

Women's Center of Greater Danbury, Inc.

**Financial Statements with Independent Auditor's Report**

Year Ended June 30, 2017

Women's Center of Greater Danbury, Inc.

**Table of Contents**

	<u>Page</u>
Independent Auditor's Report .....	1
Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Schedule of Program Expenses.....	6
Statement of Cash Flows .....	7
Notes to the Financial Statements .....	8

## 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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2016. In our opinion, the summarized comparative information presented herein and as of for the year ended June 30, 2016 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 November 10, 2017 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 November 10, 2017 on the compliance and internal control applicable to its major program.

*Nanavaty, Nanavaty & Davenport, LLP*

November 10, 2017

**Statement of Financial Position**

As of June 30, 2017  
(With comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,116,450	\$ 297,443
Investments	149,259	92,415
Grants receivable	44,546	61,693
Prepaid expenses and other	10,201	16,497
Total Current Assets	<u>1,320,456</u>	<u>468,048</u>
Property and Equipment, net	1,098,650	1,155,511
Other Assets		
Deferred financing charges, net	13,459	2,307
Total Assets	<u>\$ 2,432,565</u>	<u>\$ 1,625,866</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 15,295	\$ 2,328
Accrued payroll and related taxes	28,889	54,302
Credit line with financial institution	-	3,000
Current portion of long-term debt	15,180	27,271
Security deposits held	8,125	8,125
Deferred revenue	4,211	7,150
Total Current Liabilities	<u>71,700</u>	<u>102,176</u>
Long-Term Liabilities		
Mortgage payable	359,820	155,315
Total Liabilities	<u>431,520</u>	<u>257,491</u>
Net Assets		
Unrestricted	2,001,045	1,368,375
Total Net Assets	<u>2,001,045</u>	<u>1,368,375</u>
Total Liabilities and Net Assets	<u>\$ 2,432,565</u>	<u>\$ 1,625,866</u>

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

**Statement of Activities**

For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
<b>Operating Support and Revenue:</b>		
Government grants	\$ 1,021,012	\$ 847,495
Contributions	947,698	262,160
Fundraising activities	560,075	570,615
United Way - Northern Fairfield County	-	18,515
United Way - Housatonic Valley	-	9,362
Foundations and organizations	193,180	206,150
Program service fees	900	1,251
Membership	8,378	21,781
Investment income and other	55,395	644
Total Support and Revenue	<u>2,786,638</u>	<u>1,937,973</u>
<b>Operating Expenses:</b>		
Program services	1,587,792	1,358,186
Management and general	217,827	206,838
Fundraising	350,836	312,005
Total Operating Expenses	<u>2,156,455</u>	<u>1,877,029</u>
Excess of Operating Revenue Over Expenses	630,183	60,944
<b>Non-Operating Income and Expenses:</b>		
Rental income	47,330	48,205
Tenant expenses	<u>(44,843)</u>	<u>(57,006)</u>
Net Non-Operating Income (Loss)	<u>2,487</u>	<u>(8,801)</u>
<b>Change in Net Assets</b>	632,670	52,143
<b>Net Assets - beginning</b>	<u>1,368,375</u>	<u>1,316,232</u>
<b>Net Assets - ending</b>	<u>\$ 2,001,045</u>	<u>\$ 1,368,375</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, 2017  
(With comparative totals for 2016)

Account	2017					2016
	Program Expenses	Management & General	Tenant Expenses	Fund Raising	Total Expenses	Total Expenses
Salaries	\$1,066,500	\$ 130,397	\$ 8,648	\$143,775	\$1,349,320	\$1,191,712
Payroll taxes	96,188	12,817	-	12,242	121,247	94,306
Employee benefits	108,273	13,740	-	14,241	136,254	117,556
Travel & parking	8,169	2,403	990	54	11,616	9,444
Office maintenance	12,511	1,859	-	1,516	15,886	22,618
Professional fees	54,311	6,916	-	73,126	134,353	124,810
Insurance	55,124	4,966	4,054	4,626	68,770	60,004
Office supplies	10,402	1,434	300	2,527	14,663	18,543
Postage	3,310	389	-	1,748	5,447	2,794
Printing	6,956	925	-	2,295	10,176	5,081
Telephone	15,392	935	-	862	17,189	20,463
Equipment expense	11,285	1,466	-	1,430	14,181	10,058
Program costs	744	-	-	-	744	746
Program supplies	567	-	-	-	567	2,810
Client assistance	13,473	-	-	-	13,473	7,401
Newsletter	-	110	-	-	110	-
Dues and publications	4,979	946	-	824	6,749	4,806
Staff training and education	-	-	-	-	-	3,732
Shelter overhead	30,461	-	-	-	30,461	24,684
Depreciation and amortization	38,881	8,901	13,221	8,884	69,887	69,615
Auto expense	1,269	-	-	-	1,269	1,597
Advertising	180	-	-	-	180	437
Miscellaneous	10,774	2,095	-	1,289	14,158	3,539
Fundraising	-	-	-	76,468	76,468	69,790
Utilities	31,299	4,030	4,535	4,052	43,916	40,754
Real estate taxes	-	6,925	2,968	-	9,893	8,872
Interest expense	6,744	879	3,643	877	12,143	10,002
Building maintenance	-	15,694	6,484	-	22,178	7,861
	<u>\$1,587,792</u>	<u>\$ 217,827</u>	<u>\$ 44,843</u>	<u>\$350,836</u>	<u>\$2,201,298</u>	<u>\$1,934,035</u>

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

**Schedule of Program Expenses**

For the Year Ended June 30, 2017  
(With comparative total for 2016)

Account	2017			Total Program Services	2016 Total Program Services
	Domestic Violence Services	Sexual Assault Services	Resource Services		
Salaries	\$ 680,414	\$ 321,672	\$ 64,414	\$ 1,066,500	\$ 935,885
Payroll taxes	61,451	28,663	6,074	96,188	73,218
Employee benefits	69,114	32,906	6,253	108,273	86,718
Travel & parking	4,565	3,506	98	8,169	6,063
Office maintenance	7,939	3,793	779	12,511	17,421
Professional fees	33,970	16,696	3,645	54,311	52,238
Insurance	34,902	16,995	3,227	55,124	48,646
Office supplies	6,544	3,241	617	10,402	4,668
Postage	2,130	1,002	178	3,310	643
Printing	4,004	2,708	244	6,956	2,771
Telephone	10,096	4,792	504	15,392	18,870
Equipment expense	7,169	3,419	697	11,285	6,245
Program costs	686	58	-	744	746
Program supplies	567	-	-	567	2,810
Client assistance	13,473	-	-	13,473	7,401
Dues and publications	3,282	1,516	181	4,979	2,899
Staff training and education	-	-	-	-	3,702
Shelter overhead	30,461	-	-	30,461	24,684
Depreciation and amortization	24,806	11,727	2,348	38,881	38,152
Auto expense	1,269	-	-	1,269	1,597
Advertising	72	72	36	180	437
Miscellaneous	7,487	2,844	443	10,774	71
Utilities	19,962	9,525	1,812	31,299	20,137
Interest expense	4,303	2,034	407	6,744	2,164
	<u>\$ 1,028,666</u>	<u>\$ 467,169</u>	<u>\$ 91,957</u>	<u>\$ 1,587,792</u>	<u>\$ 1,358,186</u>

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



**Statement of Cash Flows**

For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 632,670	\$ 52,143
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	69,887	69,615
Net realized and unrealized gain on investments	(56,844)	(87)
Change in grants receivable	17,147	(7,917)
Change in prepaid expenses	6,296	(2,515)
Change in accounts payable	12,967	72
Change in accrued payroll and related taxes	(25,413)	37,912
Change in security deposits held	-	(1,500)
Change in deferred revenue	(2,939)	4,650
Net cash provided by operating activities	<u>653,771</u>	<u>152,373</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of equipment	(10,719)	(45,236)
Net cash used in investing activities	<u>(10,719)</u>	<u>(45,236)</u>
<b>Cash Flows From Financing Activities</b>		
Net (payments) advances under credit line with financial institution	(3,000)	3,000
Advance on mortgage	375,000	-
Financing charges paid on new mortgage	(13,459)	-
Principal payments on mortgage	(182,586)	(23,804)
Net cash provided by (used in) financing activities	<u>175,955</u>	<u>(20,804)</u>
<b>Net Increase in Cash</b>	819,007	86,333
<b>Cash at the beginning of the year</b>	297,443	211,110
<b>Cash at the end of the year</b>	<u>\$ 1,116,450</u>	<u>\$ 297,443</u>
<b>Supplemental Disclosures:</b>		
Cash paid for interest	\$ 12,143	\$ 10,002

*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 2013.

8. *Subsequent Events*

Management has evaluated transactions and events that occurred through October 16, 2017, 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, 2017 is as follows:

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

An analysis of the investments held as of June 30, 2016 is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds and equity securities	\$ 87,059	\$ 89,366
Money market funds	<u>5,356</u>	<u>5,356</u>
	<u>\$ 92,415</u>	<u>\$ 94,722</u>

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

Dividends and interest	\$ 1,754
Investment fees	(904)
Net unrealized and realized loss, net	<u>(937)</u>
Net investment loss	<u>\$ (87)</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>2017</u>	<u>2016</u>
Buildings, land & improvements	\$ 2,116,548	\$ 2,116,548
Equipment, furniture & van	159,027	174,672
Total property and equipment	2,275,575	2,291,220
Accumulated depreciation	(1,176,925)	(1,135,709)
Property and equipment, net	<u>\$ 1,098,650</u>	<u>\$ 1,155,511</u>

**NOTE E - MORTGAGE PAYABLE**

A summary of long-term debt is as follows:

	<u>2017</u>	<u>2016</u>
\$426,000 mortgage loan dated May 7, 2002 due in monthly installments of \$2,979.31; maturity May 2022; interest at 5%; all buildings and land owned by the organization has been pledged as collateral against the loan.	\$ -	\$ 182,586
\$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.	375,000	-
	375,000	182,586
Less: current portion	(15,180)	(27,271)
	<u>\$ 359,820</u>	<u>\$ 155,315</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, 2018	\$	15,180
2019	\$	18,045
2020	\$	18,927
2021	\$	19,944
2022	\$	20,968
Thereafter	\$	281,936

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 (4.25% at June 30, 2017). The line of credit had a \$-0- and \$3,000 balance at June 30, 2017 and 2016, 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:

	<b>2017</b>	<b>2016</b>
Designated for contingencies	\$ 17,390	\$ 17,390
Designated for endowments	100,000	100,000
Property and equipment, net of related debt	723,650	972,925
Balance available for operations	1,160,005	278,060
Total	\$ 2,001,045	\$ 1,368,375

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>2017</u>	<u>2016</u>
City of Danbury	\$ 48,506	\$ 48,506
Area Towns	30,000	29,501
Department of Social Services	352,052	356,067
CT Alliance	321,183	247,117
C.C.A.D.V.	264,871	161,906
EFS National Program - FEMA	4,400	4,398
Total	<u>\$ 1,021,012</u>	<u>\$ 847,495</u>

**NOTE H - FUND RAISING ACTIVITIES**

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 Safe Walk</u>	<u>Annual Gala</u>	<u>2017 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>

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 2016 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 Safe Walk</u>	<u>Annual Gala</u>	<u>2016 Breakfast</u>
Gross receipts	\$ 71,067	\$ 212,215	\$ 31,602
Direct expenses	5,601	40,820	3,982
Net income	<u>\$ 65,466</u>	<u>\$ 171,395</u>	<u>\$ 27,620</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, 2018 and 2019 is \$47,280 and \$4,725, respectively.

**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.