The Center for Empowerment and Education, Inc.

Financial Statements with Independent Auditor's Report

Years Ended June 30, 2022 and 2021

The Center for Empowerment and Education, Inc.

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Independent Auditor's Report

To the Board of Directors
The Center for Empowerment and Education, Inc.

Opinion

We have audited the accompanying financial statements of The Center for Empowerment and Education, Inc. (the "Center"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 21, 2022 on our consideration of the Center'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 the effectiveness of the Center's 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 Center's internal control over financial reporting and compliance.

Nanavaty, Davenport, Studley & White, LLP

October 21, 2022

The Center for Empowerment and Education, Inc.

Statements of Financial Position

As of June 30,

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 996,762	$ 1,973,095
Investments	172,727	144,981
Grants receivable	114,152	116,026
Prepaid expenses and other	63,454	32,482
Total Current Assets	1,347,095	2,266,584
Property and Equipment, net	5,951,937	5,488,738
Total Assets	$ 7,299,032	$ 7,755,322
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 61,834	$ 493,653
Accrued payroll and related taxes	64,892	59,929
Current portion of long-term debt	22,046	20,968
Security deposits held	2,125	2,125
Deferred revenue	7,852	26,700
Total Current Liabilities	158,749	603,375
Long-Term Liabilities		
Mortgage payable, net of deferred financing costs	225,365	562,884
Total Liabilities	384,114	1,166,259
Net Assets		
Without donor restrictions	6,824,703	6,514,063
With donor restrictions	90,215	75,000
Total Net Assets	6,914,918	6,589,063
Total Liabilities and Net Assets	$ 7,299,032	$ 7,755,322

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

The Center for Empowerment and Education, Inc.

Statements of Activities

Years Ended June 30,

	2022	2021
Changes in Net Assets Without Donor Restrictions		
Support and Revenue:		
Government grants	$ 1,388,492	$ 1,547,841
SUSO Campaign contributions	503,379	741,306
Fundraising activities	839,253	974,132
Foundations and organizations	266,274	251,834
Program service fees	9,860	2,250
Paycheck Protection Program grant	-	307,900
Gain on sale of building	245,154	-
Investment return, net	(21,598)	30,436
Total Support and Revenue	3,230,814	3,855,699
Operating Expenses:		
Program services	2,172,423	1,823,871
Management and general	344,703	296,265
Fundraising	350,044	320,645
Total Operating Expenses	2,867,170	2,440,781
Excess of Operating Revenue Over Expenses	363,644	1,414,918
Non-Operating Income and Expenses:		
Rental income	28,380	28,381
Tenant expenses	(81,384)	(45,722)
Net Non-Operating Loss	(53,004)	(17,341)
Changes in net assets without donor restrictions	310,640	1,397,577
Changes in Net Assets With Donor Restrictions		
Contributions	15,215	18,000
Change in net assets with donor restrictions	15,215	18,000
Changes in Net Assets	325,855	1,415,577
Net Assets - beginning	6,589,063	5,173,486
Net Assets - ending	$ 6,914,918	$ 6,589,063

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

The Center for Empowerment and Education, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

Account	Program Services	Management & General	Fund Raising	Tenant Expenses	Total Expenses
Salaries	$ 1,336,955	$ 213,825	$ 149,153	10,637	$ 1,710,570
Payroll taxes	103,609	16,829	11,493	-	131,931
Employee benefits	86,887	14,287	9,686	-	110,860
Travel & parking	5,068	587	288	900	6,843
Office maintenance	25,500	4,224	2,827	-	32,551
Professional fees	129,942	18,710	12,293	-	160,945
Insurance	69,609	10,245	7,017	-	86,871
Office supplies	9,984	1,668	13,935	-	25,587
Postage	1,759	258	351	-	2,368
Printing	3,652	590	394	-	4,636
Telephone	12,651	1,697	1,146	-	15,494
Equipment expense	6,016	989	668	-	7,673
Program costs	2,395	-	-	-	2,395
COVID-19 expenses	2,738	-	-	-	2,738
Client assistance	59,526	-	-	-	59,526
Dues and publications	8,618	1,089	3,693	-	13,400
Membership	-	-	4,279	-	4,279
Staff training and education	7,512	112	-	-	7,624
Shelter overhead	101,976	-	-	-	101,976
Depreciation and amortization	139,599	23,437	15,574	59,538	238,148
Auto expense	1,837	-	-	-	1,837
Advertising	-	26,723	-	-	26,723
Miscellaneous	1,882	349	161	-	2,392
Fundraising	-	-	97,980	-	97,980
SUSO expenses	-	-	13,016	-	13,016
Real estate taxes	5,496	923	613	2,344	9,376
Utilities	31,762	5,232	3,530	523	41,047
Interest expense	8,639	1,450	964	3,684	14,737
Building maintenance	8,811	1,479	983	3,758	15,031
	$ 2,172,423	$ 344,703	$ 350,044	$ 81,384	$ 2,948,554

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

The Center for Empowerment and Education, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

Account	Program Services	Management & General	Fund Raising	Tenant Expenses	Total Expenses
Salaries	$1,269,885	$ 191,477	$ 140,723	10,535	$1,612,620
Payroll taxes	97,587	14,885	10,737	-	123,209
Employee benefits	75,848	12,065	8,416	-	96,329
Travel & parking	2,300	338	236	900	3,774
Office maintenance	16,461	2,627	1,833	-	20,921
Professional fees	89,681	10,928	7,163	-	107,772
Insurance	60,480	9,576	6,749	-	76,805
Office supplies	7,792	1,144	10,581	-	19,517
Postage	1,332	187	549	-	2,068
Printing	1,562	208	151	-	1,921
Telephone	12,751	1,677	1,166	-	15,594
Equipment expense	6,486	1,035	725	-	8,246
Program costs	2,732	-	-	-	2,732
COVID-19 expenses	11,491	-	-	-	11,491
Client assistance	16,758	-	-	-	16,758
Dues and publications	8,747	643	829	-	10,219
Staff training and education	2,009	-	-	-	2,009
Shelter overhead	30,303	-	-	-	30,303
Depreciation and amortization	58,067	9,239	6,433	24,581	98,320
Auto expense	3,268	-	-	-	3,268
Advertising	-	32,500	-	-	32,500
Miscellaneous	905	174	118	-	1,197
Fundraising	-	-	81,989	-	81,989
SUSO expenses	-	-	36,991	-	36,991
Real estate taxes	5,490	873	608	2,324	9,295
Utilities	26,189	4,184	2,903	717	33,993
Interest expense	9,309	1,481	1,032	3,940	15,762
Building maintenance	6,438	1,024	713	2,725	10,900
	$1,823,871	$ 296,265	$ 320,645	$ 45,722	$2,486,503

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

The Center for Empowerment and Education, Inc.

Schedule of Program Services

Year Ended June 30, 2022

Account	Domestic Violence Services	Sexual Assault Services	Resource Services	Total Program Services
Salaries	$ 802,878	$ 475,405	$ 58,672	$ 1,336,955
Payroll taxes	62,298	35,629	5,682	103,609
Employee benefits	51,997	31,075	3,815	86,887
Travel & parking	3,156	1,819	93	5,068
Office maintenance	15,273	9,110	1,117	25,500
Professional fees	65,599	59,569	4,774	129,942
Insurance	44,532	22,340	2,737	69,609
Office supplies	6,349	3,243	392	9,984
Postage	1,123	566	70	1,759
Printing	2,156	1,339	157	3,652
Telephone	7,339	4,860	452	12,651
Equipment expense	3,600	2,152	264	6,016
Program costs	830	1,563	2	2,395
COVID-19 expenses	2,738	-	-	2,738
Client assistance	59,490	36	-	59,526
Dues and publications	5,435	2,889	294	8,618
Staff training and education	4,339	3,144	29	7,512
Shelter overhead	101,976	-	-	101,976
Depreciation and amortization	83,833	49,640	6,126	139,599
Auto expense	1,837	-	-	1,837
Miscellaneous	1,277	542	63	1,882
Real estate taxes	3,301	1,954	241	5,496
Utilities	19,010	11,359	1,393	31,762
Interest expense	5,188	3,072	379	8,639
Building maintenance	5,291	3,133	387	8,811
	$ 1,360,845	$ 724,439	$ 87,139	$ 2,172,423

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

Schedule of Program Expenses

Year Ended June 30, 2021

Account	Domestic Violence Services	Sexual Assault Services	Resource Services	Total Program Services
Salaries	$ 736,126	$ 481,156	$ 52,603	$ 1,269,885
Payroll taxes	56,705	36,892	3,990	97,587
Employee benefits	43,911	28,790	3,147	75,848
Travel & parking	1,406	806	88	2,300
Office maintenance	9,519	6,255	687	16,461
Professional fees	37,396	49,603	2,682	89,681
Insurance	35,018	22,925	2,537	60,480
Office supplies	4,629	2,880	283	7,792
Postage	828	455	49	1,332
Printing	890	615	57	1,562
Telephone	7,212	5,103	436	12,751
Equipment expense	3,753	2,464	269	6,486
Program costs	1,033	1,641	58	2,732
COVID-19 expenses	9,619	1,872	-	11,491
Client assistance	16,403	355	-	16,758
Dues and publications	5,628	2,951	168	8,747
Staff training and education	1,264	670	75	2,009
Shelter overhead	30,303	-	-	30,303
Depreciation and amortization	33,660	22,002	2,405	58,067
Auto expense	3,268	-	-	3,268
Miscellaneous	448	413	44	905
Real estate taxes	3,183	2,080	227	5,490
Utilities	15,162	9,943	1,084	26,189
Interest expense	5,396	3,527	386	9,309
Building maintenance	3,732	2,439	267	6,438
	$ 1,066,492	$ 685,837	$ 71,542	$ 1,823,871

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

The Center for Empowerment and Education, Inc.

Statements of Cash Flows

Years Ended June 30,

	2022	2021
Cash Flows From Operating Activities		
Changes in net assets	$ 325,855	$ 1,415,577
Adjustments to reconcile changes in		
net assets to net cash provided by operating activities:		
Depreciation and amortization	238,148	98,320
Net realized and unrealized loss (gain) on investments	22,254	(25,981)
Change in grants receivable	1,874	27,497
Change in prepaid expenses	(30,972)	(12,840)
Change in accounts payable	(431,819)	432,672
Change in accrued payroll and related taxes	4,963	(2,038)
Change in security deposits held	-	(1,400)
Change in deferred revenue	(18,848)	8,698
Net cash provided by operating activities	111,455	1,940,505
Cash Flows From Investing Activities		
Purchase of investments, net	(50,000)	(1,908)
Building improvements	(580,370)	(179,519)
Construction in progress and retainage	-	(3,421,627)
Acquisition of equipment	(120,977)	(16,713)
Net cash used in investing activities	(751,347)	(3,619,767)
Cash Flows From Financing Activities		
Forgiveness of Payroll Protection Program loan	-	(307,900)
Principal payments on mortgage	(20,957)	(20,831)
Advance under shelter construction line of credit	266,948	290,780
Principal payments on shelter construction line of credit	(557,728)	-
(Increase) decrease in deferred financing costs, net	(24,704)	899
Net cash used in financing activities	(336,441)	(37,052)
Net Decrease in Cash and Cash Equivalents	(976,333)	(1,716,314)
Cash and Cash Equivalents - beginning of the year	1,973,095	3,689,409
Cash and Cash Equivalents - end of the year	$ 996,762	$ 1,973,095

Supplemental Disclosures:

Cash paid for interest	$ 14,737	$ 15,762

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

Notes to the Financial Statements

NOTE 1 - NATURE OF ORGANIZATION

The Center for Empowerment and Education, Inc. (formerly The Women's Center of Greater Danbury, Inc.), (the "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 Center operates three basic programs: resource services, domestic violence services and sexual assault services. The major sources of revenues are federal, state, and local grants, contributions, and fundraising.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting and Presentation*

   The 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 Center are reported in the following net asset categories:

   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 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 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

3. *Cost Allocation*

The 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 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 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 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 Center 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.

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 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 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 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 2018.

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. These reclassifications have no effect on previously reported change in net assets.

9. *Subsequent Events*

Management has evaluated transactions and events that occurred through October 21, 2022, 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 Center's financial assets at June 30, 2022 and 2021, 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.

	2022	2021
Cash and cash equivalents	$ 996,762	$ 1,973,095
Investments	172,727	144,981
Grants receivable	114,152	116,026
	1,283,641	2,234,102
Less net assets related to above that are:		
- Board-designated	(800,000)	(400,000)
- Net assets with donor restrictions	(90,215)	(75,000)
	(890,215)	(475,000)
Total financial assets available to management for general expenditure within one-year	$ 393,426	$ 1,759,102

Liquidity Management

The 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 Center also has a line of credit with a local bank in the amount of $200,000.

NOTE 4 - SIGNIFICANT CONCENTRATIONS OF CREDIT AND MARKET RISK

The 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 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.

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 (all Level 1) as of June 30, 2022 is as follows:

	Fair Value	Cost
Mutual funds and equity securities	$ 166,226	$ 162,448
Money market funds	6,501	6,501
	$ 172,727	$ 168,949

NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

An analysis of the investments held (all Level 1) as of June 30, 2021 is as follows:

	Fair Value	Cost
Mutual funds and equity securities	$ 134,848	$ 95,216
Money market funds	10,133	10,133
	$ 144,981	$ 105,349

NOTE 6 - PROPERTY AND EQUIPMENT

The 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 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:

	2022	2021
Building, land, and improvements	$ 6,905,451	$ 3,105,415
Equipment, furniture, and auto	314,445	193,468
Construction in progress	-	3,643,489
Total property and equipment	7,219,896	6,942,372
Accumulated depreciation	(1,267,959)	(1,453,634)
Property and equipment, net	$ 5,951,937	$ 5,488,738

During the year ended June 30, 2022, the Center completed construction of the new shelter location and opened its doors in October 2021. The amounts in construction in progress were transferred to the building classification and depreciated over their useful life. The Center sold the old shelter property on December 28, 2021, and recorded a gain on this sale of $245,154 in the statement of activities.

NOTE 7 - MORTGAGE PAYABLE AND LINE OF CREDIT

A summary of long-term debt is as follows:

	2022	2021
$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.	$ 281,983	$ 302,940
Less: current portion of debt	(22,046)	(20,968)
	259,937	281,972
Less: deferred financing costs, net	(34,572)	(9,868)
Mortgage payable, net	$ 225,365	$ 272,104

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

Year ending June 30,	2023	$ 22,046
	2024	$ 23,143
	2025	$ 24,367
	2026	$ 25,617
	2027	$ 26,934
	Thereafter	$ 158,876

Commercial Non-Revolving Line of Credit

In September 2020, the Center was approved for $2,500,000 Commercial Non-Revolving Line of Credit from a local bank to provide bridge financing to construct a new transitional housing facility. The loan has a term of sixty months during which the bank will make advances. The Center will make monthly payments of interest only, in arrears, on the advances at the rate of 3.75% per annum. All sums are due and payable at the end of the sixty-month period. The loan is secured by a first mortgage on the facility, an assignment of all leases affecting the premises, and an assignment of all fundraising promises received for the facility. At June 30, 2021 the Center had drawn $290,780 on the line. Additional advances were made in the year ended June 30, 2022. The outstanding balance of the line was repaid during the year ended June 30, 2022.

NOTE 7 - MORTGAGE PAYABLE AND LINE OF CREDIT (continued)

Line of Credit

In addition to the above mortgage payable, the 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 (4.75% at June 30, 2022). The line of credit had a $-0- balance at June 30, 2022 and 2021, respectively. The line of credit is secured by a second mortgage and security agreement on certain real property of the Center along with an absolute assignment of leases on which the Center is the lessor.

Payroll Protection Program Loan

In April 2020, the 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 loan was forgiven in December 2020 and has been recorded as income in the Statement of Activities for the year ended June 30, 2021.

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2022	**2021**
Designated for operational reserves	$ 300,000	$ 300,000
Designated from Speak-Up Speak-Out campaign surplus	350,000	-
Designated for endowment	150,000	100,000
Property and equipment, net of related debt	5,704,526	4,895,018
Balance available for operations	320,177	1,219,045
Total Net Assets Without Donor Restrictions	$6,824,703	$6,514,063

Board Designated Endowment

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 Center, intended to assist with non-recurring expenditures not regularly budgeted. The board further designated that distributions shall be made in accordance with the 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

The Center has received contributions restricted by the donor to support the following at June 30:

	2022	2021
Education programs and youth development services	$75,000	$75,000
Staff training	10,215	-
Summer camps	5,000	-
	$90,215	$75,000

NOTE 10 - LEASES

Leasing Arrangement, as Lessee

The 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 November 2019. Minimum payments under the lease are $432.90 per month. Minimum payments under this lease are $528.82 per month through the end of the lease term.

Leasing Arrangement, as Lessor

The Center rents part of its building on West Street to several tenants under operating leases. Rental income received under the leases was $28,380 at June 30, 2022 and $28,381 at June 30, 2021. Future rental income expected under the current leases is $29,445 and $33,400 for the years ending June 30, 2023 and 2024, respectively.

NOTE 11 - GOVERNMENT GRANTS

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

	2022	2021
City of Danbury	$ 41,300	$ 41,300
Area Towns	26,200	21,200
Department of Social Services	371,138	389,469
Department of Social Services – Shelter reimbursement	43,894	-
DMHAS Capital Improvement Bond	-	178,541
CT Alliance	498,146	491,405
C.C.A.D.V.	407,814	418,426
EFS National Program - FEMA	-	7,500
Total	$ 1,388,492	$ 1,547,841

NOTE 11 - GOVERNMENT GRANTS (continued)

On September 5, 2018, the 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 grant was completed in the year ended June 30, 2021.

NOTE 12 - FUNDRAISING ACTIVITIES

During the 2022 fiscal year, the 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 Safe Walk	Annual Gala	Breakfast
Gross receipts	$ 81,862	$ 335,899	$ 40,654
Direct expenses	(6,305)	(73,349)	(9,485)
Net income	$ 75,557	$ 262,550	$ 31,169

The above amounts have been included in fundraising activities revenues and fundraising expenses in the Statement of Activities. The 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 2021 fiscal year, the 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 Safe Walk	Annual Gala	Breakfast
Gross receipts	$ 74,679	$ 401,147	$ 27,871
Direct expenses	(3,652)	(60,670)	(3,623)
Net income	$ 71,027	$ 340,477	$ 24,248

The above amounts have been included in fundraising activities revenues and fundraising expenses in the Statement of Activities. The 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 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 recent COVID-19 outbreak has caused economic interruptions through mandated and voluntary closings of businesses and organizations throughout the United States. While the interruption is currently expected to be temporary, the extent of the impact of COVID-19 on the Center's operational and financial performance will depend on certain developments, including the duration and continued spread of the outbreak and its impact on the Center's donors, employees, vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Center's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.