

REACH BEYOND DOMESTIC VIOLENCE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2012 AND 2011

Smith  Sullivan
& Company PC

CERTIFIED PUBLIC ACCOUNTANTS

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REACH BEYOND DOMESTIC VIOLENCE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of REACH Beyond Domestic Violence, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of REACH Beyond Domestic Violence, Inc. as of December 31, 2012 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.

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

Report on Summarized Comparative Information

We have previously audited REACH Beyond Domestic Violence, Inc.'s 2011 financial statements, and our report dated April 26, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2013 on our consideration of REACH Beyond Domestic Violence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering REACH Beyond Domestic Violence, Inc.'s internal control over financial reporting and compliance.

Smith, Sullivan & Company, P.C.

Westborough, Massachusetts
March 28, 2013

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 324,272	\$ 359,003
Accounts Receivable, Contracts	85,137	42,351
Grants, Contributions and Pledges Receivable	103,449	70,450
Prepaid Expenses	<u>10,862</u>	<u>5,377</u>
Total Current Assets	<u>523,720</u>	<u>477,181</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Net of Accumulated Depreciation	<u>2,262,101</u>	<u>2,324,580</u>
<u>OTHER ASSETS:</u>		
Restricted Cash	100,000	100,000
Security Deposits	2,203	2,203
Intangible Asset, Net of Amortization	<u>7,960</u>	<u>12,512</u>
Total Other Assets	<u>110,163</u>	<u>114,715</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,895,984</u>	<u>\$ 2,916,476</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Notes Payable, Current Portion	\$ 10,846	\$ 10,395
Accounts Payable	16,453	19,514
Accrued Payroll and Related Expenses	<u>17,384</u>	<u>17,680</u>
Total Current Liabilities	<u>44,683</u>	<u>47,589</u>
<u>NON-CURRENT LIABILITIES:</u>		
Deferred Forgivable Debt	1,215,000	1,215,000
Long-Term Debt, Net of Current Portion	<u>506,952</u>	<u>517,551</u>
Total Non-Current Liabilities	<u>1,721,952</u>	<u>1,732,551</u>
<u>TOTAL LIABILITIES</u>	<u>1,766,635</u>	<u>1,780,140</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets:		
Unrestricted Net Assets	755,113	835,850
Board Designated Independence Fund	99,092	99,092
Board Designated Building Reserve	<u>85,000</u>	<u>85,000</u>
Total Unrestricted Net Assets	939,205	1,019,942
Temporarily Restricted Net Assets	<u>190,144</u>	<u>116,394</u>
Total Net Assets	<u>1,129,349</u>	<u>1,136,336</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,895,984</u>	<u>\$ 2,916,476</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Comparative Totals for 2011)

<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2012</u>	<u>2011</u>
<i>Program Service Revenues:</i>				
Mass. Department of Children and Families	\$ 451,191	\$ -	\$ 451,191	\$ 407,954
Mass. Committee on Criminal Justice (VAWA)	51,324	-	51,324	29,817
Cities, Towns and Other Program Service Revenue	<u>30,322</u>	<u>-</u>	<u>30,322</u>	<u>41,314</u>
Total Program Service Revenues	<u>532,837</u>	<u>-</u>	<u>532,837</u>	<u>479,085</u>
<i>Public Support:</i>				
Government Grants	25,000	-	25,000	25,000
Private Gifts, Grants and Contributions	357,817	452,368	810,185	832,710
Special Event Revenue, Net of Direct Costs	41,058	-	41,058	55,528
Donated Goods and Services	<u>82,636</u>	<u>-</u>	<u>82,636</u>	<u>95,247</u>
Total Public Support	<u>506,511</u>	<u>452,368</u>	<u>958,879</u>	<u>1,008,485</u>
<i>Other Revenues:</i>				
Interest Income	584	-	584	829
Total Other Revenues	<u>584</u>	<u>-</u>	<u>584</u>	<u>829</u>
<i>Reclassifications of Net Assets:</i>				
Satisfaction of Donor Restrictions	<u>378,618</u>	<u>(378,618)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,418,550</u>	<u>73,750</u>	<u>1,492,300</u>	<u>1,488,399</u>
<u>FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND LOSSES:</u>				
<i>Program Services:</i>				
Shelter	419,250	-	419,250	434,623
Community Based	404,089	-	404,089	418,879
Education/Prevention	<u>169,284</u>	<u>-</u>	<u>169,284</u>	<u>189,618</u>
Total Program Services	992,623	-	992,623	1,043,120
<i>Supporting Services:</i>				
Administrative	137,822	-	137,822	152,334
Fund Raising	<u>296,409</u>	<u>-</u>	<u>296,409</u>	<u>302,731</u>
<u>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND LOSSES</u>	<u>1,426,854</u>	<u>-</u>	<u>1,426,854</u>	<u>1,498,185</u>
<u>CHANGE IN NET ASSETS BEFORE DEPRECIATION AND LOSSES</u>	<u>(8,304)</u>	<u>73,750</u>	<u>65,446</u>	<u>(9,786)</u>
Depreciation and Amortization Expense	(72,433)	-	(72,433)	(67,787)
Loss on Sale of Former Shelter	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,242)</u>
<u>CHANGE IN NET ASSETS</u>	<u>(80,737)</u>	<u>73,750</u>	<u>(6,987)</u>	<u>(234,815)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>1,019,942</u>	<u>116,394</u>	<u>1,136,336</u>	<u>1,371,151</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 939,205</u>	<u>\$ 190,144</u>	<u>\$ 1,129,349</u>	<u>\$ 1,136,336</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Comparative Totals for 2011)

	<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</u>	
							<u>2012</u>	<u>2011</u>
Salaries and Wages	\$ 242,409	\$ 245,563	\$ 95,451	\$ 583,423	\$ 57,770	\$ 193,119	\$ 834,312	\$ 831,816
Payroll Taxes	24,039	23,253	11,593	58,885	6,392	18,832	84,109	78,641
Fringe Benefits	13,845	14,971	11,167	39,983	5,091	11,652	56,726	93,934
Staff/Volunteer Recruitment	593	162	-	755	-	-	755	390
Volunteer Services	34,452	18,828	5,376	58,656	1,488	7,020	67,164	73,218
Occupancy	45,713	28,772	11,848	86,333	3,949	11,848	102,130	120,706
Direct Client Assistance	8,377	30,115	2,560	41,052	-	-	41,052	37,130
Program Supplies and Activities	3,664	1,851	15,782	21,297	-	-	21,297	9,524
General Liability Insurance	5,511	3,971	1,635	11,117	545	1,635	13,297	12,285
Professional Fees - Accounting	-	-	-	-	1,215	-	1,215	3,396
Audit Fees	-	-	-	-	25,550	-	25,550	33,381
Legal Fees	-	-	-	-	2,244	-	2,244	2,875
Other Professional Fees	19,624	19,938	2,871	42,433	3,331	15,304	61,068	79,719
Telephone Expense	10,297	3,749	2,256	16,302	216	647	17,165	19,439
Office Supplies and Expenses	640	481	159	1,280	1,483	4,223	6,986	8,230
Printing, Copying and Design	855	498	495	1,848	5,517	19,626	26,991	31,387
Directors and Officers Liability Insurance	-	-	-	-	1,798	-	1,798	1,522
Meeting and Conferences/Training	697	1,217	2,281	4,195	2,788	192	7,175	5,340
Postage and Delivery	319	6	6	331	3,521	4,897	8,749	12,547
Dues, Fees and Subscriptions	1,413	2,035	710	4,158	3,089	1,115	8,362	8,357
Staff Travel	5,904	6,800	4,320	17,024	2,134	324	19,482	17,560
Payroll Processing	-	-	-	-	4,249	-	4,249	4,067
Small Equipment and Maintenance	859	1,879	774	3,512	258	773	4,543	5,388
Marketing and Public Relations	-	-	-	-	150	150	300	207
Credit Card and Bank Fees	-	-	-	-	1,345	4,922	6,267	6,578
Interest Expense	-	-	-	-	149	25	174	145
Uncollectible Pledges	-	-	-	-	3,550	-	3,550	-
Miscellaneous Expenses	39	-	-	39	-	105	144	403
Total Functional Expenses Before Depreciation	419,250	404,089	169,284	992,623	137,822	296,409	1,426,854	1,498,185
Depreciation and Amortization Expense	64,016	-	4,552	68,568	3,865	-	72,433	67,787
Total Functional Expenses	\$ 483,266	\$ 404,089	\$ 173,836	\$ 1,061,191	\$ 141,687	\$ 296,409	\$ 1,499,287	\$ 1,565,972

The Accompanying Notes are an Integral Part of these Financial Statements. . . .Page 5

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (6,987)	\$ (234,815)
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation and Amortization Expense	72,433	67,787
Loss on Sale of Former Shelter	-	157,242
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts	(42,786)	10,045
Grants, Contributions and Pledges Receivable	(32,999)	35,846
Prepaid Expenses	(5,485)	18,483
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	(3,061)	9,804
Accrued Payroll and Related Expenses	(296)	(11,833)
Net Adjustment	<u>(12,194)</u>	<u>287,374</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(19,181)</u>	<u>52,559</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net Proceeds from Sale of Former Shelter	-	344,280
Cash Outlay for Capital Expenditures	(5,402)	(21,918)
Cash Outlay for Intangible Asset	-	(13,650)
Reclassification of Restricted Cash	-	175,933
Net Cash Flows From Investing Activities	<u>(5,402)</u>	<u>484,645</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Principal Reduction on Long-Term Debt	(10,148)	(360,106)
Net Cash Flows From Financing Activities	<u>(10,148)</u>	<u>(360,106)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(34,731)</u>	<u>177,098</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>359,003</u>	<u>181,905</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 324,272</u>	<u>\$ 359,003</u>
<i>Supplemental Disclosures:</i>		
Interest and Finance Charges Paid	\$ 26,779	\$ 29,795
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

In 2012, the Board of Directors voted to change the Organization’s reporting period from a calendar year end to a fiscal year ending on June 30th, which will be effective in 2013.

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.

After reaching its goal by raising funds totaling over \$3 million, through capital campaign contributions, deferred forgivable debt and bank financing, REACH closed out its Capital Campaign in May 2010, and opened a new shelter in August 2010. The capital campaign has enabled REACH to double its 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. The Independence Fund will function as both a program reserve fund 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.

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 eight 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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 2 *(Continued)*

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 assists REACH Community Program participants seeking very short-term stays.

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.

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 works with school administration to develop and implement policies to prevent and respond to teen dating violence.

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 2010, REACH added a full-time Community Organizer. The Community Organizer works to engage the Waltham community in sexual and domestic violence prevention.

Advocacy:

Community Based 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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 2 *(Continued)*

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. 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>2012</u>	<u>2011</u>
Number of hotline calls	2,017	2,040
Number of adults served in shelter	20	23
Number of children served in shelter	30	24
Total nights of shelter provided	4,121	3,286
Number of individual advocacy participants	433	454
Number of support group attendees	59	75
Number of children receiving therapy services	20	17
Number of volunteer hours donated (estimated)	7,000	7,000
Number of community presentations*	75	99

*Community presentations reached approximately 3,900 people during 2012 and 4,700 in 2011. These numbers are lower due to reduced staffing.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

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, 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.

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:

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

For the years presented, the Organization did not have any assets that require re-measurement on a recurring basis, which would be required to be classified under the fair value hierarchy.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, 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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 3 *(Continued)*

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.

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 2011 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, 2011 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, 2011, from which the summarized information was derived.

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.

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, Contributions and Pledges Receivable:

Grants, Contributions and Pledges Receivable represent amounts which are due from program related grants and individual donors. Amounts are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. For the years presented, all amounts are considered current.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(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. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants, contributions and pledges. If amounts owed become uncollectible, they will be charged to activities when that determination is made. For the year ended December 31, 2012, the Organization reported a loss on uncollectible pledges of \$3,550. There were no pledges considered uncollectible as of December 31, 2011.

Property and Equipment:

Property, equipment, furnishings and improvement purchases in excess of \$1,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Costs for repairs to maintain the building in compliance with local building codes are expensed when incurred. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the estimated useful lives of the assets, as expressed in terms of years.

Intangible Assets:

The Organization has deferred costs incurred associated with the development and upgrade of its website, which is reported as *Intangible Asset* on the Statements of Financial Position, net of accumulated amortization. Website development is subject to amortization over a 36-month period. *Amortization Expense* amounted to \$4,552 and \$1,138 for the years ended December 31, 2012 and 2011, respectively.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, 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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 3 *(Continued)*

Revenue Recognition:

REACH Beyond Domestic Violence, Inc. is the recipient of several federal, state and local government funded program service contracts. These awards are administered either on a cost reimbursement basis or on a unit rate basis; accordingly, the funding sources are billed as services are provided, and 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 in 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.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, 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 8*). For the years ended December 31, 2012 and 2011, total fund raising expenses, including both direct and indirect event costs, were \$368,251 and \$369,508, respectively.

Tax Position:

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. 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. 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 2009 are no longer subject to examination by tax authorities.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 3 *(Continued)*

Reclassifications:

Certain amounts in the prior year summarized comparative information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year summarized information have no impact on total net assets or changes in net assets.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of December 31, 2012 and 2011:

<u>Description</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
				<u>2012</u>	<u>2011</u>
<i>Shelter:</i>					
Land	-	\$ 215,450	\$ -	\$ 215,450	\$ 215,450
Buildings and Renovations	40	2,152,775	135,326	2,017,449	2,066,925
Furnishings and Fixtures	5	45,686	22,565	23,121	32,258
<i>General:</i>					
Office Equipment and Furniture	5-10	<u>19,956</u>	<u>13,875</u>	<u>6,081</u>	<u>9,947</u>
Total		<u>\$2,433,867</u>	<u>\$171,766</u>	<u>\$2,262,101</u>	<u>\$2,324,580</u>

Depreciation Expense was \$67,881 and \$66,649 for the years ended December 31, 2012 and 2011, respectively.

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. On February 28, 2011, REACH signed a loan modification agreement with Rockland Trust Company. This agreement changed 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%. As of December 31, 2012 and 2011, the outstanding balance was \$517,798 and \$527,946, 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 on deposit with the Bank as further security on the loan, which amounted to \$100,000 as of December 31, 2012 and 2011, and is reported as *Restricted Cash* in the accompanying Statements of Financial Position.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 5 *(Continued)*

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, 2012 the current principal portion of the mortgage note was \$10,846 and the principal maturities for the following five-year period are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2014	\$ 11,438
December 31, 2015	11,996
December 31, 2016	12,617
December 31, 2017	13,296
December 31, 2018	14,307
Thereafter	<u>443,298</u>
Total	<u>\$506,952</u>

Department of Housing and Community Development (DHCD):

Housing Innovations Fund (HIF) - On June 30, 2009, REACH received a permanent mortgage in the amount of \$800,000 under the Housing Innovations Fund program, as funded by the Massachusetts Department of Housing and Community Development and administered by 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. 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, 2012 and 2011, the outstanding balance amounted to \$800,000.

Housing Stabilization Fund (HSF) - On June 30, 2009, REACH received a permanent mortgage in the amount of \$400,000 under the Housing Stabilization Fund, as funded by the 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. 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. The note proceeds were drawn down in 2010 as renovation costs were incurred. As of December 31, 2012 and 2011, the outstanding balance amounted to \$400,000.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 5 (Continued)

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

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

City of Waltham:

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

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.

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. On February 4, 2011, the former shelter was sold, and the mortgage balance of \$344,278 was paid in full. REACH received gross proceeds of \$365,000 and realized a net loss of \$157,242 on the sale of the property

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% (4.25% as of December 31, 2012 and 2011). As of December 31, 2012 and 2011, there were no outstanding borrowings on this line-of-credit.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 6 DESIGNATIONS AND RESTRICTIONS OF NET ASSETS

Temporarily Restricted:

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>2012</u>	<u>2011</u>
Education and Prevention	\$ 72,144	\$ 88,600
Latinas "Know Your Rights" Project	-	4,000
Independence Fund - Donor Restricted	-	13,794
Development	-	2,000
Shelter and Safe Home	57,250	5,000
Community	45,750	3,000
Time Restricted - 2013 Operating Expenses	<u>15,000</u>	<u>-</u>
Total	<u>\$190,144</u>	<u>\$116,394</u>

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

<u>Nature and Type of Restriction</u>	<u>2012</u>	<u>2011</u>
Education and Prevention	\$163,416	\$140,400
Latinas "Know Your Rights" Project	4,000	13,880
Independence Fund - Donor Restricted	13,794	24,424
Development	2,000	-
Shelter and Safe Home	124,905	148,465
Child and Adolescent Therapy	5,054	36,250
Technology	-	19,739
Community	50,449	44,630
Time Restricted - 2013 Operating Expenses	<u>15,000</u>	<u>-</u>
Total	<u>\$378,618</u>	<u>\$427,788</u>

Board Designated:

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 Designation</u>	<u>2012</u>	<u>2011</u>
Independence Fund - Board Designated	\$ 99,092	\$ 99,092
Building Reserve	<u>85,000</u>	<u>85,000</u>
Total	<u>\$184,092</u>	<u>\$184,092</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 7 GOVERNMENT FUNDED SERVICE CONTRACTS

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. In the calendar years which ended December 31, 2012 and 2011, revenues from all DCF contracts amounted to \$451,191 and \$407,954, respectively, which represents approximately 30% and 27% of total support and revenues for those years. As of December 31, 2012 and 2011, the Organization was owed \$41,555 and \$38,834, respectively, on its DCF contracts, which is included in *Accounts Receivable, Contracts* in the Statements of Financial Position. This amount represents approximately 49% and 92% of *Accounts Receivable, Contracts* as of December 31, 2012 and 2011, respectively.

Cities and Towns:

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

NOTE 8 FUND RAISING ACTIVITIES

REACH hosts an annual artist and celebrity plate auction, *Reach for the Stars*, which is a major fund raising event and is summarized 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 (\$155,588 and \$178,519 in 2012 and 2011, respectively), while gross proceeds shown below consist of ticket sales and auction revenue.

“Reach for the Stars”

	<u>2012</u>	<u>2011</u>
Gross Proceeds	\$112,900	\$122,305
Direct Costs *	<u>(71,842)</u>	<u>(66,777)</u>
Net Event Revenue	<u>\$ 41,058</u>	<u>\$ 55,528</u>

* Includes donated goods and services (See Note 9)

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 9 DONATED GOODS AND SERVICES

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

<u>Description</u>	<u>2012</u>	<u>2011</u>
Volunteer Services	\$67,164	\$73,218
Meeting, Conference and Training Facility	2,498	2,675
Administrative Supplies	30	106
Audit Fees	-	3,906
Program Supplies and Activities	-	723
REACH for the Stars Event Donations	<u>12,944</u>	<u>14,619</u>
Total	<u>\$82,636</u>	<u>\$95,247</u>

NOTE 10 OCCUPANCY - SHELTER AND OUTREACH OFFICE

Occupancy includes the costs of owning and operating a residential facility used to provide shelter to victims of domestic violence and the costs associated with space that is leased for its outreach office in Waltham, Massachusetts. The outreach office is occupied on a lease that expired in April 2011, and has been occupied on a tenancy-at-will basis since that time. Rent for the outreach office was \$4,200 per month for the years presented.

Each of the above costs is included in the Organization's occupancy costs and, as required by the *FASB Accounting Standards Codification*TM, 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>2012</u>	<u>2011</u>
<i>Shelter:</i>		
Mortgage Interest	\$ 26,605	\$ 29,650
Utilities	13,508	16,706
Repairs and Maintenance	5,601	5,117
Real Estate Taxes	-	4,841
Total Shelter	<u>\$ 45,714</u>	<u>\$ 56,314</u>
<i>Outreach Office:</i>		
Rent	\$ 50,400	\$ 55,400
Utilities	5,704	8,159
Repairs and Maintenance	312	833
Total Outreach Office	<u>\$ 56,416</u>	<u>\$ 64,392</u>
Total Occupancy Expense	<u>\$102,130</u>	<u>\$120,706</u>

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 11 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 1% in 2012 and 3% in 2011 of each participant’s salary (subject to statutory limitations on eligible earnings). For the years ended December 31, 2012 and 2011, total employer contributions to the plan amounted to \$5,657 and \$18,115, respectively.

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 \$44,725 and \$99,040 for the years ended December 31, 2012 and 2011, respectively, and include event sponsorships, annual contributions and capital campaign pledges and gifts. Additionally, \$2,000 and \$6,000 of *Grants, Contributions and Pledges Receivable* are attributable to Board members as of December 31, 2012 and 2011, respectively.

NOTE 13 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 14 SURPLUS REVENUE RETENTION

The Commonwealth of Massachusetts Operational Services Division (“OSD”) regulates some aspects of programs that receive state funding, including components of REACH Beyond Domestic Violence, Inc.’s programs. Under OSD guidance, (808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*), REACH may not retain a surplus in excess of five percent of state funding in any given year, and cumulative retained surplus must be less than 20% of REACH’s state funding from the previous year. A deficit in state funding for these programs indicates that REACH Beyond Domestic Violence, Inc. supplements state revenue by funding a portion of program costs with funding from other sources, such as private individuals and foundations.

Following the guidelines established by the Commonwealth, REACH has calculated its Revenue Retention surplus (deficit) as \$(388,265) for the year ended December 31, 2012 with a cumulative surplus of \$(2,554,990) which includes fiscal years 1997 through 2012. Management concludes that REACH is in compliance with OSD requirements.

NOTE 15 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through March 28, 2013, the date which the financial statements were available for issue, and has noted no events which met the criteria.