

REACH BEYOND DOMESTIC VIOLENCE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2010 AND 2009

**Smith  Sullivan
& Company PC**

CERTIFIED PUBLIC ACCOUNTANTS

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REACH BEYOND DOMESTIC VIOLENCE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

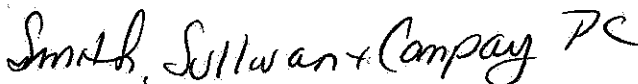
To the Board of Directors
REACH Beyond Domestic Violence, Inc.
Waltham, Massachusetts

We have audited the accompanying statement of financial position of REACH Beyond Domestic Violence, Inc. (a Massachusetts nonprofit corporation) as of December 31, 2010, 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. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated May 13, 2010, we expressed an unqualified opinion on those financial statements.

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, 2010 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2011 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 4, 2011

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents <i>(Note 15)</i>	\$ 181,905	\$ 551,765
Accounts Receivable, Contracts <i>(Note 8)</i>	52,396	73,874
Grants and Contributions Receivable	78,396	8,575
Capital Campaign Pledges Receivable <i>(Notes 10 and 14)</i>	16,900	34,240
Prepaid Expenses	<u>23,860</u>	<u>3,010</u>
Total Current Assets	<u>353,457</u>	<u>671,464</u>
<u>PROPERTY AND EQUIPMENT:</u> <i>(Note 4)</i>		
Net of Accumulated Depreciation	<u>2,870,833</u>	<u>1,854,984</u>
<u>OTHER ASSETS:</u>		
Restricted Cash <i>(Notes 5 and 15)</i>	275,933	275,095
Security Deposits	2,203	2,203
Non-Current Capital Campaign Pledges Receivable <i>(Notes 10 and 14)</i>	<u>11,000</u>	<u>16,348</u>
Total Other Assets	<u>289,136</u>	<u>293,646</u>
<u>TOTAL ASSETS</u>	<u>\$ 3,513,426</u>	<u>\$ 2,820,094</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Notes Payable, Current Portion <i>(Note 5)</i>	\$ 14,903	\$ 7,120
Capital Lease Obligations, Current Portion <i>(Note 6)</i>	-	2,112
Accounts Payable	9,710	16,502
Accounts Payable, Construction	-	30,265
Accrued Payroll and Related Expenses	29,513	16,122
Deferred Revenue <i>(Note 8)</i>	<u>-</u>	<u>37,922</u>
Total Current Liabilities	<u>54,126</u>	<u>110,043</u>
<u>NON-CURRENT LIABILITIES:</u>		
Deferred Forgivable Debt <i>(Note 5)</i>	1,215,000	482,301
Long-Term Debt, Net of Current Portion <i>(Note 5)</i>	<u>873,149</u>	<u>886,777</u>
Total Non-Current Liabilities	<u>2,088,149</u>	<u>1,369,078</u>
<u>TOTAL LIABILITIES</u>	<u>2,142,275</u>	<u>1,479,121</u>
<u>NET ASSETS:</u> <i>(Notes 7 and 10)</i>		
Unrestricted Net Assets:		
Unrestricted Net Assets	978,523	719,125
Board Designated Independence Fund	99,092	-
Board Designated Building Reserve	<u>85,000</u>	<u>-</u>
Total Unrestricted Net Assets	1,162,615	719,125
Temporarily Restricted Net Assets	<u>208,536</u>	<u>621,848</u>
Total Net Assets	<u>1,371,151</u>	<u>1,340,973</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 3,513,426</u>	<u>\$ 2,820,094</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010
(With Summarized Comparative Totals for 2009)

<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2010</u>	<u>2009</u>
<i>Program Service Revenues: (Note 8)</i>				
Mass. Department of Children and Families	\$ 420,863	\$ -	\$ 420,863	\$ 478,860
Mass. Committee on Criminal Justice (VAWA)	37,299	-	37,299	34,501
Cities, Towns and Other Program Service Revenue	132,634	-	132,634	207,093
Total Program Service Revenues	<u>590,796</u>	<u>-</u>	<u>590,796</u>	<u>720,454</u>
<i>Public Support:</i>				
Government Grants	25,000	-	25,000	30,000
Private Gifts, Grants and Contributions (Note 14)	322,538	371,802	694,340	598,256
Capital Campaign Pledges and Gifts (Note 10)	-	126,963	126,963	216,975
Special Event Revenue, Net of Direct Costs (Note 9)	86,415	-	86,415	101,320
Donated Goods and Services (Note 11)	103,566	-	103,566	93,458
Total Public Support	<u>537,519</u>	<u>498,765</u>	<u>1,036,284</u>	<u>1,040,009</u>
<i>Other Revenues:</i>				
Interest Income	3,373	-	3,373	3,001
Total Other Revenues	<u>3,373</u>	<u>-</u>	<u>3,373</u>	<u>3,001</u>
<i>Reclassifications of Net Assets:</i>				
Satisfaction of Donor Restrictions	912,077	(912,077)	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,043,765</u>	<u>(413,312)</u>	<u>1,630,453</u>	<u>1,763,464</u>
<u>FUNCTIONAL EXPENSES AND LOSSES BEFORE DEPRECIATION:</u>				
<i>Program Services:</i>				
Shelter	392,326	-	392,326	375,710
Community Based	457,310	-	457,310	460,289
Education/Prevention	204,854	-	204,854	185,907
Total Program Services	<u>1,054,490</u>	<u>-</u>	<u>1,054,490</u>	<u>1,021,906</u>
<i>Supporting Services:</i>				
Administrative	190,878	-	190,878	143,362
Fund Raising	317,435	-	317,435	267,683
Total Functional Expenses	<u>1,562,803</u>	<u>-</u>	<u>1,562,803</u>	<u>1,432,951</u>
<i>Losses:</i>				
Uncollectible Capital Campaign Pledges (Note 3)	-	-	-	9,125
<u>TOTAL FUNCTIONAL EXPENSES AND LOSSES BEFORE DEPRECIATION</u>	<u>1,562,803</u>	<u>-</u>	<u>1,562,803</u>	<u>1,442,076</u>
<u>CHANGE IN NET ASSETS BEFORE DEPRECIATION</u>	<u>480,962</u>	<u>(413,312)</u>	<u>67,650</u>	<u>321,388</u>
Depreciation Expense	37,472	-	37,472	10,735
<u>CHANGE IN NET ASSETS</u>	<u>443,490</u>	<u>(413,312)</u>	<u>30,178</u>	<u>310,653</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>719,125</u>	<u>621,848</u>	<u>1,340,973</u>	<u>1,030,320</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,162,615</u>	<u>\$ 208,536</u>	<u>\$ 1,371,151</u>	<u>\$ 1,340,973</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Summarized Comparative Totals for 2009)

	<u>SHELTER</u>	<u>COMMUNITY BASED</u>	<u>EDUCATION/ PREVENTION</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>TOTAL FUNCTIONAL EXPENSES 2010</u>	<u>2009</u>
Salaries and Wages	\$ 238,987	\$ 269,620	\$ 127,811	\$ 636,418	\$ 57,449	\$ 193,647	\$ 887,514	\$ 820,302
Payroll Taxes	21,020	24,079	11,027	56,126	5,156	17,083	78,365	73,204
Fringe Benefits (Note 13)	29,691	31,330	17,681	78,702	18,293	25,227	122,222	85,650
Staff/Volunteer Recruitment	568	282	60	910	-	-	910	1,115
Volunteer Services (Note 11)	15,408	25,733	15,064	56,205	-	18,228	74,433	66,834
Occupancy, Shelter (Note 12)	35,012	-	-	35,012	-	-	35,012	39,306
Occupancy, Outreach Office (Note 12)	-	36,147	8,374	44,521	4,695	9,917	59,133	45,921
Direct Client Assistance (Note 8)	7,893	32,495	4,211	44,599	-	-	44,599	83,746
Program Supplies and Activities (Note 11)	4,859	2,716	7,943	15,518	-	-	15,518	6,721
General Liability Insurance	2,947	2,075	767	5,789	322	767	6,878	4,520
Professional Fees - Accounting	-	-	-	-	5,802	-	5,802	4,483
Audit Fees (Note 11)	-	-	-	-	36,809	-	36,809	28,725
Legal Fees (Note 11)	-	-	-	-	1,020	-	1,020	225
Other Professional Fees	17,850	18,011	3,015	38,876	25,094	10,376	74,346	48,954
Telephone Expense	8,486	4,743	1,460	14,689	2,318	636	17,643	12,812
Office Supplies and Expenses (Note 11)	60	619	258	937	10,118	2,375	13,430	6,289
Printing, Copying and Design (Note 11)	-	-	924	924	3,546	12,845	17,315	42,434
Directors and Officers Liability Insurance	-	-	-	-	1,794	-	1,794	1,787
Meeting and Conferences/Training (Note 11)	1,318	923	2,040	4,281	2,750	1,353	8,384	7,605
Postage and Delivery	118	3	10	131	3,577	11,896	15,604	8,016
Dues, Fees and Subscriptions	4,103	12	-	4,115	926	1,545	6,586	7,915
Staff Travel	4,006	8,158	4,102	16,266	972	2,815	20,053	20,085
Payroll Processing	-	-	-	-	4,108	-	4,108	4,062
Small Equipment and Maintenance (Note 11)	-	364	107	471	2,617	107	3,195	3,013
Marketing and Public Relations	-	-	-	-	122	3,304	3,426	1,001
Credit Card and Bank Fees	-	-	-	-	1,468	5,314	6,782	6,176
Interest Expense	-	-	-	-	380	-	380	724
Miscellaneous Expenses	-	-	-	-	1,542	-	1,542	1,326
Total Functional Expenses Before Depreciation	392,326	457,310	204,854	1,054,490	190,878	317,435	1,562,803	1,432,951
Depreciation Expense (Note 4)	35,728	-	-	35,728	1,744	-	37,472	10,735
Total Functional Expenses	\$ 428,054	\$ 457,310	\$ 204,854	\$ 1,090,218	\$ 192,622	\$ 317,435	\$ 1,600,275	\$ 1,443,686

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 30,178	\$ 310,653
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Contributions Restricted for Capital Campaign	(128,063)	(216,975)
Depreciation Expense	37,472	10,735
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts	21,478	4,804
Grants and Contributions Receivable	(69,821)	-
Prepaid Expenses	(20,850)	(2,570)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	(6,792)	(3,143)
Accrued Payroll and Related Expenses	13,391	3,980
Deferred Revenue	<u>(37,922)</u>	<u>37,922</u>
Net Adjustment	<u>(191,107)</u>	<u>(165,247)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(160,929)</u>	<u>145,406</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash Outlay for Capital Expenditures	(1,053,321)	(464,920)
(Additions to) Restricted Cash	<u>(838)</u>	<u>(1,085)</u>
Net Cash Flows From Investing Activities	<u>(1,054,159)</u>	<u>(466,005)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Contributions Received for Capital Campaign	150,751	244,185
Proceeds from Notes Payable	732,699	482,301
Principal Reduction on Long-Term Debt	(5,845)	(6,688)
Payments Under Capital Lease Obligation	(2,112)	(2,852)
(Decrease) in Accounts Payable, Construction	<u>(30,265)</u>	<u>(12,350)</u>
Net Cash Flows From Financing Activities	<u>845,228</u>	<u>704,596</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(369,860)</u>	<u>383,997</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>551,765</u>	<u>167,768</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 181,905</u>	<u>\$ 551,765</u>
<i>Supplemental Disclosures:</i>		
Interest and Finance Charges Paid	<u>\$ 56,718</u>	<u>\$ 65,271</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>
<i>Non-Cash Financing Transactions:</i>		
Acquisition of Debt-Financed Property	<u>\$ -</u>	<u>\$ 15,000</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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. 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 now offers residents a safe haven for short-term stays in an 8 bedroom 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, available 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.

Support Group Programs - The agency offers ongoing support groups in English or Spanish in several 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 peers and advocates. Additionally, the support groups provide educational information about domestic violence to group participants.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 2 *(Continued)*

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. In 2009, REACH added a full-time Community Organizer. The Community Organizer works to engage the Waltham community in sexual and domestic violence prevention.

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.

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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 2 *(Continued)*

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 commits to facilitating the next training cycle. At the end of the training series, the group identifies a way that the various systems 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>2010</u>	<u>2009</u>
Number of hotline calls	2,053	1,970
Number of adults served in shelter	22	29
Number of children served in shelter	15	20
Total nights of shelter provided	2,197	2,278
Number of individual advocacy participants	705	611
Number of support group attendees	68	72
Number of volunteer hours donated (estimated)	7,000	7,000
Number of community presentations*	68	88

*Community presentations reached approximately 3,700 people during 2010.

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, 2010

(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, 2010

(Continued)

NOTE 3 *(Continued)*

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 2009 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, 2009 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, 2009, from which the summarized information was derived.

Reclassifications:

Certain amounts in the prior year summarized comparative information have been reclassified to conform to the current year presentation. These reclassifications pertain to the break-out of certain types of accounts receivable on the Statements of Financial Position. Reclassifications made to the prior year summarized comparative information have no impact on total net assets or changes in net assets.

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. If amounts owed become uncollectible, they will be charged to activities when that determination is made.

Grants and Contributions Receivable:

Grants and Contributions Receivable represent amounts which are due from program related grants and special appeal contributions which are unrestricted and available for operating activities. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants and contributions. If amounts owed become uncollectible, they will be charged to activities when that determination is made.

Capital Campaign Pledges Receivable:

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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 3 *(Continued)*

Promises to give with expected payment dates that extend beyond one year are discounted to their present value when considered material. Management believes that all pledges are collectible, and therefore, no allowance for doubtful pledges has been established.

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

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.

Accounts Payable, Construction:

As of December 31, 2009, *Accounts Payable, Construction* represents the amount held as retainage on the shelter construction, which was paid during 2010 upon construction completion.

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. 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.

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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 3 (Continued)

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 9). For the years ended December 31, 2010 and 2009, total fund raising expenses were \$375,660 and \$329,913, respectively.

Tax Position:

Accounting Standards for Income Taxes provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an organization's financial statements. The Organization adopted the provisions of this standard on January 1, 2009. The implementation of this standard did not have any impact on the financial position or net assets of the Organization.

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. All tax periods prior to 2007 are no longer subject to examination by tax authorities.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of December 31, 2010 and 2009:

<u>Description</u>	<u>Est.</u> <u>Life</u>	<u>Cost</u>	<u>Accum.</u> <u>Depreciation</u>	<u>Net Book Value</u>	
				<u>2010</u>	<u>2009</u>
<i>Shelter: *</i>					
Land	-	\$ 215,450	\$ -	\$ 215,450	\$ 215,450
Buildings and Renovations	40	2,136,015	26,700	2,109,315	1,156,723
Furnishings and Fixtures	5	45,686	4,290	41,396	-
<i>Former Shelter: **</i>					
Land	-	189,300	-	189,300	189,300
Buildings and Renovations	40	367,297	61,686	305,611	288,953
Leasehold Improvements	5	1,000	1,000	-	100
<i>General:</i>					
Office Equipment and Furniture	5-10	<u>15,005</u>	<u>5,244</u>	<u>9,761</u>	<u>4,458</u>
Total		<u>\$2,969,753</u>	<u>\$98,920</u>	<u>\$2,870,833</u>	<u>\$1,854,984</u>

Depreciation Expense was \$37,472 and \$10,735 for the years ended December 31, 2010 and 2009, respectively.

During 2010, REACH disposed of fully depreciated equipment with an original cost of \$30,822. The disposal had no impact on the change in net assets for the year ended December 31, 2010.

* On October 2, 2007, the Organization purchased a new shelter facility. During 2010, the Organization completed a major renovation project to convert this facility into a shelter. This property was acquired with financing through the Rockland Trust Company, the Massachusetts Department of Housing and Community Development (DHCD) and Capital Campaign contributions.

** The former shelter was removed from service effective July 1, 2010 and was held available for sale. At that time, the depreciation was suspended. The costs to carry the property subsequent to July 1, 2010 are being deferred and will be recognized as additional property costs upon disposal. On December 28, 2010, a purchase and sale agreement was signed whereby REACH agreed to sell the property for \$365,000, and as reported in Note 17, the sale was completed on February 4, 2011.

NOTE 5 DEBT

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. 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, 2010 and 2009, the outstanding balance was \$537,074 and \$542,919, respectively. The capitalized carrying costs of the facility include mortgage interest in the amount of \$25,568 and \$26,967 for the years ended December 31, 2010 and 2009, respectively.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 5 (Continued)

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.

Subsequent to year end, on February 28, 2011, REACH signed a loan modification agreement with Rockland Trust Company. This agreement changes the interest rate to an adjustable interest rate with an initial rate of 5% per annum. The adjusted rate may be increased or decreased beginning February 28, 2016 up to the original fixed rate of 7%. In addition, the required deposit was reduced from \$225,000 to \$100,000.

As of December 31, 2010 the current principal portion of the mortgage note was \$8,443 and the principal maturities for the following five-year period are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2012	\$ 10,606
December 31, 2013	11,148
December 31, 2014	11,719
December 31, 2015	12,318
December 31, 2016	12,949
Thereafter	<u>469,891</u>
Total	<u>\$528,631</u>

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 were drawn down as renovation costs were incurred. 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. 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. Currently 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 December 31, 2010 and 2009, the outstanding balance amounted to \$800,000 and \$467,301, respectively.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 5 *(Continued)*

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 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. 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. Currently 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 December 31, 2009, there were no outstanding borrowings on this debt. The note proceeds were drawn down in 2010 as renovation costs were incurred. As of December 31, 2010, the outstanding balance amounted to \$400,000.

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

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

City of Waltham:

The City of Waltham, through its Department of Planning and Development, loaned \$15,000 for de-leading the facility. The note 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. 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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 5 *(Continued)*

Former Shelter

Boston Private Bank & Trust Company:

In 2003, REACH received a mortgage from Boston Private Bank & Trust Company in the amount of \$376,000 in connection with the purchase of its former shelter (*See Note 4*). 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, as 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, the note was amended to change 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, 2010 and 2009, 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, 2010 and 2009, amounted to \$50,933 and \$50,095, respectively.

Subsequent to year end, the former shelter was sold, the mortgage balance was paid in full and the restrictions were removed from the certificate of deposit (*See Note 17*).

As of December 31, 2010, current principal portion of the mortgage note was \$6,460 and the principal maturities for the following five year period are due as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2012	\$ 9,130
December 31, 2013	9,757
December 31, 2014	10,427
December 31, 2015	11,143
December 31, 2016	11,908
Thereafter	<u>292,153</u>
Total	<u>\$344,518</u>

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, 2010 and 2009). As of December 31, 2010 and 2009, there were no outstanding borrowings on this line-of-credit.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 6 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 \$319 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 4. As of December 31, 2009, the remaining lease obligation was \$2,112, which was paid in full during 2010.

NOTE 7 DESIGNATIONS AND RESTRICTIONS OF NET ASSETS

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>2010</u>	<u>2009</u>
Peers Against Violence	\$106,700	\$ 72,801
Latinas "Know Your Rights" Project	8,000	23,905
Technology	19,738	-
Independence Fund	47,098	37,051
Silent Witness	-	1,405
Shelter and Safe Home	10,000	15,868
Child and Adolescent Therapy	4,500	10,000
Community	12,500	-
Capital Campaign Expenditures	-	460,818
Total	<u>\$208,536</u>	<u>\$621,848</u>

For the years presented, Board Designated Net Assets reflects unrestricted funds designated by the Board of Directors for the following purposes:

<u>Nature and Type of Restriction</u>	<u>2010</u>	<u>2009</u>
Independence Fund	\$ 99,092	\$ -
Building Reserve	<u>85,000</u>	<u>-</u>
Total	<u>\$184,092</u>	<u>\$ -</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 7 (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>2010</u>	<u>2009</u>
Shelter and Safe Home	\$124,172	\$ 73,500
Independence Fund	24,641	33,495
Capital Campaign Expenditures	587,781	-
Peers Against Violence	92,451	21,553
Latinas "Know Your Rights" Project	30,355	17,293
Speaker's Bureau	100	25,125
Close to Home Massachusetts Prevention Initiative	390	1,000
Silent Witness	3,105	750
Child and Adolescent Therapy	17,500	-
Technology	29,082	-
Community	2,500	-
Total	<u>\$912,077</u>	<u>\$172,716</u>

NOTE 8 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. 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 Statements of Financial Position. There were no such advances as of December 31, 2010. As of December 31, 2010 and 2009, the Organization was owed \$32,277 and \$31,874, respectively, on its DCF contracts, which is included in *Accounts Receivable, Contracts* in the Statements of Financial Position. This amount represents approximately 62% and 43% of *Accounts Receivable, Contracts* as of December 31, 2010 and 2009, respectively. In the calendar years which ended December 31, 2010 and 2009, revenues from all DCF contracts amounted to \$420,863 and \$478,860, respectively, which represents approximately 26% and 27% of total support and revenues for those years.

In addition, REACH entered into a cost-reimbursement contract with DCF to administer Housing Stabilization Funds in the amount of \$20,000 for the contract year ending June 30, 2009. 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. No funding of this nature was received in 2010.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 8 *(Continued)*

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 agreement, funded by the Massachusetts Department of Public Health, Jane’s Trust, and the Robert Wood Johnson Foundation, concluded on June 30, 2010. Revenues received through this arrangement amounted to \$32,500 and \$55,000 in 2010 and 2009, respectively. 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 \$30,313 and \$52,045 in 2010 and 2009, respectively. This contract expired on August 31, 2010 and was not renewed. Amounts due to the Organization on this contract were \$3,999 as of December 31, 2009, 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 every two years, funding permitting. Revenues received through this arrangement amounted to \$34,590 and \$68,963 in 2010 and 2009, respectively. This contract expired on July 31, 2010 and was not renewed. Amounts due to the Organization on this contract were \$10,188 as of December 31, 2009, 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.

NOTE 9 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 (\$115,536 and \$113,817 in 2010 and 2009, respectively), while gross proceeds shown on the following page consist of ticket sales and auction revenue.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 9 (Continued)

“REACH for the Stars”

	<u>2010</u>	<u>2009</u>
Gross Proceeds	\$144,640	\$ 163,550
Direct Costs	<u>(58,225)</u>	<u>(62,230)</u>
Net Event Revenue	<u>\$ 86,415</u>	<u>\$101,320</u>

NOTE 10 CAPITAL CAMPAIGN

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 \$126,963 and \$216,975 were received in 2010 and 2009, respectively.

After reaching its goal by raising funds totaling over \$3 million, through capital campaign contribution, deferred forgivable debt and bank financing, REACH closed out the Capital Campaign in May 2010, and opened the new shelter in August 2010. The capital campaign has enabled REACH to double shelter capacity and ensure long-term viability as an organization. Consistent with the campaign strategy, funds were used to establish two board designated accounts known as the Independence Fund and the Building Reserve Fund. These funds were established pursuant to the campaign strategy, for the following purposes. The Independence Fund will function as both an endowment for REACH and a source of funds for survivors. The Independence Fund will provide emergency grants to victims aimed specifically towards helping them rebuild and sustain their economic self-sufficiency. A grant might help pay a security deposit on a new apartment, provide car repairs a survivor needs in order to get to work, or make it possible for a child to attend summer camp. The Building Reserve will be used to make necessary repairs as the building is used. The agency will make every effort to maintain the Fund at the designated level.

NOTE 11 DONATED GOODS AND SERVICES

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

<u>Description</u>	<u>2010</u>	<u>2009</u>
* Printing	\$ -	\$ 1,950
Volunteer Services	74,433	66,834
Meeting, Conference and Training Facility	2,530	2,172
* Legal Fees	-	1,105
Audit Fees	3,545	-
Program Supplies and Activities	2,250	-
* Small Equipment and Maintenance	-	680
Office Supplies	4,745	-
REACH for the Stars Event Donations	<u>16,063</u>	<u>20,717</u>
Total	<u>\$103,566</u>	<u>\$93,458</u>

* In 2009, a portion of Printing, Legal Fees and Small Equipment and Maintenance were capitalized as part of the new shelter construction in the amount of \$3,235.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 12 OCCUPANCY - SHELTER AND OUTREACH OFFICE

REACH purchased a residence in 2003 which was used as its shelter through June 30, 2010. In 2010, REACH completed renovations on its new shelter and effective July 1, 2010, the residential program was relocated to the new shelter (*See Note 4*). Throughout 2009 and through June 30, 2010, occupancy costs include the costs associated with owning and maintaining the shelter acquired in 2003, while the carrying costs of the new shelter were capitalized as part of the renovation cost until placed in service on July 1, 2010. Effective July 1, 2010, in conjunction with the relocation of shelter services, the occupancy costs reflect the costs of owning and maintaining the new shelter, and the carrying costs of the former shelter were deferred, pending sale.

During each of the years presented, REACH leased space for its outreach office in Waltham, Massachusetts. Effective April 1, 2010, REACH increased the amount of space leased by relocating the Organization's office and entered into a 1-year lease with monthly payments of \$4,200. The minimum obligation for 2011 is \$12,600.

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>2010</u>	<u>2009</u>
<i>Shelter:</i>		
Mortgage Interest	\$19,309	\$23,375
Utilities	6,259	9,426
Repairs and Maintenance	7,158	6,505
Real Estate Taxes	<u>2,286</u>	<u>-</u>
Total Shelter	<u>\$35,012</u>	<u>\$39,306</u>
 <i>Outreach Office:</i>		
Rent	\$50,163	\$37,443
Utilities	8,298	7,365
Repairs and Maintenance	<u>672</u>	<u>1,113</u>
Total Outreach Office	<u>\$59,133</u>	<u>\$45,921</u>

NOTE 13 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, for each of 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, 2010 and 2009, total employer contributions to the plan amounted to \$10,192 and \$9,733.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 14 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 \$74,372 and \$42,150 for the years ended December 31, 2010 and 2009, respectively, and include event sponsorships, annual contributions and capital campaign pledges and gifts. Additionally, \$8,400 and \$20,500 of *Capital Campaign Pledges Receivable* are attributable to Board members as of December 31, 2010 and 2009, respectively.

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

NOTE 15 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 occasionally has funds in excess of FDIC limits; however, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered low.

NOTE 16 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 \$(396,641) for the year ended December 31, 2010 with a cumulative surplus (deficit) of \$(1,464,977) as of December 31, 2010. The deficit in state funded contracts has been funded with private donations.

NOTE 17 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 4, 2011, the date which the financial statements were available for issue, and has noted the following events which met the criteria.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 17 *(Continued)*

Property Disposition:

On February 4, 2011, REACH sold its former shelter, as further disclosed in Note 4. REACH received gross proceeds of \$365,000 as a result of the sale. In addition, restricted cash required to be held as security by the lender in the amount of \$50,933 was released. REACH realized a net loss on the property disposition of \$157,242, which will be recognized in 2011.

Although REACH realized a loss as a result of the disposition of the property, it was in the best interest of the Organization to divest of the property which it was no longer using. The net result of the transaction on REACH's 2011 cash flow will be positive in the amount of approximately \$80,000 comprised of the released reserves and the savings in carrying costs, which were approximately \$3,800 per month.

Loan Modification Agreement:

As further disclosed in Note 5, on February 28, 2011, REACH signed a loan modification agreement in connection with Rockland Trust Company which reduced the interest rate and the amount of restricted cash required to be held as collateral.