maturing on May 28, 2018. The terms of the note stipulate a floating rate equal to the base rate of interest determined by the Bank from time to time, plus 1% per annum. On May 28, 2005, the rate was fixed at 6.66% per annum. In 2007, REACH received an amendment to the note changing the terms to stipulate interest only payments until October 28, 2009. During 2009, the interest only agreement was extended through April 28, 2011. Commencing on April 28, 2011, payments shall be for principal and interest, per the original note, based upon a 20-year amortization schedule. As of December 31, 2009 and 2008, the balance was \$350,978.

The note is secured by the property, as well as first priority security interest in all equipment, appliances, furnishing and fixtures on the premises. Additionally, a certificate of deposit is held at Boston Private Bank & Trust Company as security for six months of payments. The certificate of deposit is reported as *Restricted Cash* in the accompanying Statements of Financial Position, and as of December 31, 2009 and 2008, amounted to \$50,095 and \$49,010, respectively.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 8 *(Continued)*

As of December 31, 2009, there is no current principal portion of the mortgage note due to the interest only agreement, while the principal maturities for the following five year period are due as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2011	\$ 8,686
December 31, 2012	9,283
December 31, 2013	9,920
December 31, 2014	10,602
December 31, 2015	<u>11,330</u>
Total	<u>\$49,821</u>

**Under Development Shelter**

**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 (originally Benjamin Franklin Bank). This mortgage carries a term of 30 years with a fixed interest rate on the unpaid principal balance of 7% per annum.

As of December 31, 2009 and 2008, the outstanding balance was \$542,919 and \$549,607, respectively. The capitalized carrying costs of the facility include mortgage interest in the amount of \$26,967 and \$39,356 for the years ended December 31, 2009 and 2008, 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 requires the Organization to maintain a balance of \$225,000 on deposit with the Bank as further security on the loan, which is reported as *Restricted Cash* in the accompanying Statements of Financial Position. The loan agreement also includes a provision whereby the Organization was required to close its line-of-credit with Bank of America within thirty days of the closing or obtain a waiver or consent from Bank of America regarding this lending arrangement. For the years presented, Bank of America has consented to the lending arrangement.

As of December 31, 2009 the current principal portion of the mortgage note was \$7,120 and the principal maturities for the following five-year period:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2011	\$ 7,635
December 31, 2012	8,187
December 31, 2013	8,779
December 31, 2014	9,413
December 31, 2015	<u>10,094</u>
Total	<u>\$44,108</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 8 *(Continued)*

The fair value of the above long-term debts approximates carrying value since stated rates are similar to rates currently available to the Organization for debt with similar terms and remaining maturities and are classified within Level 1 of the fair value hierarchy.

**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 CEDAC. The note proceeds will be drawn down as renovation costs are incurred. The terms of the note provide that simple interest shall accrue at the annual rate of 5% for a 20-year period, while the note has a 30-year term, and is due on 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. If at any time during the initial 20-year term the project's debt coverage ratio exceeds 1.05, the excess cash flow would be due and payable to CEDAC within 45 days of the end of each calendar year. As of December 31, 2009, the outstanding balance amounted to \$467,301.

*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 Massachusetts Department of Housing and Community Development and administered by CEDAC. The terms of the note provide that simple interest shall accrue at the annual rate of 5% for a 20-year period, while the note has a 50-year term, and is due on 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. If at any time during the initial 20-year term the project's debt coverage ratio exceeds 1.05, the excess cash flow would be due and payable to CEDAC within 45 days of the end of each calendar year. As of December 31, 2009, there were no outstanding borrowings on this debt. The note proceeds will be drawn down as renovation costs are incurred.

The above conditional funding is issued based upon the agreement that the project will consist of eight units of affordable family housing for victims of domestic violence. The eight affordable family units will be subject to HIF requirements. 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.

**City of Waltham:**

The City of Waltham, through its Department of Planning and Development, loaned \$15,000 for de-leading the facility. The note is secured by a third priority interest in the underlying real estate. This is an interest-free loan with no payments due for 30 years. The note would also 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*. The fair value of these debts approximates the carrying value. These obligations have deferred payment of interest and principal unless and until certain trigger events occur.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 8      *(Continued)*

Given the contingent nature of the debt and the underlying deed restrictions and affordable housing regulations, which impose limitations on the usage of the facilities, the Organization has classified this debt within Level 2 of the fair value hierarchy.

**Operating Debt**

**Line-of-Credit:**

During 2006, REACH established a \$50,000 line-of-credit with Bank of America which bears interest at the Bank's prime rate plus 1% (5% as of December 31, 2009 and 2008). As of December 31, 2009 and 2008, there were no outstanding borrowings on this line-of-credit.

NOTE 9      CAPITAL LEASE OBLIGATION

On June 14, 2007, the Organization entered into a capital lease transaction for the acquisition of telephone equipment for use in the Outreach Office. The lease is payable in monthly installments of \$318.55 over a period of 36 months which includes interest of 18.78% per annum. Equipment acquired under this capital lease agreement in the amount of \$8,717, has been capitalized and is included as *Property and Equipment* in the accompanying Statements of Financial Position as discussed in Note 3. Future scheduled lease payments in the amount of \$2,112 are due in the year ending December 31, 2010 and are classified as current on the Statements of Financial Position.

NOTE 10      EMPLOYEE RETIREMENT PLAN

Effective September 1, 2005, REACH established 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 \$11,500 and \$10,500, respectively, for 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 December 31, 2009 and 2008, total employer contributions to the plan amounted to \$9,733 and \$9,587.

NOTE 11      CAPITAL CAMPAIGN PLEDGES

Through December 31, 2009, REACH focused a significant amount of effort on fund raising for a new shelter. As a result, multi-year pledges were received and are reflected in the accompanying Statement of Activities as *Capital Campaign Pledges and Gifts*. Restricted contributions totaling \$216,975 and \$126,494 were received in 2009 and 2008, respectively.

*Capital Campaign Pledges Receivable* represent amounts due from individual donors which 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 as summarized below. Management believes that all pledges are collectible, and therefore, no allowance for doubtful pledges has been established.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 11 (Continued)

If pledges are determined to be uncollectible in subsequent periods, they will be charged to activities when that determination is made. For the years ended December 31, 2009 and 2008, *Uncollectible Capital Campaign Pledges* were \$9,125 and \$30,000, respectively.

As of December 31, 2009, REACH's non-current pledges receivable and related discounts to present value (utilizing risk-free interest rates at the time the pledge was made of approximately 4.5%) were as follows:

<u>Year Pledge to be Paid</u>	<u>Balance of Pledges Due December 31, 2009</u>	<u>Discount</u>	<u>Present Value of Pledges December 31, 2009</u>
2011	\$12,800	\$1,263	\$11,537
2012	<u>6,000</u>	<u>1,189</u>	<u>4,811</u>
Total	<u>\$18,800</u>	<u>\$2,452</u>	<u>\$16,348</u>

As of December 31, 2008, REACH's non-current pledges receivable and related discounts to present value (utilizing risk-free interest rates at the time the pledge was made of approximately 4.5%) were as follows:

<u>Year Pledge to be Paid</u>	<u>Balance of Pledges Due December 31, 2008</u>	<u>Discount</u>	<u>Present Value of Pledges December 31, 2008</u>
2010	\$15,000	\$1,244	\$13,756
2011	<u>10,000</u>	<u>1,208</u>	<u>8,792</u>
Total	<u>\$25,000</u>	<u>\$2,452</u>	<u>\$22,548</u>

The fair value of the campaign pledges receivable approximates carrying value due to the short maturities of those instruments and are classified within Level 1 of the fair value hierarchy.

NOTE 12 RELATED PARTY TRANSACTIONS

The Board is proactive about fund raising and Board members routinely make contributions to the Organization. Donations received from Board members were \$42,150 and \$43,626 for the years ended December 31, 2009 and 2008, respectively, and include event sponsorships, annual contributions and capital campaign pledges and gifts. Additionally, \$20,500 and \$30,750 of *Capital Campaign Pledges Receivable* are attributable to Board members as of December 31, 2009 and 2008, respectively.

As disclosed in Note 8, the Organization obtained a mortgage from Boston Private Bank & Trust Company to purchase their existing shelter. An employee of the bank serves as a member of REACH's Board of Directors.

As disclosed in Note 8, the Organization obtained a mortgage to purchase the new shelter from Rockland Trust Company. The bank's former Chief Financial Officer serves as a member of REACH's Board of Directors.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

*(Continued)*

NOTE 12     *(Continued)*

A member of the Board contributed legal work related to the purchase of the new facility in the amount of \$6,195 which has been included in the accompanying financial statements *(See Note 7)*.

NOTE 13     SURPLUS REVENUE RETENTION

The Commonwealth of Massachusetts Operational Services Division's regulation, 808 CMR 1.19(3), Not-for-Profit Surplus Revenue Retention, allows social service providers to retain a surplus up to five percent of total revenues attributable to or generated by Commonwealth agreements for the provision of social services to clients of the Commonwealth and to use such surplus revenue for charitable purposes of the Organization. The cumulative amount of surplus which can be retained may not in total exceed 20% of the provider's prior year's gross revenue from Commonwealth purchasing agencies.

The Operational Services Division is responsible for the determination of a provider's surplus as it pertains to the Surplus Revenue Retention Policy, and in addition, the Division shall be responsible for determining the amount of surplus that may be retained by REACH Beyond Domestic Violence, Inc. in any given year and may determine whether any excess surplus shall be used to reduce future prices or be recouped. The Organization, following the guidelines established by the Commonwealth, has calculated its Revenue Retention Surplus (Deficit) as \$(410,362) for the year ended December 31, 2009 with a cumulative surplus (deficit) of \$(1,068,336) as of December 31, 2009.

NOTE 14     CONCENTRATION OF CREDIT RISK

REACH is subject to concentrations in credit risk relating primarily to cash. The Organization's cash, certificates of deposit and money market funds are held in major financial institutions. At times during the year, the Organization may exceed FDIC and other insured limits. The Organization had \$422,303 and \$234,216 in excess of FDIC limits as of December 31, 2009 and 2008, respectively; however, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered low.

NOTE 15     UNDER DEVELOPMENT SHELTER

In 2007, REACH purchased a new residential property. The Organization is in the construction phase of a major renovation project to convert this facility into a shelter. This property was acquired with financing through the Rockland Trust Company *(See Note 8)*. On June 30, 2009, REACH received conditional funding commitments totaling \$1,200,000 from the Massachusetts Department of Housing and Community Development (DHCD). This funding is structured as long-term permanent financing in the form of deferred forgivable debt. The funds are federally sourced and, among other regulations, require compliance with affordable housing regulations and long-term holding periods. Of the total conditional commitment, \$400,000 was reserved by the Housing Stabilization Fund and \$800,000 was reserved by the Housing Innovations Fund *(See Note 8)*.

REACH has received a conditional commitment from a Board Member for \$20,000. The conditions state that this individual will provide gap funding up to \$20,000 if REACH does not meet its funding requirement for the project. As of December 31, 2009, REACH held net assets totaling \$460,818 which are temporarily restricted for the capital campaign, and which exceeded the current projected funding requirement.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 15 (Continued)

Currently, REACH is capitalizing all costs associated with carrying the real estate development project prior to placing it into service. As of December 31, 2009 and 2008, REACH has capitalized the following costs related to the shelter acquisition and renovations:

<u>Cost Category</u>	<u>2009</u>	<u>2008</u>
Shelter Acquisition	\$ 479,550	\$479,550
Project Management Fees	24,164	-
Construction/Renovation	338,308	-
Legal Fees	33,585	-
Mortgage Interest (Note 8)	87,845	45,949
Planning, Design and Permits	144,749	144,749
Carrying Costs (Utilities, Insurance, etc.)	<u>48,522</u>	<u>21,555</u>
Subtotal	1,156,723	691,803
Land	<u>215,450</u>	<u>215,450</u>
Total	<u>\$1,372,173</u>	<u>\$907,253</u>

NOTE 16 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 May 13, 2010, the date which the financial statements were available for issue, and noted no events which met the criteria.