

Women's Center of Greater Danbury, Inc.

Financial Statements with Independent Auditor's Report

Year Ended June 30, 2018

Women's Center of Greater Danbury, Inc.

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Independent Auditor's Report

To The Board of Directors
Women's Center of Greater Danbury, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Women's Center of Greater Danbury, Inc. (a Connecticut not-for-profit corporation), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities, 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.

Auditor's 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, and the Connecticut State Single Audit Act (C.G.S. Sections 4-230 and 4-236). 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 the internal control relevant to the entity'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 entity'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 Women's Center of Greater Danbury, Inc. as of June 30, 2018, 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.

Other Matters

We have previously audited the Women's Center of Greater Danbury, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2017. In our opinion, the summarized comparative information presented herein and as of for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards and the Connecticut State Single Audit Act

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018 on our consideration of the Women's Center of Greater Danbury, 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. In accordance with the Connecticut State Single Audit Act, we have also issued our report dated September 20, 2018 on the compliance and internal control applicable to its major program.

Nanavaty, Nanavaty & Davenport, LLP

September 20, 2018

Statement of Financial Position

As of June 30, 2018
(With comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,968,518	\$ 1,116,450
Investments	108,832	149,259
Grants receivable	117,322	44,546
Prepaid expenses and other	23,241	10,201
Total Current Assets	<u>2,217,913</u>	<u>1,320,457</u>
Property and Equipment, net	1,086,605	1,098,650
Other Assets		
Deferred financing charges, net	12,561	13,459
Total Assets	<u>\$ 3,317,079</u>	<u>\$ 2,432,565</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 44,446	\$ 15,295
Accrued payroll and related taxes	73,603	28,889
Current portion of long-term debt	18,475	15,180
Security deposits held	3,525	8,125
Deferred revenue	5,300	4,211
Total Current Liabilities	<u>145,349</u>	<u>71,700</u>
Long-Term Liabilities		
Mortgage payable	<u>341,350</u>	<u>359,820</u>
Total Liabilities	<u>486,699</u>	<u>431,520</u>
Net Assets		
Unrestricted	<u>2,830,380</u>	<u>2,001,045</u>
Total Net Assets	<u>2,830,380</u>	<u>2,001,045</u>
Total Liabilities and Net Assets	<u>\$ 3,317,079</u>	<u>\$ 2,432,565</u>

The accompanying notes are an integral part of these financial statements.

Statement of Activities

For the Year Ended June 30, 2018
(With comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Operating Support and Revenue:		
Government grants	\$ 1,075,862	\$ 1,021,012
Contributions	962,891	947,698
Fundraising activities	654,804	560,075
Foundations and organizations	222,860	193,180
Program service fees	400	900
Membership	-	8,378
Investment income and other	25,247	55,395
Total Support and Revenue	<u>2,942,064</u>	<u>2,786,638</u>
Operating Expenses:		
Program services	1,600,139	1,587,792
Management and general	208,939	217,827
Fundraising	312,355	350,836
Total Operating Expenses	<u>2,121,433</u>	<u>2,156,455</u>
Excess of Operating Revenue Over Expenses	820,631	630,183
Non-Operating Income and Expenses:		
Rental income	47,280	47,330
Tenant expenses	(38,576)	(44,843)
Net Non-Operating Income	<u>8,704</u>	<u>2,487</u>
Change in Net Assets	829,335	632,670
Net Assets - beginning	2,001,045	1,368,375
Net Assets - ending	<u>\$ 2,830,380</u>	<u>\$ 2,001,045</u>

The accompanying notes are an integral part of these financial statements.

Women's Center of Greater Danbury, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2018
(With comparative totals for 2017)

Account	2018					2017
	Program Expenses	Management & General	Tenant Expenses	Fund Raising	Total Expenses	Total Expenses
Salaries	\$ 1,077,995	\$ 146,218	\$ 9,766	\$ 146,395	\$ 1,380,374	\$ 1,349,320
Payroll taxes	87,275	12,110	-	11,921	111,305	121,247
Employee benefits	94,472	13,685	-	12,209	120,366	136,254
Travel & parking	11,235	330	900	440	12,906	11,616
Office maintenance	17,693	2,527	-	2,282	22,502	15,886
Professional fees	56,577	8,157	-	44,700	109,433	134,353
Insurance	62,135	6,815	4,223	5,912	79,085	68,770
Office supplies	9,848	1,614	200	2,147	13,808	14,663
Postage	3,613	521	-	464	4,598	5,447
Printing	5,687	723	-	1,972	8,382	10,176
Telephone	8,368	680	-	601	9,648	17,189
Equipment expense	6,383	851	-	759	7,993	14,181
Program costs	20,176	-	-	-	20,176	744
Program supplies	603	-	-	-	603	567
Client assistance	1,052	-	-	-	1,052	13,473
Newsletter	-	-	-	-	-	110
Dues and publications	5,551	655	-	612	6,817	6,749
Membership	-	-	-	6,439	6,439	-
Staff training and education	3,884	554	-	512	4,950	-
Shelter overhead	33,411	-	-	-	33,411	30,461
Depreciation and amortization	33,130	4,794	10,591	4,271	52,787	69,887
Auto expense	864	-	-	-	864	1,269
Advertising	-	-	-	-	-	180
Miscellaneous	1,729	247	-	223	2,200	14,158
Fundraising	-	-	-	62,949	62,949	76,468
Utilities	34,102	4,934	2,556	4,408	46,000	43,916
Real estate taxes	5,876	850	2,495	758	9,978	9,893
Interest expense	10,385	1,503	4,409	1,339	17,635	12,143
Building maintenance	8,095	1,171	3,437	1,044	13,747	22,178
	<u>\$ 1,600,139</u>	<u>\$ 208,939</u>	<u>\$ 38,576</u>	<u>\$ 312,355</u>	<u>\$ 2,160,009</u>	<u>\$ 2,201,298</u>

The accompanying notes are an integral part of these financial statements.

Schedule of Program Expenses

For the Year Ended June 30, 2018
(With comparative total for 2017)

Account	2018			Total Program Services	2017 Total Program Services
	Domestic Violence Services	Sexual Assault Services	Resource Services		
Salaries	\$ 601,060	\$ 422,311	\$ 54,624	\$ 1,077,995	\$ 1,066,500
Payroll taxes	48,772	34,136	4,367	87,275	96,188
Employee benefits	52,788	36,883	4,801	94,472	108,273
Travel & parking	5,693	5,465	78	11,235	8,169
Office maintenance	9,831	6,971	891	17,693	12,511
Professional fees	31,421	22,308	2,848	56,577	54,311
Insurance	34,505	24,506	3,125	62,135	55,124
Office supplies	5,569	3,791	488	9,848	10,402
Postage	2,052	1,378	183	3,613	3,310
Printing	3,065	2,367	255	5,687	6,956
Telephone	4,876	3,252	240	8,368	15,392
Equipment expense	3,781	2,304	298	6,383	11,285
Program costs	18,322	1,620	233	20,176	744
Program supplies	603	-	-	603	567
Client assistance	1,052	-	-	1,052	13,473
Dues and publications	3,651	1,677	223	5,551	4,979
Staff training and education	2,143	1,550	190	3,884	-
Shelter overhead	33,411	-	-	33,411	30,461
Depreciation and amortization	18,472	12,979	1,679	33,130	38,881
Auto expense	864	-	-	864	1,269
Advertising	-	-	-	-	180
Miscellaneous	958	685	86	1,729	10,774
Real estate taxes	3,276	2,302	298	5,876	-
Utilities	19,067	13,300	1,735	34,102	31,299
Interest expense	5,790	4,068	526	10,385	6,744
Building maintenance	4,514	3,171	410	8,095	-
	<u>\$ 915,538</u>	<u>\$ 607,024</u>	<u>\$ 77,577</u>	<u>\$ 1,600,139</u>	<u>\$ 1,587,792</u>

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the Year Ended June 30, 2018
(With comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 829,335	\$ 632,670
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	52,787	69,887
Net realized and unrealized gain on investments	(6,413)	(56,844)
Change in grants receivable	(72,776)	17,147
Change in prepaid expenses	(13,040)	6,296
Change in accounts payable	29,151	12,967
Change in accrued payroll and related taxes	44,714	(25,413)
Change in security deposits held	(4,600)	-
Change in deferred revenue	1,089	(2,939)
Net cash provided by operating activities	<u>860,247</u>	<u>653,771</u>
Cash Flows From Investing Activities		
Sale of investments	46,840	-
Acquisition of equipment	-	(10,719)
Design and other costs - new shelter	(39,844)	-
Net cash used in investing activities	<u>6,996</u>	<u>(10,719)</u>
Cash Flows From Financing Activities		
Net (payments) advances under credit line with financial institution	-	(3,000)
Advance on mortgage	-	375,000
Financing charges paid on new mortgage	-	(13,459)
Principal payments on mortgage	(15,175)	(182,586)
Net cash provided by (used in) financing activities	<u>(15,175)</u>	<u>175,955</u>
Net Increase in Cash	852,068	819,007
Cash at the beginning of the year	<u>1,116,450</u>	<u>297,443</u>
Cash at the end of the year	<u>\$ 1,968,518</u>	<u>\$ 1,116,450</u>
Supplemental Disclosures:		
Cash paid for interest	\$ 17,635	\$ 12,143

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

NOTE A - NATURE OF ORGANIZATION

The Women's Center of Greater Danbury, Inc. (the "Women's Center") is an agency that exists to provide free and confidential services to prevent or lessen the trauma associated with domestic violence, sexual assault and other major life transitions. The Women's Center operates three basic programs: resource services, domestic violence services and sexual assault services.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

The organization's financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

As a not-for-profit corporation, the organization's net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of the organization.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

The organization has received contributions (non-reciprocal transfers) from donors that are subject to donor-imposed restrictions. Accordingly, these net assets are reported as temporarily restricted net assets. All remaining net assets are reported as unrestricted net assets.

Notes to the Financial Statements (continued)

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (continued)

2. *Functional Expenses*

The Women's Center allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Expenses that are common to several functions have been allocated based on management's estimate of the actual activities of the organization.

3. *Cash and Cash Equivalents*

The Women's Center maintains its cash balance at three financial institutions. Cash and cash equivalents are deposits with a maturity of three months or less. At various times during the year the balances on deposit may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Women's Center has not experienced any losses on such deposits and believes that it is not exposed to any significant credit risk on these balances because of the credit worthiness of the financial institutions.

4. *Investments*

The Women's Center carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position.

Securities transactions are recorded on a trade date basis. Interest is recorded as earned and dividends are recorded as of the ex-dividend date. Investment income reported in the Statement of Activities includes interest, dividends and realized and unrealized appreciation and depreciation, and is reduced by investment management and transaction fees.

5. *Grants and Contracts*

Grants and contracts are generally considered exchange transactions in which the grantor or contractor requires the performance of specified activities. Revenue is recognized to the extent of grant expenditures or the extent of performance achieved. The unexpended portion of grant income restricted for a specific use or for use in a future period is reported as deferred revenue.

Notes to the Financial Statements (continued)

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (continued)

6. *Donated Equipment and Services*

Donated equipment is reflected as contributions in the accompanying statements at its estimated value at the date of receipt. The contribution of services is recognized if the services received create or enhance non-financial assets and require specialized skills. A substantial number of volunteers donated approximately 23,000 hours last year to the organization's fund raising and program activities; however, these donated services do not meet the criteria for recognition of contributed services and are not reflected in the financial statements.

7. *Income Taxes*

The Women's Center is an organization exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described under Section 501(c)(3). Management is not aware of any course of action or series of events that have occurred that might adversely affect the organization's exempt status. Accounting principles generally accepted in the United States of America (GAAP) require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Women's Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to 2014.

8. *Subsequent Events*

Management has evaluated transactions and events that occurred through September 20, 2018, the date these financial statements were available to be issued, for recognition and/or disclosure in these financial statements.

Notes to the Financial Statements (continued)

NOTE C - INVESTMENTS

Investments consist of cash and marketable securities and are presented in the financial statements at fair value based on quoted prices in active markets (all Level 1 measurements). Market risk could occur and is dependent on the future changes in market prices of the various investments held. All the investments are included in unrestricted net assets. An analysis of the investments held as of June 30, 2018 is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds and equity securities	\$ 105,069	\$ 94,128
Money market funds	3,763	3,763
	<u>\$ 108,832</u>	<u>\$ 97,891</u>

Investment income related to the above investments consists of the following:

Dividends and interest	\$ 1,810
Investment fees	(1,066)
Net unrealized and realized gain, net	<u>6,413</u>
Net investment gain	<u>\$ 7,157</u>

An analysis of the investments held as of June 30, 2017 is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds and equity securities	\$ 147,022	\$ 141,410
Money market funds	2,237	2,237
	<u>\$ 149,259</u>	<u>\$ 143,647</u>

Investment income related to the above investments consists of the following:

Dividends and interest	\$ 1,784
Investment fees	(968)
Net unrealized and realized gain, net	<u>525</u>
Net investment gain	<u>\$ 1,341</u>

Notes to the Financial Statements (continued)

NOTE D - PROPERTY AND EQUIPMENT

The Women's Center follows the practice of capitalizing all expenditures in excess of \$500 for equipment and other fixed assets. The estimated fair market value of donated fixed assets is similarly capitalized. Contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Women's Center reports expirations of donor restrictions when the acquired assets are placed in service. The assets are reclassified to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives.

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Buildings, land & improvements	\$ 2,156,392	\$ 2,116,548
Equipment, furniture & van	159,027	159,027
Total property and equipment	2,315,419	2,275,575
Accumulated depreciation	(1,228,814)	(1,176,925)
Property and equipment, net	<u>\$ 1,086,605</u>	<u>\$ 1,098,650</u>

NOTE E - MORTGAGE PAYABLE

A summary of long-term debt is as follows:

	<u>2018</u>	<u>2017</u>
\$375,000 mortgage loan dated June 20, 2017 due in monthly installments of \$2,974.50; maturity July 2032; interest at 4.95%; all buildings and land owned by the organization has been pledged as collateral against the loan, in addition to assignment of leases.	359,825	375,000
	359,825	375,000
Less: current portion	(18,475)	(15,180)
	<u>\$ 341,350</u>	<u>\$ 359,820</u>

Women's Center of Greater Danbury, Inc.

Notes to the Financial Statements (continued)

NOTE E - MORTGAGES PAYABLE (continued)

A summary of principal payments due on all long-term debt for the following five years is as follows:

Year ending June 30, 2019	\$	18,475
2020	\$	19,411
2021	\$	20,394
2022	\$	21,426
2023	\$	22,511
Thereafter	\$	257,608

In addition to the above mortgage payable, the Women's Center has a line of credit with a local bank in the amount of \$200,000 bearing interest at the financial institutions base lending rate (5.00% at June 30, 2018). The line of credit had a \$-0- balance at June 30, 2018 and 2017, respectively. The line of credit is secured by a second mortgage and security agreement on certain real property of the Women's Center along with an absolute assignment of leases on which the Women's Center is the lessor.

NOTE F - NET ASSETS

Unrestricted net assets consist of the following balances at June 30:

	2018	2017
Designated for contingencies	\$ 17,390	\$ 17,390
Designated for endowments	100,000	100,000
Property and equipment, net of related debt	726,780	723,650
Balance available for operations	1,986,210	1,160,005
Total	\$ 2,830,380	\$ 2,001,045

The board of directors has designated part of the unrestricted net assets of the organization to be held in a reserve account for deferred maintenance contingencies and for debt reduction. In May 2007, the board of directors resolved to designate part of unrestricted net assets for an endowment fund created solely to support the charitable purposes of the Women's Center, intended to assist with non-recurring expenditures not regularly budgeted. The board further designated that distributions shall be made in accordance with the Women's Center Investment Policy established in April 2011, and amended July 2016, with distributions requiring approval of at least two-thirds of the board of directors.

Notes to the Financial Statements (continued)

NOTE G - GOVERNMENT GRANTS

Government grant income recognized for the current fiscal periods is as follows:

	<u>2018</u>	<u>2017</u>
City of Danbury	\$ 48,506	\$ 48,506
Area Towns	29,400	30,000
Department of Social Services	370,581	352,052
CT Alliance	359,537	321,183
C.C.A.D.V.	263,438	264,871
EFS National Program - FEMA	4,400	4,400
Total	<u>\$ 1,075,862</u>	<u>\$ 1,021,012</u>

NOTE H - FUND RAISING ACTIVITIES

During the 2018 fiscal year, the Women's Center conducted three major fund-raising events, a domestic violence safe walk, an annual gala, and a breakfast. The income and expenses are as follows:

	<u>Domestic Violence</u>	<u>Annual</u>	
	<u>Safe Walk</u>	<u>Gala</u>	<u>Breakfast</u>
Gross receipts	\$ 74,664	\$ 329,261	\$ 36,408
Direct expenses	7,869	44,016	2,446
Net income	<u>\$ 66,795</u>	<u>\$ 285,245</u>	<u>\$ 33,962</u>

The above amounts have been included in fundraising activities revenues and fundraising expenses in the Statement of Activities. The Women's Center also solicits contributions several times a year from a known donor list and other lists, in addition to several small non-recurring fundraising events.

During the 2017 fiscal year, the Women's Center conducted three major fund raising events, a domestic violence safe walk, an annual gala, and a breakfast. The income and expenses are as follows:

	<u>Domestic Violence</u>	<u>Annual</u>	
	<u>Safe Walk</u>	<u>Gala</u>	<u>Breakfast</u>
Gross receipts	\$ 83,789	\$ 251,561	\$ 32,770
Direct expenses	5,756	47,451	2,828
Net income	<u>\$ 78,033</u>	<u>\$ 204,110</u>	<u>\$ 29,942</u>

Notes to the Financial Statements (continued)

NOTE I - LEASES

Leasing Arrangement, as Lessee

The Women's Center leases a copier for use in its West Street office under an operating lease. The lease has a term of 60 months commencing in February 2015. Minimum payments under the lease are \$528.82 per month.

Leasing Arrangement, as Lessor

The Women's Center rents part of its building on West Street to several tenants under operating leases. Rental income receivable under the leases through the remaining term of June 30, 2019 is \$47,280.

NOTE J - RISKS AND UNCERTAINTIES

The Women's Center has received grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will not be material.

NOTE K - SUBSEQUENT EVENT

On September 5, 2018, the Women's Center received approval from the State of Connecticut Department of Mental Health and Addiction Services ("DMHAS") for a \$991,056 contract to receive bond funds to perform upgrades and improvements to its facility at 2 West Street in Danbury. Improvements include HVAC upgrades, replacement windows, masonry repairs, roof replacement and other related improvements. The bond with DMHAS is subject to all relevant local, state and federal regulations related to contracts of this type including compliance with the State of Connecticut Single Audit Act.