

REACH BEYOND DOMESTIC VIOLENCE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2016 AND 2015

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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 JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of REACH Beyond Domestic Violence, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of REACH Beyond Domestic Violence, Inc. as of June 30, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 on our consideration of REACH Beyond Domestic Violence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering REACH Beyond Domestic Violence, Inc.'s internal control over financial reporting and compliance.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
November 14, 2016

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2016 AND 2015

ASSETS

| | <u>2016</u> | <u>2015</u> |
|--|-------------------------|-------------------------|
| <u>CURRENT ASSETS:</u> | | |
| Cash | \$ 244,981 | \$ 283,808 |
| Accounts Receivable, Contracts | 172,385 | 98,178 |
| Grants, Contributions and Pledges Receivable | 110,964 | 97,092 |
| Prepaid Expenses | 55,861 | 17,881 |
| Total Current Assets | <u>584,191</u> | <u>496,959</u> |
| <u>PROPERTY AND EQUIPMENT:</u> | | |
| Net of Accumulated Depreciation | <u>2,059,472</u> | <u>2,109,405</u> |
| <u>OTHER ASSETS:</u> | | |
| Restricted Cash | 100,000 | 100,000 |
| Security Deposits | 2,203 | 2,203 |
| Intangible Asset, Net of Amortization | - | 704 |
| Total Other Assets | <u>102,203</u> | <u>102,907</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 2,745,866</u> | <u>\$ 2,709,271</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-------------------------|-------------------------|
| <u>CURRENT LIABILITIES:</u> | | |
| Notes Payable, Current Portion | \$ 13,221 | \$ 13,308 |
| Accounts Payable | 5,328 | 34,155 |
| Accrued Payroll and Related Costs | 32,830 | 33,320 |
| Total Current Liabilities | <u>51,379</u> | <u>80,783</u> |
| <u>NON-CURRENT LIABILITIES:</u> | | |
| Deferred Forgivable Debt | 1,215,000 | 1,215,000 |
| Long-Term Debt, Net of Current Portion | 463,392 | 476,521 |
| Total Non-Current Liabilities | <u>1,678,392</u> | <u>1,691,521</u> |
| <u>TOTAL LIABILITIES</u> | <u>1,729,771</u> | <u>1,772,304</u> |
| <u>NET ASSETS:</u> | | |
| Unrestricted Net Assets: | | |
| Unrestricted Net Assets | 473,234 | 556,390 |
| Board Designated Independence Fund | 99,092 | 99,092 |
| Board Designated Building Reserve | 85,000 | 85,000 |
| Total Unrestricted Net Assets | <u>657,326</u> | <u>740,482</u> |
| Temporarily Restricted Net Assets | 358,769 | 196,485 |
| Total Net Assets | <u>1,016,095</u> | <u>936,967</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 2,745,866</u> | <u>\$ 2,709,271</u> |

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With Summarized Comparative Totals for 2015)

| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTAL ACTIVITIES</u> | |
|--|--------------------------|-----------------------------------|----------------------------|--------------------------|
| | | | <u>2016</u> | <u>2015</u> |
| <i>Program Service Revenues:</i> | | | | |
| Mass. Department of Children and Families | \$ 734,720 | \$ - | \$ 734,720 | \$ 604,194 |
| U.S. Department of Justice Elder Grant | 88,290 | - | 88,290 | 36,098 |
| Mass. Office for Victim Assistance Grant (VOCA) | 104,975 | - | 104,975 | - |
| Cities, Towns and Other Program Service Revenue | 15,678 | - | 15,678 | 29,795 |
| Total Program Service Revenues | <u>943,663</u> | <u>-</u> | <u>943,663</u> | <u>670,087</u> |
| <i>Public Support:</i> | | | | |
| Private Gifts, Grants and Contributions | 552,436 | 456,190 | 1,008,626 | 1,025,013 |
| Government Grants | - | - | - | 27,000 |
| Special Event Revenue, Net of Direct Costs | 50,784 | - | 50,784 | 51,840 |
| Donated Goods and Services | 83,744 | - | 83,744 | 89,505 |
| Total Public Support | <u>686,964</u> | <u>456,190</u> | <u>1,143,154</u> | <u>1,193,358</u> |
| <i>Other Revenues:</i> | | | | |
| Interest Income | 295 | - | 295 | 305 |
| Total Other Revenues | <u>295</u> | <u>-</u> | <u>295</u> | <u>305</u> |
| <i>Reclassifications of Net Assets:</i> | | | | |
| Satisfaction of Donor Restrictions | 293,906 | (293,906) | - | - |
| <u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u> | <u>1,924,828</u> | <u>162,284</u> | <u>2,087,112</u> | <u>1,863,750</u> |
| <u>FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION:</u> | | | | |
| <i>Program Services:</i> | | | | |
| Shelter | 596,768 | - | 596,768 | 569,136 |
| Community Based | 618,962 | - | 618,962 | 487,250 |
| Education/Prevention | 231,012 | - | 231,012 | 186,730 |
| Total Program Services | <u>1,446,742</u> | <u>-</u> | <u>1,446,742</u> | <u>1,243,116</u> |
| <i>Supporting Services:</i> | | | | |
| Administrative | 139,771 | - | 139,771 | 136,489 |
| Fund Raising | 364,570 | - | 364,570 | 346,160 |
| <u>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</u> | <u>1,951,083</u> | <u>-</u> | <u>1,951,083</u> | <u>1,725,765</u> |
| <u>CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION</u> | <u>(26,255)</u> | <u>162,284</u> | <u>136,029</u> | <u>137,985</u> |
| Depreciation and Amortization Expense | (56,901) | - | (56,901) | (70,695) |
| <u>CHANGE IN NET ASSETS</u> | <u>(83,156)</u> | <u>162,284</u> | <u>79,128</u> | <u>67,290</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>740,482</u> | <u>196,485</u> | <u>936,967</u> | <u>869,677</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 657,326</u> | <u>\$ 358,769</u> | <u>\$ 1,016,095</u> | <u>\$ 936,967</u> |

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTAL ACTIVITIES</u> |
|--|--------------------------|-----------------------------------|-----------------------------|
| <i>Program Service Revenues:</i> | | | |
| Mass. Department of Children and Families | \$ 604,194 | \$ - | \$ 604,194 |
| U.S. Department of Justice Elder Grant | 36,098 | - | 36,098 |
| Cities, Towns and Other Program Service Revenue | 29,795 | - | 29,795 |
| Total Program Service Revenues | <u>670,087</u> | <u>-</u> | <u>670,087</u> |
| <i>Public Support:</i> | | | |
| Private Gifts, Grants and Contributions | 639,730 | 385,283 | 1,025,013 |
| Government Grants | 27,000 | - | 27,000 |
| Special Event Revenue, Net of Direct Costs | 51,840 | - | 51,840 |
| Donated Goods and Services | 89,505 | - | 89,505 |
| Total Public Support | <u>808,075</u> | <u>385,283</u> | <u>1,193,358</u> |
| <i>Other Revenues:</i> | | | |
| Interest Income | 305 | - | 305 |
| Total Other Revenues | <u>305</u> | <u>-</u> | <u>305</u> |
| <i>Reclassifications of Net Assets:</i> | | | |
| Satisfaction of Donor Restrictions | 341,121 | (341,121) | - |
| <u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u> | <u>1,819,588</u> | <u>44,162</u> | <u>1,863,750</u> |
| <u>FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION:</u> | | | |
| <i>Program Services:</i> | | | |
| Shelter | 569,136 | - | 569,136 |
| Community Based | 487,250 | - | 487,250 |
| Education/Prevention | 186,730 | - | 186,730 |
| Total Program Services | <u>1,243,116</u> | <u>-</u> | <u>1,243,116</u> |
| <i>Supporting Services:</i> | | | |
| Administrative | 136,489 | - | 136,489 |
| Fund Raising | 346,160 | - | 346,160 |
| <u>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</u> | <u>1,725,765</u> | <u>-</u> | <u>1,725,765</u> |
| <u>CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION</u> | <u>93,823</u> | <u>44,162</u> | <u>137,985</u> |
| Depreciation and Amortization Expense | (70,695) | - | (70,695) |
| <u>CHANGE IN NET ASSETS</u> | <u>23,128</u> | <u>44,162</u> | <u>67,290</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>717,354</u> | <u>152,323</u> | <u>869,677</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 740,482</u> | <u>\$ 196,485</u> | <u>\$ 936,967</u> |

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(With Summarized Comparative Totals for 2015)

| | <u>SHELTER</u> | <u>COMMUNITY BASED</u> | <u>PREVENTION</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>ADMINI- STRATIVE</u> | <u>FUND RAISING</u> | <u>TOTAL FUNCTIONAL EXPENSES</u> | |
|---|-------------------|----------------------------|-------------------|---------------------------------------|-----------------------------|-------------------------|--------------------------------------|---------------------|
| | | | | | | | <u>2016</u> | <u>2015</u> |
| Salaries and Wages | \$ 370,304 | \$ 366,436 | \$ 156,139 | \$ 892,879 | \$ 66,083 | \$ 220,743 | \$ 1,179,705 | \$ 1,020,761 |
| Payroll Taxes | 35,138 | 32,867 | 13,893 | 81,898 | 5,984 | 20,174 | 108,056 | 94,696 |
| Fringe Benefits | 18,758 | 36,302 | 16,368 | 71,428 | 7,950 | 23,258 | 102,636 | 70,026 |
| Staff/Volunteer Recruitment | 2,976 | 1,985 | 37 | 4,998 | - | - | 4,998 | 1,492 |
| Volunteer Services | 35,460 | 15,710 | 6,960 | 58,130 | 1,590 | 5,855 | 65,575 | 60,456 |
| Occupancy | 57,200 | 33,343 | 10,487 | 101,030 | 3,491 | 10,474 | 114,995 | 117,402 |
| Direct Client Assistance | 13,524 | 36,721 | - | 50,245 | - | - | 50,245 | 44,264 |
| Program Supplies and Activities | 8,742 | 6,072 | 4,867 | 19,681 | 2,696 | 367 | 22,744 | 30,493 |
| General Liability Insurance | 6,873 | 3,602 | 1,118 | 11,593 | 373 | 1,117 | 13,083 | 12,834 |
| Audit Fees | - | - | - | - | 18,019 | - | 18,019 | 18,115 |
| Other Professional Fees | 22,647 | 60,294 | 8,180 | 91,121 | 2,849 | 36,310 | 130,280 | 110,641 |
| Telephone Expense | 12,957 | 4,529 | 1,209 | 18,695 | 207 | 622 | 19,524 | 17,933 |
| Office Supplies and Expenses | 910 | 729 | 185 | 1,824 | 592 | 10,419 | 12,835 | 4,788 |
| Printing, Copying and Design | 344 | 1,812 | 1,131 | 3,287 | 3,903 | 16,262 | 23,452 | 26,078 |
| Directors and Officers Liability Insurance | - | - | - | - | 2,580 | - | 2,580 | 2,436 |
| Meeting and Conferences/Training | 2,194 | 1,872 | 4,333 | 8,399 | 1,711 | 3,447 | 13,557 | 12,954 |
| Postage and Delivery | 199 | 1,564 | 527 | 2,290 | 1,718 | 7,018 | 11,026 | 8,637 |
| Dues, Fees and Subscriptions | 1,957 | 1,654 | 627 | 4,238 | 2,630 | 1,545 | 8,413 | 7,216 |
| Staff Travel | 6,585 | 11,412 | 4,261 | 22,258 | 6,431 | 1,277 | 29,966 | 42,031 |
| Payroll Processing | - | - | - | - | 5,384 | - | 5,384 | 5,071 |
| Small Equipment and Maintenance | - | 2,058 | 665 | 2,723 | 221 | 665 | 3,609 | 3,684 |
| Marketing and Public Relations | - | - | - | - | 150 | 329 | 479 | 590 |
| Credit Card and Bank Fees | - | - | 25 | 25 | 4,200 | 4,688 | 8,913 | 8,922 |
| Interest Expense | - | - | - | - | 1,009 | - | 1,009 | 242 |
| Uncollectible Pledges | - | - | - | - | - | - | - | 2,500 |
| Miscellaneous Expenses | - | - | - | - | - | - | - | 1,503 |
| Total Functional Expenses Before Depreciation and Amortization Expense | 596,768 | 618,962 | 231,012 | 1,446,742 | 139,771 | 364,570 | 1,951,083 | 1,725,765 |
| Depreciation and Amortization Expense | 56,197 | - | 704 | 56,901 | - | - | 56,901 | 70,695 |
| Total Functional Expenses | \$ 652,965 | \$ 618,962 | \$ 231,716 | \$ 1,503,643 | \$ 139,771 | \$ 364,570 | \$ 2,007,984 | \$ 1,796,460 |

The Accompanying Notes are an Integral Part of these Financial Statements. . . Page 6

REACH BEYOND DOMESTIC VIOLENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>SHELTER</u> | <u>COMMUNITY BASED</u> | <u>PREVENTION</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>ADMINI- STRATIVE</u> | <u>FUND RAISING</u> | <u>TOTAL FUNCTIONAL EXPENSES</u> |
|---|-------------------|----------------------------|-------------------|---------------------------------------|-----------------------------|-------------------------|--|
| Salaries and Wages | \$ 337,440 | \$ 293,091 | \$ 123,113 | \$ 753,644 | \$ 61,245 | \$ 205,872 | \$ 1,020,761 |
| Payroll Taxes | 30,589 | 27,559 | 11,944 | 70,092 | 5,787 | 18,817 | 94,696 |
| Fringe Benefits | 9,944 | 23,430 | 13,767 | 47,141 | 7,336 | 15,549 | 70,026 |
| Staff/Volunteer Recruitment | 848 | 265 | 379 | 1,492 | - | - | 1,492 |
| Volunteer Services | 38,106 | 19,110 | - | 57,216 | - | 3,240 | 60,456 |
| Occupancy | 58,768 | 29,865 | 12,298 | 100,931 | 4,174 | 12,297 | 117,402 |
| Direct Client Assistance | 19,351 | 24,913 | - | 44,264 | - | - | 44,264 |
| Program Supplies and Activities | 20,305 | 3,690 | 3,131 | 27,126 | 1,207 | 2,160 | 30,493 |
| General Liability Insurance | 5,357 | 3,539 | 1,457 | 10,353 | 1,024 | 1,457 | 12,834 |
| Audit Fees | - | - | - | - | 18,115 | - | 18,115 |
| Other Professional Fees | 21,147 | 24,215 | 7,255 | 52,617 | 15,219 | 42,805 | 110,641 |
| Telephone Expense | 11,764 | 3,398 | 1,920 | 17,082 | 213 | 638 | 17,933 |
| Office Supplies and Expenses | 384 | 524 | 159 | 1,067 | 797 | 2,924 | 4,788 |
| Printing, Copying and Design | 4,934 | 54 | 90 | 5,078 | 4,420 | 16,580 | 26,078 |
| Directors and Officers Liability Insurance | - | - | - | - | 2,436 | - | 2,436 |
| Meeting and Conferences/Training | 2,891 | 1,143 | 4,635 | 8,669 | 857 | 3,428 | 12,954 |
| Postage and Delivery | 164 | 920 | 396 | 1,480 | 1,191 | 5,966 | 8,637 |
| Dues, Fees and Subscriptions | 1,472 | 1,637 | 771 | 3,880 | 2,161 | 1,175 | 7,216 |
| Staff Travel | 5,672 | 28,018 | 4,566 | 38,256 | 3,363 | 412 | 42,031 |
| Payroll Processing | - | - | - | - | 5,071 | - | 5,071 |
| Small Equipment and Maintenance | - | 1,879 | 774 | 2,653 | 258 | 773 | 3,684 |
| Marketing and Public Relations | - | - | - | - | 150 | 440 | 590 |
| Credit Card and Bank Fees | - | - | - | - | 1,220 | 7,702 | 8,922 |
| Interest Expense | - | - | - | - | 242 | - | 242 |
| Uncollectible Pledges | - | - | - | - | - | 2,500 | 2,500 |
| Miscellaneous Expenses | - | - | 75 | 75 | 3 | 1,425 | 1,503 |
| Total Functional Expenses Before Depreciation and Amortization Expense | 569,136 | 487,250 | 186,730 | 1,243,116 | 136,489 | 346,160 | 1,725,765 |
| Depreciation and Amortization Expense | 64,711 | - | 2,213 | 66,924 | 3,771 | - | 70,695 |
| Total Functional Expenses | \$ 633,847 | \$ 487,250 | \$ 188,943 | \$ 1,310,040 | \$ 140,260 | \$ 346,160 | \$ 1,796,460 |

The Accompanying Notes are an Integral Part of these Financial Statements. . . Page 7

REACH BEYOND DOMESTIC VIOLENCE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|--------------------------|--------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in Net Assets | \$ 79,128 | \$ 67,290 |
| <i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i> | | |
| Depreciation and Amortization Expense | 56,901 | 70,695 |
| <i>(Increase) Decrease in Current Assets:</i> | | |
| Accounts Receivable, Contracts | (74,207) | (39,389) |
| Grants, Contributions and Pledges Receivable | (13,872) | 82,383 |
| Prepaid Expenses | (37,980) | (1,564) |
| <i>Increase (Decrease) in Current Liabilities:</i> | | |
| Accounts Payable | (28,827) | 23,049 |
| Accrued Payroll and Related Costs | (490) | 9,461 |
| Net Adjustment | (98,475) | 144,635 |
| <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u> | <u>(19,347)</u> | <u>211,925</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Purchases of Property and Equipment | (6,264) | (14,255) |
| Net Cash Flows From Investing Activities | (6,264) | (14,255) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | |
| Principal Reduction on Long-Term Debt | (13,216) | (11,599) |
| Net Cash Flows From Financing Activities | (13,216) | (11,599) |
| <u>NET INCREASE (DECREASE) IN CASH</u> | <u>(38,827)</u> | <u>186,071</u> |
| <u>CASH BALANCES - BEGINNING OF YEAR</u> | <u>283,808</u> | <u>97,737</u> |
| <u>CASH BALANCES - END OF YEAR</u> | <u>\$ 244,981</u> | <u>\$ 283,808</u> |
| <i>Supplemental Disclosures:</i> | | |
| Interest and Finance Charges Paid | \$ 24,526 | \$ 25,397 |

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 1 ORGANIZATION

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

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

NOTE 2 PROGRAM SERVICES

REACH Beyond Domestic Violence, Inc. 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, educates the community as to the seriousness and extent of domestic violence and works in partnership with others to prevent domestic and dating violence.

Intervention:

Residential Program - The Residential Program offers residents a safe haven for short-term stays in an eight bedroom home in a confidential location. Guests 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 survivors can feel a level of safety, begin the process of physical and emotional healing, and work towards individual goals. REACH might also arrange for a very short-term “safe home” in a different confidential location to assist REACH Community Program participants seeking safety.

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, survivors receive support concerning both physical and emotional abuse, education, advocacy, and resource information. This empowerment is vital to providing an opportunity for survivors 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 and 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

JUNE 30, 2016 AND 2015

(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) - 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. Working with school health departments and school nurses, REACH provides training to faculty and staff on the characteristics, effects and prevalence of dating violence.

Community Education - REACH Prevention Programs are 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.

REACH seeks to engage community members in efforts to promote awareness of and end 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 began using an organizing model in Waltham to engage the community in sexual and domestic violence prevention. Today, our Community Engagement Specialist is working in Waltham and surrounding communities to build community capacity for domestic and sexual violence prevention and intervention.

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.

A REACH advocate provides one-on-one advocacy and ongoing supportive services to survivors who have been contacted through or referred by a local police department, hospital, social service agency, or other organization. The advocacy project involves both short-term and longer-term programming: short-term for survivors who are looking for resource information and initial safety planning, and long-term advocacy to talk with an advocate about the issues of abuse, how to talk with children, etc. Each program is designed to provide support and resources to survivors specific to their situations and needs. REACH now offers much-needed individual advocacy and support in both English and Spanish.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 2 *(Continued)*

Legal Advocacy - REACH offers legal advocacy programs in the Waltham and Woburn District Courts to assist victims with restraining orders, a “lawyer for a day” program to provide victims consultation with an attorney on civil matters, accompaniment to court appointments, and assistance with completing legal paperwork. This advocacy program is an important aid to victims facing a legal system that can be intimidating, especially to someone who may never have participated in the court process before and has no financial resources to hire an attorney. Justice does not solely reside in the hands of the courts. Information and support for survivors are needed before this stage of the process. REACH participates in victim advocacy programs with the Waltham, Brookline, Arlington, Belmont 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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of REACH Beyond Domestic Violence, Inc. is presented to assist the reader in understanding the Organization’s financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management’s opinion, resulted in reliable and consistent financial reporting by the Organization.

Basis of Accounting:

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

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 3 *(Continued)*

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. 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.

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, a provision for uncollectible accounts will be established. REACH reported no losses from bad debts for the years presented.

Grants, Contributions and Pledges Receivable:

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

Promises to give with expected payment dates that extend beyond one year are discounted to their present value when considered material. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants, contributions and pledges. If amounts owed become uncollectible, an allowance for uncollectible grants, contributions and pledges will be established when that determination is made. For the year ended June 30, 2015, *Uncollectible Pledges* charged to activities was \$2,500 and there were no pledges deemed uncollectible for the year ended June 30, 2016.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 3 *(Continued)*

Property and Equipment:

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

Intangible Assets:

The Organization has deferred costs incurred of \$16,875 associated with the development and upgrade of its website and blog, which is reported as *Intangible Asset* on the Statements of Financial Position, net of accumulated amortization of \$16,171 as of June 30, 2015 and was fully amortized as of June 30, 2016. Website and blog development was subject to amortization over a 36-month period. *Amortization Expense* amounted to \$704 and \$2,213 for the years ended June 30, 2016 and 2015, 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.

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.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 3 *(Continued)*

Donated Goods and Services:

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

Functional Expenses:

As required by the *FASB Accounting Standards Codification*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, distribution of materials and other similar projects related to the procurement of funds for REACH's programs. Fund raising expenses reported in the Statement of Functional Expenses also include indirect costs of fund raising events, while direct event costs are netted against the event proceeds. For the years ended June 30, 2016 and 2015, total fund raising expenses, including both direct and indirect event costs, amounted to \$459,661 and \$425,720, respectively.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of June 30, 2016 and 2015:

| <u>Description</u> | <u>Est.</u> <u>Life</u> | <u>Cost</u> | <u>Accumulated</u> <u>Depreciation</u> | <u>Net Book Value</u> <u>2016</u> |
|--------------------------------|----------------------------|--------------------|---|--------------------------------------|
| <i>Shelter:</i> | | | | |
| Land | - | \$ 215,450 | \$ - | \$ 215,450 |
| Buildings and Renovations | 40 | 2,168,787 | 328,799 | 1,839,988 |
| Furnishings and Fixtures | 5 | 50,192 | 46,158 | 4,034 |
| <i>General:</i> | | | | |
| Office Equipment and Furniture | 5-10 | <u>19,956</u> | <u>19,956</u> | - |
| Total | | <u>\$2,454,385</u> | <u>\$394,913</u> | <u>\$2,059,472</u> |

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 4 (Continued)

| <u>Description</u> | <u>Est. Life</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value 2015</u> |
|--------------------------------|----------------------|--------------------|-------------------------------------|--------------------------------|
| <i>Shelter:</i> | | | | |
| Land | - | \$ 215,450 | \$ - | \$ 215,450 |
| Buildings and Renovations | 40 | 2,162,524 | 273,181 | 1,889,343 |
| Furnishings and Fixtures | 5 | 50,192 | 45,580 | 4,612 |
| <i>General:</i> | | | | |
| Office Equipment and Furniture | 5-10 | <u>19,956</u> | <u>19,956</u> | - |
| Total | | <u>\$2,448,122</u> | <u>\$338,717</u> | <u>\$2,109,405</u> |

Depreciation Expense was \$56,197 and \$68,482 for the years ended June 30, 2016 and 2015, respectively.

NOTE 5 DEBT

Rockland Trust Company:

On October 2, 2007, in connection with the purchase of a new shelter facility, the Organization secured a mortgage in the amount of \$556,000 from Rockland Trust Company (the "Bank"). On February 28, 2011, REACH signed a loan modification agreement with Rockland Trust Company. This agreement, while keeping the term at 30 years, changed the interest rate to an adjustable interest rate with an initial rate of 5% per annum (5% as of June 30, 2016 and 2015). The adjusted rate may be increased or decreased beginning February 28, 2016 up to the original fixed rate of 7%. As of June 30, 2016 and 2015, the outstanding balance was \$476,613 and \$489,829, 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, of \$100,000 as of June 30, 2016 and 2015, and is reported as *Restricted Cash* in the accompanying Statements of Financial Position.

As of June 30, 2016, the current principal portion of the mortgage note was \$13,221 and the principal maturities for the following five-year period are as follows:

| <u>Year Ending</u> | <u>Amount</u> |
|--------------------|------------------|
| June 30, 2018 | \$ 13,897 |
| June 30, 2019 | 14,608 |
| June 30, 2020 | 15,355 |
| June 30, 2021 | 16,141 |
| June 30, 2022 | 16,637 |
| Thereafter | <u>386,754</u> |
| Total | <u>\$463,392</u> |

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 5 *(Continued)*

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

Housing Innovations Fund (“HIF”) - On June 30, 2009, REACH received a permanent mortgage in the amount of \$800,000 under the Housing Innovations Fund program, as funded by the Massachusetts Department of Housing and Community Development and administered by the Community Economic Development Assistance Corporation (“CEDAC”). The terms of the note stipulate a 30-year term with a maturity date of June 30, 2039. CEDAC has the option to extend the note for additional 10-year terms, provided that the project remains in compliance with the affordable housing regulations. The note is non-interest bearing and does not require periodic payments. However, within 45 days after the end of each fiscal year, REACH shall pay CEDAC the amount by which Gross Cash Receipts, for the fiscal year, exceed 105% of the Gross Cash Expenditures, as defined in the debt instrument. The property is not used for revenue generating activities and program participants do not pay rent; therefore, there is no excess cash flow and none is expected in the future. As of June 30, 2016 and 2015, the outstanding balance amounted to \$800,000.

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

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

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

City of Waltham:

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

The mortgages held by DHCD and the City of Waltham have been reported as *Deferred Forgivable Debt* in the accompanying Statements of Financial Position. These obligations have deferred payment of interest and principal unless and until certain trigger events occur.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 6 DESIGNATIONS AND RESTRICTIONS OF NET ASSETS

Board Designated:

As of June 30, 2016 and 2015, board designated net assets reflects unrestricted resources designated by the Board of Directors for the following purposes:

| <u>Nature and Type of Designation</u> | <u>2016</u> | <u>2015</u> |
|---------------------------------------|------------------|------------------|
| Board Designated Independence Fund | \$ 99,092 | \$ 99,092 |
| Board Designated Building Reserve | <u>85,000</u> | <u>85,000</u> |
| Total | <u>\$184,092</u> | <u>\$184,092</u> |

Temporarily Restricted:

As of June 30, 2016 and 2015, temporarily restricted net assets reflects donations restricted for the following donor-specified purposes:

| <u>Nature and Type of Restriction</u> | <u>2016</u> | <u>2015</u> |
|---------------------------------------|------------------|------------------|
| Shelter and Safe Home | \$105,312 | \$122,200 |
| Child and Adolescent Therapy | 26,550 | 13,000 |
| Community Based | 21,891 | 24,251 |
| Education and Prevention | 21,000 | 21,800 |
| Office Relocation | 184,016 | - |
| Strategic Planning | <u>-</u> | <u>15,234</u> |
| Total | <u>\$358,769</u> | <u>\$196,485</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>2016</u> | <u>2015</u> |
|---------------------------------------|------------------|------------------|
| Shelter and Safe Home | \$166,906 | \$141,388 |
| Child and Adolescent Therapy | 4,051 | 21,650 |
| Community Based | 46,729 | 99,213 |
| Education and Prevention | 60,986 | 73,177 |
| Independence Fund – Donor Restricted | - | 3,448 |
| Strategic Planning | <u>15,234</u> | <u>2,245</u> |
| Total | <u>\$293,906</u> | <u>\$341,121</u> |

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(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. During the years ended June 30, 2016 and 2015, revenues from all DCF contracts amounted to \$734,720 and \$604,194, respectively, which represents approximately 42% and 33% of total support and revenues for those years. As of June 30, 2016 and 2015, the Organization was owed \$120,151 and \$71,150, respectively, on its DCF contracts, which is included in *Accounts Receivable, Contracts* in the Statements of Financial Position. These amounts represent approximately 70% and 72% of *Accounts Receivable, Contracts* as of June 30, 2016 and 2015, respectively.

U.S. Department of Justice (“DOJ”):

During the year ended June 30, 2015, REACH Beyond Domestic Violence, Inc. was awarded a grant from the U.S. Department of Justice Office on Violence Against Women (the “Elder Grant”). The total award under the grant agreement is \$375,431 for the period October 1, 2014 through September 30, 2017 and is administered on a cost-reimbursement basis. Total revenue attributable to this grant for the years ended June 30, 2016 and 2015 was \$88,290 and \$36,098, respectively. Amounts owed to the Organization as of June 30, 2016 and 2015 amounted to \$16,806 and \$24,198, which represents 10% and 25% of *Accounts Receivable, Contracts*, respectively.

Massachusetts Office for Victim Assistance (“VOCA”):

During the year ended June 30, 2016, REACH was awarded a grant from the Massachusetts Office for Victim Assistance. The total award under the grant agreement for FY 2016 was \$104,975. The grant is administered on a cost-reimbursement basis and renews annually. The VOCA grant funded personnel costs and other direct program costs under the essential services for domestic violence program.

Cities and Towns:

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

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 8 FUND RAISING ACTIVITIES

REACH hosts an annual artist and celebrity plate auction, *Reach for the Stars*, which is a major fund raising event and is summarized below. 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. Sponsorships and general donations from this event was reflected as *Private Gifts, Grants and Contributions* in the accompanying Statement of Activities in the year of sponsorship commitment (\$287,903 and \$245,296 in FY 2016 and FY 2015, respectively), while gross proceeds shown below consist of ticket sales and auction revenue.

“Reach for the Stars”

| | <u>2016</u> | <u>2015</u> |
|-------------------|------------------|------------------|
| Gross Proceeds | \$145,875 | \$131,400 |
| Direct Costs * | <u>(95,091)</u> | <u>(79,560)</u> |
| Net Event Revenue | <u>\$ 50,784</u> | <u>\$ 51,840</u> |

* Includes donated goods and services (See Note 9)

NOTE 9 DONATED GOODS AND SERVICES

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

| <u>Description</u> | <u>2016</u> | <u>2015</u> |
|--|-----------------|-----------------|
| Volunteer Services | \$65,575 | \$60,456 |
| Meeting, Conference and Training Facility | 9,199 | 3,323 |
| <i>Reach for the Stars</i> Event Donations | 8,970 | 13,726 |
| Architectural Consulting | - | <u>12,000</u> |
| Total | <u>\$83,744</u> | <u>\$89,505</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.

The costs associated with these facilities are 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).

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 10 (Continued)

The *Occupancy* category includes the following costs:

| | <u>2016</u> | <u>2015</u> |
|-------------------------|------------------|------------------|
| <i>Shelter:</i> | | |
| Mortgage Interest | \$ 23,517 | \$ 25,155 |
| Utilities | 21,493 | 22,546 |
| Repairs and Maintenance | <u>12,190</u> | <u>11,068</u> |
| Total Shelter | <u>\$ 57,200</u> | <u>\$ 58,769</u> |
| <i>Outreach Office:</i> | | |
| Rent | \$ 50,400 | \$ 50,400 |
| Utilities | 6,692 | 7,996 |
| Repairs and Maintenance | <u>703</u> | <u>237</u> |
| Total Outreach Office | <u>\$ 57,795</u> | <u>\$ 58,633</u> |
| Total Occupancy Expense | <u>\$114,995</u> | <u>\$117,402</u> |

NOTE 11 EMPLOYEE RETIREMENT PLAN

REACH maintains a Savings Incentive Match Plan (SIMPLE-IRA). Under the plan, any employee who earned \$5,000 or more in the previous year may participate in a tax-deferred salary reduction retirement plan to which they may contribute up to \$11,500 in 2015 and \$12,500 in 2016, excluding “catch-up” provisions, to their retirement account, and the Organization is required to match any contribution up to 1% of each participant’s salary (subject to statutory limitations on eligible earnings). For the years ended June 30, 2016 and 2015, total employer contributions to the plan amounted to \$19,761 and \$16,333, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

The Board is proactive about fund raising and Board members routinely make contributions in the form of event sponsorships and annual contributions. As of June 30, 2016 and 2015, *Grants, Contributions and Pledges Receivable* in the amount of \$24,500 and \$17,500, respectively, are attributable to Board members.

NOTE 13 CONCENTRATION OF CREDIT RISK

REACH is subject to concentrations in credit risk relating primarily to cash. The Organization's cash is held in major financial institutions. The Organization occasionally has funds in excess of FDIC limits; however, the Organization has not experienced any losses on such accounts and management considers credit risk on cash to be low.

NOTE 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. Management concludes that REACH is in compliance with OSD requirements.

REACH BEYOND DOMESTIC VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Continued)

NOTE 15 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through November 14, 2016, the date which the financial statements were available for issue, and has noted no events which met the criteria.