

Women's Center of Greater Danbury, Inc.

Financial Statements with Independent Auditor's Report

Years Ended June 30, 2020 and 2019

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 nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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. 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Women's Center of Greater Danbury, Inc.'s internal control over financial reporting and compliance.

Nanavaty, Davenport, Studley & White, LLP

October 23, 2020

Statement of Financial Position

As of June 30, 2020
(With comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,689,409	\$ 2,302,830
Investments	117,092	113,956
Grants receivable	143,523	115,229
Prepaid expenses and other	19,642	21,547
Total Current Assets	<u>3,969,666</u>	<u>2,553,562</u>
Property and Equipment, net	1,968,300	1,231,721
Deferred financing charges, net	10,767	11,665
Total Assets	<u>\$ 5,948,733</u>	<u>\$ 3,796,948</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 60,981	\$ 44,859
Accrued payroll and related taxes	61,967	31,226
Payroll Protection Program loan payable	307,900	-
Current portion of long-term debt	19,944	18,940
Security deposits held	3,525	3,525
Deferred revenue	18,002	6,325
Total Current Liabilities	<u>472,319</u>	<u>104,875</u>
Long-Term Liabilities		
Mortgage payable	<u>302,928</u>	<u>322,848</u>
Total Liabilities	<u>775,247</u>	<u>427,723</u>
Net Assets		
Without donor restrictions	5,116,486	3,330,225
With donor restrictions	57,000	39,000
Total Net Assets	<u>5,173,486</u>	<u>3,369,225</u>
Total Liabilities and Net Assets	<u>\$ 5,948,733</u>	<u>\$ 3,796,948</u>

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

Statement of Activities

Year Ended June 30, 2020
(With comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions		
Support and Revenue:		
Government grants	\$ 1,930,652	\$ 1,287,967
Contributions	1,024,698	411,348
Fundraising activities	693,301	710,982
Foundations and organizations	343,993	208,075
Program service fees	7,303	6,577
Investment return, net, and other	21,985	19,279
Total Support and Revenue	<u>4,021,932</u>	<u>2,644,228</u>
Operating Expenses:		
Program services	1,727,763	1,613,901
Management and general	248,606	216,593
Fundraising	267,018	309,073
Total Operating Expenses	<u>2,243,387</u>	<u>2,139,568</u>
Excess of Operating Revenue Over Expenses	1,778,545	504,661
Non-Operating Income and Expenses:		
Rental income	46,706	47,280
Tenant expenses	(38,990)	(34,596)
Net Non-Operating Income	<u>7,716</u>	<u>12,684</u>
Changes in net assets without donor restrictions	<u>1,786,261</u>	<u>517,345</u>
Changes in Net Assets With Donor Restrictions		
Contributions	18,000	21,500
Change in net assets with donor restrictions	<u>18,000</u>	<u>21,500</u>
Changes in Net Assets	1,804,261	538,845
Net Assets - beginning	3,369,225	2,830,380
Net Assets - ending	<u>\$ 5,173,486</u>	<u>\$ 3,369,225</u>

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

Statement of Functional Expenses

Year Ended June 30, 2020
(With comparative totals for 2019)

Account	2020					2019
	Program Services	Management & General	Fund Raising	Tenant Expenses	Total Expenses	Total Expenses
Salaries	\$ 1,174,880	\$ 162,398	\$ 137,488	\$ 10,275	\$ 1,485,041	\$ 1,365,220
Payroll taxes	96,262	13,700	11,324	-	121,286	120,217
Employee benefits	73,065	10,740	8,549	-	92,354	108,036
Travel & parking	8,718	319	255	900	10,192	13,705
Office maintenance	13,914	2,023	1,614	-	17,551	30,080
Professional fees	85,896	30,254	7,049	-	123,199	98,642
Insurance	63,788	9,393	7,394	-	80,575	78,554
Office supplies	9,908	1,271	3,168	-	14,347	15,993
Postage	1,253	177	1,193	-	2,623	3,824
Printing	7,571	1,043	850	-	9,464	6,652
Telephone	11,889	1,454	1,149	-	14,492	12,834
Equipment expense	8,906	1,133	898	-	10,937	8,148
Program costs	2,413	-	-	-	2,413	516
Client assistance	14,450	-	-	-	14,450	4,389
Newsletter	-	-	-	-	-	275
Dues and publications	8,043	738	1,000	-	9,781	8,848
Membership	-	-	-	-	-	6,262
Staff training and education	7,802	-	-	-	7,802	3,528
Board committee expense	-	-	-	-	-	1,296
Shelter overhead	40,600	-	-	-	40,600	33,173
Depreciation and amortization	41,615	6,116	4,870	17,534	70,135	59,059
Auto expense	1,234	-	-	-	1,234	1,674
Miscellaneous	1,718	199	157	-	2,074	1,230
Fundraising	-	-	34,201	-	34,201	73,013
SUSO expenses	-	-	39,763	-	39,763	44,842
Real estate taxes	6,025	885	705	2,538	10,153	9,749
Utilities	31,013	4,294	3,425	665	39,397	39,519
Interest expense	11,524	1,694	1,349	4,855	19,422	18,431
Building maintenance	5,276	775	617	2,223	8,891	6,454
	<u>\$ 1,727,763</u>	<u>\$ 248,606</u>	<u>\$ 267,018</u>	<u>\$ 38,990</u>	<u>\$ 2,282,377</u>	<u>\$ 2,174,163</u>

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

Schedule of Program Services

Year Ended June 30, 2020
(With comparative totals for 2019)

Account	2020				2019
	Domestic Violence Services	Sexual Assault Services	Resource Services	Total Program Services	Total Program Services
Salaries	\$ 688,982	\$ 438,952	\$ 46,946	\$ 1,174,880	\$ 1,079,519
Payroll taxes	56,069	36,374	3,819	96,262	95,461
Employee benefits	42,799	27,347	2,919	73,065	85,440
Travel & parking	4,796	3,836	86	8,718	12,211
Office maintenance	8,160	5,209	545	13,914	23,741
Professional fees	35,814	47,690	2,392	85,896	80,531
Insurance	37,418	23,852	2,518	63,788	62,083
Office supplies	5,788	3,780	340	9,908	10,795
Postage	766	440	47	1,253	2,512
Printing	4,642	2,648	281	7,571	5,217
Telephone	6,783	4,714	392	11,889	10,517
Equipment expense	4,522	4,076	308	8,906	6,442
Program costs	1,200	1,150	63	2,413	516
Client assistance	14,450	-	-	14,450	4,389
Dues and publications	5,124	2,717	202	8,043	7,226
Staff training and education	3,055	4,527	220	7,802	3,528
Board committee expense	-	-	-	-	1,296
Shelter overhead	40,600	-	-	40,600	33,173
Depreciation and amortization	24,404	15,548	1,663	41,615	37,904
Auto expense	1,234	-	-	1,234	1,674
Miscellaneous	959	706	53	1,718	922
Real estate taxes	3,533	2,251	241	6,025	5,782
Utilities	17,968	11,940	1,105	31,013	28,263
Interest expense	6,758	4,305	461	11,524	10,931
Building maintenance	3,094	1,971	211	5,276	3,828
	<u>\$ 1,018,918</u>	<u>\$ 644,033</u>	<u>\$ 64,812</u>	<u>\$ 1,727,763</u>	<u>\$ 1,613,901</u>

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

Statement of Cash Flows

Year Ended June 30, 2020
(With comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 1,804,261	\$ 538,845
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	70,135	59,059
Net realized and unrealized gain on investments	(24)	(2,686)
Change in grants receivable	(28,294)	2,093
Change in prepaid expenses	1,905	1,694
Change in accounts payable	16,122	413
Change in accrued payroll and related taxes	30,741	(42,377)
Change in security deposits held	-	-
Change in deferred revenue	11,677	1,025
Net cash provided by operating activities	<u>1,906,523</u>	<u>558,066</u>
Cash Flows From Investing Activities		
Purchase of investments, net	(3,112)	(2,439)
Building improvements	(707,151)	(89,709)
Construction in progress and retainage	(88,424)	(106,082)
Acquisition of equipment	(10,241)	(7,487)
Net cash used in investing activities	<u>(808,928)</u>	<u>(205,717)</u>
Cash Flows From Financing Activities		
Advance under Payroll Protection Program loan	307,900	-
Principal payments on mortgage	(18,916)	(18,037)
Net cash provided by (used in) financing activities	<u>288,984</u>	<u>(18,037)</u>
Net Increase in Cash	1,386,579	334,312
Cash at the beginning of the year	<u>2,302,830</u>	<u>1,968,518</u>
Cash at the end of the year	<u>\$ 3,689,409</u>	<u>\$ 2,302,830</u>
Supplemental Disclosures:		
Cash paid for interest	\$ 19,422	\$ 18,431

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

Notes to the Financial Statements

NOTE 1 - 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 2 - SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting and Presentation*

The Women's Center prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Women's Center are reported in the following net asset category:

Net Assets Without Donor Restrictions - Net assets without restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors. Undesignated net assets represent the portion of expendable funds that is available for support of operations. Designated net assets represent reserves or special designations established by the Board of Directors. See NOTE 8 for net assets without donor restrictions that have been designated by the Board of Directors for specific uses.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent contributions that are restricted as to purpose or time of expenditure. They can be temporary in nature that either expire with the passage of time or can be fulfilled by the actions of the Women's Center pursuant to those stipulations. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Women's Center to expend the income and market appreciation earned. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. However, when restrictions on donor-restricted contributions are met in the same accounting period, such amounts are reported as part of net assets without donor restriction.

2. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. Significant estimates include those used in determining the fair value of investments.

Notes to the Financial Statements (continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Cost Allocation

The Women's Center allocates its costs 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's employees using timesheets by cost center as its allocation basis.

4. 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 creditworthiness of the financial institutions.

5. 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.

6. Revenue Recognition

The Women's Center has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605), as management believes the standard improves the usefulness and understandability of its financial statements. Analysis of various provisions of this standard resulted in no significant changes in the way the organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Notes to the Financial Statements (continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest; is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend have been met. Contributions receivable that are expected to be collected in more than one year are discounted to their present value.

The Women's Center reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets released from restrictions.

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.

Rental income is recognized in the month that it is earned. Any rent received in advance of the month that it is earned is considered deferred revenue. The organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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. Donated equipment is reflected as contributions in the accompanying statements at its estimated value at the date of receipt.

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 2016.

Notes to the Financial Statements (continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

9. Subsequent Events

Management has evaluated transactions and events that occurred through October 23, 2020, the date these financial statements were available to be issued, for recognition and/or disclosure in these financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Women's Center financial assets at June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual, board-designations, or donor-imposed restrictions within one-year of the balance sheet date.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,689,409	\$ 2,302,830
Investments	117,092	113,956
Grants receivable	143,523	115,229
	<u>3,950,024</u>	<u>2,532,015</u>
Less net assets related to above that are:		
- Board-designated	(117,390)	(117,390)
- net assets with donor restrictions	(57,000)	(39,000)
	<u>(174,390)</u>	<u>(156,390)</u>
Total financial assets available to management for general expenditure within one-year	<u>\$ 3,775,634</u>	<u>\$ 2,375,625</u>

Liquidity Management

The Women's Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the organization anticipates sufficient revenue to cover general expenditures. The Women's Center also has a line of credit with a local bank in the amount of \$200,000.

Notes to the Financial Statements (continued)

NOTE 4 - SIGNIFICANT CONCENTRATIONS OF CREDIT AND MARKET RISK

The Women's Center maintains several bank accounts at various local financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, during the year and at year-end, the balance in these accounts have exceeded the federally insured limit. The Women's Center has never experienced any losses on such accounts.

Credit risk for grants receivable is concentrated because substantially all of the balances are from state and federal governmental agencies.

Investments consist generally of investments in mutual funds and marketable securities. The value of these investments is subject to fluctuations due to general market conditions and interest rates.

NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position or in the near term, which the organization has determined to be within 90 days.

Notes to the Financial Statements (continued)

NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the organization.

The organization considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the organization’s perceived risk of that instrument.

The organization’s policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

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, 2020 is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds and equity securities	\$ 108,866	\$ 95,216
Money market funds	8,226	8,226
	<u>\$ 117,092</u>	<u>\$ 103,442</u>

Notes to the Financial Statements (continued)

NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

An analysis of the investments held as of June 30, 2019 is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds and equity securities	\$ 107,755	\$ 94,129
Money market funds	6,201	6,201
	<u>\$ 113,956</u>	<u>\$ 100,330</u>

NOTE 6 - 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>2020</u>	<u>2019</u>
Building, land and improvements	\$ 2,925,896	\$ 2,218,745
Equipment, furniture and auto	176,755	166,514
Construction in progress	221,862	133,438
Total property and equipment	<u>3,324,513</u>	<u>2,518,697</u>
Accumulated depreciation	<u>(1,356,213)</u>	<u>(1,286,976)</u>
Property and equipment, net	<u>\$ 1,968,300</u>	<u>\$ 1,231,721</u>

Notes to the Financial Statements (continued)

NOTE 7 - MORTGAGE PAYABLE AND LINE OF CREDIT

A summary of long-term debt is as follows:

	<u>2020</u>	<u>2019</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.	322,872	341,788
	<u>322,872</u>	<u>341,788</u>
Less: current portion	<u>(19,944)</u>	<u>(18,940)</u>
	<u>\$ 302,928</u>	<u>\$ 322,848</u>

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

Year ending June 30, 2021	\$ 19,944
2022	\$ 20,968
2023	\$ 22,046
2024	\$ 23,143
2025	\$ 24,367
Thereafter	\$ 212,404

Payroll Protection Program Loan

In April 2020, the Women's Center received \$307,900 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided loan funds to small businesses to maintain payroll, health benefits and certain other overhead expenses. The Women's Center has recorded the funds received as a current liability as it intends to apply for forgiveness under the CARES Act in the fall of 2020.

Line of Credit

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 (3.25% at June 30, 2020). The line of credit had a \$-0- balance at June 30, 2020 and 2019, 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.

Notes to the Financial Statements (continued)

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without restriction consist of the following balances at June 30:

	<u>2020</u>	<u>2019</u>
Designated for contingencies	\$ 17,390	\$ 17,390
Designated for endowments	100,000	100,000
Property and equipment, net of related debt	1,645,428	889,933
Balance available for operations	<u>3,353,668</u>	<u>2,322,902</u>
Total	<u>\$ 5,116,486</u>	<u>\$ 3,330,225</u>

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.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

In connection with the “Speaking Up Speaking Out” Enrichment Campaign, the Women’s Center has received contributions restricted by the donor to support educational programs and services that include youth development.

NOTE 10 - 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, 2021 is \$47,280.

Notes to the Financial Statements (continued)

NOTE 11 - GOVERNMENT GRANTS

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

	<u>2020</u>	<u>2019</u>
City of Danbury	\$ 41,300	\$ 46,081
Area Towns	24,600	26,500
Department of Social Services	391,365	366,049
DMHAS Capital Improvement Bond	627,346	184,186
CT Alliance	484,333	386,410
C.C.A.D.V.	356,708	274,741
EFS National Program - FEMA	5,000	4,000
Total	<u>\$ 1,930,652</u>	<u>\$ 1,287,967</u>

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. The Women’s Center has received \$811,532 in grant funds through June 30, 2020.

NOTE 12 - FUND RAISING ACTIVITIES

During the 2020 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	\$ 62,660	\$ 160,746	\$ 30,430
Direct expenses	(6,494)	(6,506)	(3,671)
Net income	<u>\$ 56,166</u>	<u>\$ 154,240</u>	<u>\$ 26,759</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.

Notes to the Financial Statements (continued)

NOTE 12 - FUND RAISING ACTIVITIES (continued)

During the 2019 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:

	Domestic Violence	Annual	
	Safe Walk	Gala	Breakfast
Gross receipts	\$ 76,574	\$ 329,980	\$ 28,797
Direct expenses	(5,239)	(54,337)	(2,455)
Net income	<u>\$ 71,335</u>	<u>\$ 275,643</u>	<u>\$ 26,342</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.

NOTE 13 - 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.

The organization receives much of its fundraising revenue from businesses and individuals located in Connecticut. The recent COVID-19 outbreak has caused economic interruptions through mandated and voluntary closings of businesses and organizations throughout the state. While the interruption is currently expected to be temporary, there is considerable uncertainty as to the duration and long-term effects of COVID-19 on the economy. Due to the uncertainties that exist, the organization believes that this may have some future financial impact on the operations and its ability to fundraise.